



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Albania	EUROPE AND CENTRAL ASIA	P177130	
Project Name	Support to Albania Extractive Industries Mainstreaming Process		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing		5/31/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Infrastructure and Energy	Ministry of Infrastructure and Energy - EITI secretariat, Minister of Infrastructure and Energy Mrs. Belinda Balluku		

Proposed Development Objective

Financing (in USD Million)	Amount
Total Project Cost	0.70

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]



The Extractive Industries Transparency Initiative (EITI) is the global standard to promote the open and accountable management of oil, gas, and mineral resources. The EITI standard requires the disclosure of information along the extractive industry value chain. By doing so, the EITI seeks to strengthen public and corporate governance to promote transparency and accountability in the sector.

The previous grant's objective was to support Albania to implement its EITI agenda. Albania was validated in 2018 according to the 2016 standard and received an evaluation of – “Meaningful Progress” due to considerable improvements across several requirements which means that the country is compliant with the standard. The recommended corrective actions by the EITI Board are part of the Validation process in order to pave the way for continuous improvement in the implementation of EITI in all members countries. Albania went through a validation in October 2021 with the 2019 EITI Standard and early report suggest that the country will maintain its compliant status

Stakeholders of the project include members of Albania EITI Multi-Stakeholder Group (MSG), staff of the Albania EITI National Secretariat, civil society organizations (CSO), and direct beneficiaries. The project activities will be under the coordination of the Albanian EITI National Secretariat, housed within the Ministry of Infrastructure and Energy. The main stakeholders are the government, CSO, and operators in the extractive industry. The Project activities are of technical assistance (TA) nature and mostly be organized in the capital, but also the consultative type of activities could be organized in the mining and oil and gas areas i.e. Puke, Bulqize, Patoz-Fier region, etc. The most frequent socio-economic profile of the closest communities in the mining areas are families with the income which is combination of income from mining and a family member in the emigration. The overwhelming majority of work is extreme, hazardous, and sometimes not adequately paid.

The implementation of the -EITI will support GoA's efforts to improve governance and enhance transparency in the mining and oil and gas sectors. The project does not have any particular physical location and does not involve any physical investments having on-the-ground impacts, and the benefit will be countrywide.

Albania enjoys a favorable geographic location in South-eastern Europe and valuable natural resources. Its natural resources include significant hydropower potential, large swathes of fertile agricultural land, over 360 km of coastline with excellent tourism and transport potential, and valuable mining deposits. It has a rich biodiversity with a landscape of coastal plains and a large forested mountainous interior. Albania faces serious anthropogenic threats to its environment. Erosion, illegal cutting and harvesting of forest and vegetation resources, urban waste, industrial pollution, and rapid population growth have led to severe environmental degradation. There are serious point sources of pollution in the country, primarily related to industrial sites, such as mines, smelting and refining complexes (chromite, etc.),

The country is rich in energy resources such as oil, gas, coal, wood, bitumen, and also enjoys a sizable hydropower potential.

Mining sector - Albania has an increasing number of medium and small-scale mining and quarry companies, and only a few large-scale industrial mining companies, reporting approximately 600 mining licenses in 2018. The development of mine or land is not allowed within the nature reserve area(s). There are 800 regulated areas for nature conservation distributed in the country, and the area is classified into six (6) categories: 1 - priority nature reserve area, 2 - national park, 3 - natural treasure, 4 - nature reserve controlling area, 5 - landscape conservation area, and 6 - natural resources reserve and control area.



D. 2. Borrower’s Institutional Capacity

The executing agency will be the EITI National Secretariat, within the Ministry of Infrastructure and Energy. The National Coordinator will coordinate the use of the Grant.

Albania’s EITI National Secretariat is operational since September 2010. The latest TF, Support to EITI Compliance Process Project (P158380) was executed successfully, by the Secretariat. In addition, MoTE and NEA have had experience and are familiar with the approval and monitoring of ESIA/ESMP and other EA instruments as well. The new project will appoint E&S staff to mostly help with stakeholder coordination and communication requirements and other E&S requirements as applicable. The responsible staff in addition to coordination and engagement of the stakeholders it will also support the data access by soliciting the view of external stakeholders such as CSOs also public opinion on the data access..

Albania EITI enhanced the capacity of its stakeholders to manage the EITI process and activities implementation by providing tailored capacity to engage in the EITI process. EITI Albania initiated the process for the approval the Law 112/2020 on “Beneficial Owners” in 2020. Albania EITI has also made significant improvements in the process of EITI implementation. i.e. (i) disclosures regarding ‘commodity trading’ have been made in the 2015 report, (ii) hydropower is included within the ambit of data disclosures made in EITI reports, and (iii) data disclosure for EITI purposes is now mandated by the mining code. Concerns exist with sustainability and ongoing technical capacity for access to data. The lessons learned from the support to EITI Albania are with regards to the sustainability of EITI implementation by the Government and this is related to the enhancement of the capacities. The second lesson relates to continued efforts and investments in data access to improve the governance of the extractive sector. The Grant supported activities to improve the mining Cadastre and EITI Open Data Portal however further needs to exist to ensure that data is made accessible in a timely manner instead of publishing data that is two years old. This is going to be addressed with the second grant

The NEA is a central public institution under the Minister of Ministry of Tourism and Environment (MTE), which exercises its jurisdiction throughout the territory of the Republic of Albania, through the central office of the NEA and the regional branches in the regions, which are the Regional Directorates of Environment. NEA conducts monitoring practices throughout the country for all the environmental aspects. NEA provides oversight regarding the evaluation of environmental permits and content of Environmental Impact Assessment (EIA). The NEA has integrated the environment inspectorate directory which conducts inspections on the site and forces the subject to comply with the Albanian environmental law and standards required. All projects with potential impact on the environment shall undertake an EIA prior to starting the implementation. The EIA report and other necessary documents will be submitted to the MTE who will transfer the project files to NEA for review. The project shall be approved with the Environmental Decision/Declaration of the NEA. NEA is financed by the State Budget and its own resources and has independence in the decision-making and performance of its functions provided by law.

The Albania Environmental national legal framework is largely harmonized with EU legislation and alignment with World Bank operational policies for labor and working conditions, pollution prevention, biodiversity risk management, and cultural heritage. The public hearing process is considered more a procedure of public information and transparency than the involvement of the public in decision-making.

Public Disclosure

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate



Environmental Risk Rating

Moderate

The project activities aim to support technical assistance and capacity building. There are no physical investments having on-the-ground impacts being supported. