



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 08-Jul-2020 | Report No: PIDISDSA28825



BASIC INFORMATION

A. Basic Project Data

Country Albania	Project ID P171438	Project Name Project for Integrated Urban and Tourism Development Additional Financing	Parent Project ID (if any) P155875
Parent Project Name Project for Integrated Urban and Tourism Development (PIUTD)	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 30-Aug-2020	Estimated Board Date 31-Jan-2021
Practice Area (Lead) Urban, Resilience and Land	Financing Instrument Investment Project Financing	Borrower(s) Republic of Albania, Ministry of Infrastructure and Energy, Ministry of Finance and Economy	Implementing Agency Albanian Development Fund

Proposed Development Objective(s) Parent

The PDO of the proposed project is to improve urban infrastructure, enhance tourism assets, and strengthen institutional capacity to support tourism-related local economic development in selected areas in the south of Albania.

Components

- Component 1: Urban Upgrading and Infrastructure Improvement
- Component 2: Touristic Sites Upgrading
- Component 3: Tourism Market and Product Development
- Component 4: Implementation Support

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	33.85
Total Financing	33.85
of which IBRD/IDA	33.85
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)

33.85

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Albania emerged from the collapse of communism in the early 1990s as one of the poorest countries in Europe.** The country then experienced rapid growth of nearly 6 percent per year rising to the ranks of middle-income country by 2008. The rapid pace of growth helped the country narrow the per capita income gap with the rest of Europe, from 18 percent of average European Union (EU) incomes in 1998 to 30 percent by 2012, and fueled aspirations to join the EU. However, the global and Eurozone crises in 2008 brought Albania's growth to a near standstill by 2012; GDP growth fell to an average of 2.4 percent per year, only gradually recovering in the period 2014-18. Unemployment and as well as poverty levels also rose in the aftermath of the crises. Poverty (as measured at US\$5.5 per day in PPP) increased to 39.3 percent by 2012. By 2017, close to 4 in 10 Albanians still lived with less than US\$5.5 per day. Indeed, by 2017 the poverty rate was similar to the 2008 level.¹
2. **Restoring strong growth, is a priority of the Government of Albania to reverse the poverty trends and to boost shared prosperity.** As outlined in the 2015 Systematic Country Diagnostic (SCD) as well as the 2019 Update of the SCD economic growth in Albania has been strongly associated with both poverty reduction and increased welfare of the bottom 40 percent of the population. An accelerated and inclusive growth model requires deep structural reforms to release binding constraints to growth, in combination with territorial targeting to ensure that all the areas of the country can take advantage of their endowments. The 2019 Update of the SCD also highlights the importance of Disaster Risk Management (DRM) as a foundation for sustainable economic development of the country.

Sectoral and Institutional Context

3. **Tourism is one of the key drivers for economic growth and job creation in Albania.** The tourism industry has emerged as an important contributor to the economy, contributing directly to an estimated 2.8 percent of gross domestic product (GDP) in 2019. This contribution is higher taking into account the indirect effects on tourist spending on other economic activities. Its contribution to employment is significant, directly supporting 58,000 jobs in 2017, and is estimated to grow to 220,000 jobs by 2025.²

¹ World Bank Group. Albania Systematic Country Diagnostic – 2019 Update.

² INSTAT. Albania. Tourism in figures. 2018, 2019



As such, the Ionian coastline located in the South of Albania and the southern hinterland offer an appealing tourism value proposition in terms of pristine coastlines, mountains, as well as the country's three UNESCO World Heritage Sites: Butrint, an ancient Greek and Roman city, located in close vicinity to Ksamil; Berat; and Gjirokastra, a well-preserved Ottoman medieval city. The area also has a vast number of cultural monuments of national importance (for example, Porto Palermo and Orik archeological park), national parks with unique natural and cultural features (for example, Benja thermal waters and Zvernec Island), and an emerging tourism gateway, in the city of Saranda, with easy air access through Corfu as well as a new cruise ship terminal.

4. **However, a number of obstacles prevent the south of Albania from realizing its full economic and tourism potential.** First, basic urban infrastructure is inadequate to meet residents' needs and growing tourism demand. Existing assets are deteriorating due to a lack of maintenance, and newly created municipalities lack the capacity to deliver supporting services in a sustainable way. Second, despite the rich asset base available, tourism activities are concentrated over a short period of time, not sufficiently diversified, and dominated by high-volume and low value local and regional markets. Third, tourism activities, both at the national and local level, are not supported or managed in a coordinated way.
5. **The ongoing PIUTD takes an approach of integrated urban and tourism development** with the focus on (i) improving urban infrastructure to enhance the attractiveness and livability of four urban centers in the South of Albania, namely Berat, Gjirokastra, Saranda and Permet; (ii) enhancing the touristic appeal and sustainable management of selected cultural heritage assets in the South of Albania; (iii) strengthening municipal capacity to deliver services and tourism destination management, in cooperation with the national Government. **The Additional Financing will pursue the same approach of integrated urban and tourism development and scale it up in new locations in the South of Albania.**

C. Proposed Development Objective(s)

Original PDO

The PDO of the proposed project is to improve urban infrastructure, enhance tourism assets, and strengthen institutional capacity to support tourism-related local economic development in selected areas in the south of Albania.

Current PDO

The PDO of the proposed project is to improve urban infrastructure, enhance tourism assets, and strengthen institutional capacity to support tourism-related local economic development in selected areas in the south of Albania.

Key Results

6. **Implementation of project activities has been advancing on track.** Progress towards achievement of the PDO is rated as Satisfactory and Overall Implementation Progress rated as Moderately Satisfactory in the latest Implementation Status Reports. Project activities under Component 1 have been progressing satisfactorily. Some of the works contracts (such as the Berat castle pedestrian-access cobblestone road, Permet streetlighting, Saranda staircases, Gjirokastra Bazaar cobblestone rehabilitation works) have already been completed and works under several large contracts – such as Saranda promenade, construction of the Berat Castle vehicle access road – are ongoing, but were stalled due to travel restriction imposed during the COVID-19 related lockdown. The consultancies for the integrated urban



upgrading in the Project municipalities are progressing well. Component 2 and 3 have overcome some delays experienced at the initial Project stage with implementation progress picking up lately. The consultancy on touristic sites improvement in Zvernec-Narta and Benja thermal waters has been finalized and works are expected as soon as COVID-19 related restrictions are lifted. The market research consultants have delivered the final report on Market Research and Development of a Tourism Product and Market Strategy for the South of Albania, which is followed by specific consultancies for Product Development and Market Development. Component 4 has been advancing satisfactorily. The M&E consultancy is ongoing and has already delivered two tourist survey reports for 2018 and 2019.

D. Project Description

7. **The Additional Financing of the Project for Integrated Urban and Tourism Development will be used to support scale-up of investments on urban upgrading and infrastructure improvement as well as tourism market and product development in two new locations in the South of Albania.** The scale-up investments will be focused on Ksamil and Orikum, both of which are closely connected to the municipalities which are participating in the parent Project and their tourism sites. The investments in Ksamil and Orikum would be within the scope of Component 1 and Component 3 under the parent Project, including a combination of upgrading of vehicular, pedestrian and multimodal accesses to the city and tourism attractions, strengthening of pedestrian connections and trails systems, integrated street upgrading, upgrading of recreational areas/parks and adaptive reuse of selected structures as well as tourism market and product development. The proposed investments will also contribute to climate change adaptation, as they will make the project cities more resilient to climate-related extreme weather events and floods, which is particularly relevant for coastal cities, such as Ksamil and Orikum. Furthermore, investments in the installation of energy-efficient streetlighting in city centers will contribute to climate change mitigation. The proposed AF will also potentially support additional investments on urban upgrading and infrastructure improvement in the present Project municipalities, i.e. Berat, Permet, Saranda and Gjirokastra, to meet the demand for additional investments under Component 1 which will contribute to the development objective of the Project but cannot be covered under the original loan.
- 8.

E. Implementation

Institutional and Implementation Arrangements

The implementation arrangements for the Additional Financing will remain the same as under the parent PIUTD project. The Albanian Development Fund (ADF) will continue to be the Project Implementing Unit (PIU) of the Project. The Project Coordination Unit (PCU) under the Ministry of Infrastructure and Energy (MoIE)³ will provide oversight and guidance to the PIU. Other important stakeholders will remain the Ministry of Tourism and Environment (MoTE), the Ministry of Culture (MoC) as well as selected municipalities in the South of Albania. Detailed roles and responsibilities of these stakeholders are described in the updated Project Operational Manual (POM).

³ The Ministry of Infrastructure and Energy (MoIE) emerged out of the Ministry of Urban Development (MoUD) after the government restructuring and became the new project focal ministry.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

G. Environmental and Social Safeguards Specialists on the Team

Satoshi Ishihara, Social Specialist
Anne Olufunke Asaolu, Environmental Specialist
Boris Stipcarov, Social Specialist
Erjona Bajraktari, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Additional Financing is being processed under the old Safeguards Policies as it would not raise the Safeguards



category or trigger a new policy; its environmental and social risks can be addressed in the context of the parent project; and its preparation was initiated in December, 2019.

The project is classified as category B in line with the WB OP/BP 4.01, on Environmental Assessment. The project is not expected to have significant or irreversible social impacts given the rehabilitative nature of works to be financed.

Anticipated civil works will primarily entail rehabilitation of infrastructure within existing footprints on public land.

Potential negative environmental impacts may include: (i) temporary construction -related effects on noise, dust, and air quality; (ii) temporary localized water quality impacts resulting from possible drainage and sewage pollution; and (iii) temporary changes in access to, and the use of, public spaces during construction.

The scale and scope of social impacts of the AF will be similar to those under the original project, as the AF will continue to improve existing urban infrastructure and tourism assets. Minor land acquisition and physical displacement may occur, as expected under the original project. The AF will also finance rehabilitation of existing cultural heritage sites damaged by the earthquake, but it is not expected to require significant loss of land or non-land private assets as most rehabilitation works would be done within the existing boundary of cultural heritage sites. The Project Resettlement Policy Framework (RPF) has been updated to reflect the implementation experience and incorporate additional investments that will be included under the AF.

No subproject that involves land acquisition has been implemented under the original project, and no site-specific Resettlement Action Plan (RAP) has been prepared. The MTR conducted in November, 2019 found that the social safeguards capacity of the implementation agency, the Albanian Development Fund (ADF), needs to be strengthened, that environmental and social management should be better integrated in subproject preparation and implementation procedures; and that stakeholder engagement and grievance redress mechanisms (GRM) should be strengthened. The ADF already hired a senior social safeguard specialist, and is currently updating the Project Operations Manual (POM) to strengthen subproject preparation and implementation procedures and the GRM. It is expected that the POM will be updated before the effectiveness of this AF.

In November, 2018, three informal cafés in Blue Eye Protected Area where the original project had planned to implement a subproject were demolished as part of the national program to demolish illegal structures. The Bank determined that the demolition be addressed in line with the Project RPF since the demolition occurred while the preparatory works for the subproject had been well under way. Based on the request of the Bank, the ADF hired an independent consultant who assessed the impact of the demolition and estimated the scale of loss retroactively. The resolution of the issue was delayed as the government agency that conducted the demolition appealed to a higher court after two of the affected café owners lodged and won a court case against the demolition. While the appeal case is still on-going, all three affected café owners rebuilt their cafés in time for the tourism season in 2019, using equipment and removable structures that they successfully carried away before demolition without damage. In a letter dated April 10, 2020, the Government expressed a commitment to continue to allow affected café owners to run their cafés where they were re-established, and offer them café facilities of similar size and quality on a long-term lease basis in a new cafeteria to be built in a designated area within the Protected Area, so that the lost asset and income will be restored sustainably. Details about the proposed mitigation measures are provided in the expanded Blue Eye social impact assessment report that the ADF submitted to the Bank on March 12, 2020. The Bank reviewed the mitigation measures proposed in the report together with the commitment letter from the Government dated April 10, 2020, and concluded that they adequately meet the requirement of the RPF. Based on the request of the Bank, the ADF added the mitigation measures in the RPF updated for the AF. The Project Social Safeguards rating has been updated the Moderately Satisfactory.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No irreversible or long term adverse indirect impacts are anticipated from project-supported activities. The ADF will



continue to screen all activities to be considered for project support, including with regard to changes in existing informal land use and access to income generating opportunities, in line with the provisions in the ESMF and the RPF. ESMPs will be prepared to manage and mitigate environmental impacts and potential impact on the livelihoods of local population without involving loss of lands.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

A Feasibility Study will be conducted for each subproject to be financed under the AF and potential environmental and social risks and impact will be screened to avoid or minimize such risks and impacts. In the unlikely event that proposed subproject is expected to result in substantial, irreversible social or environmental impact that cannot be adequately mitigated with the measures included in the ESMF or RPF, such subprojects will be dropped.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Project Resettlement Policy Framework (RPF) has been updated to reflect the implementation experience described above and incorporate additional investments that will be included under the AF.

The Albanian Development Fund (ADF) has past experience in managing environmental and social impacts of World Bank-financed infrastructure investments. The ADF project team includes environmental and social specialists. The experience under the original project shows that their capacity needs to be substantially enhanced, especially on the social side, partially because they cover a large portfolio of investments of which the PIUTD funded projects are only a part. The ADF already hired one senior social safeguards specialist which substantially enhanced their capacity. The ADF is tightening up the contract with the civil works contractor and the design consultant who will supervise the contractor during the implementation of subprojects, so that environmental and social issues that may arise during construction are better monitored and swiftly reported to the ADF. In order to strengthen the capacity of the ADF, a half-day environmental and social workshop was conducted in June, 2020 where all ADF environmental and social staff as well as consultants who prepare and supervise subprojects received the training on the use of the project ESMF and RPF, including the scope of policy application and screening procedures. A local social consultant was also hired who will continue to provide hands-on implementation support to the ADF. The Bank team will continue to closely monitor project implementation throughout the life of the AF and provide hands-on support to the ADF.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Stakeholders include officials and local residents of beneficiary municipalities, local people who may be negatively affected by the Project, and relevant NGOs and CSOs with interests in urban regeneration, water, environment, natural resources management and disaster risk management. Consultations of the updated ESMF and RPF will be held on ... The ESMF and the RPF will be finalized subsequent to the public consultation to describe any issues raised and how they will be reflected in the project design.

Local residents of beneficiary municipalities will be consulted for proposed subprojects in multiple times from concept through design and implementation stages, and their perspectives will be incorporated in the design and implementation of subprojects. Owners of informal cafes in Blue Eye protected area affected under the original project will continue to be consulted on the implementation of mitigation measures, and their inputs will be incorporated in the design of cafe facilities to be built and offered to them on a long-term lease contract.



B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
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"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)



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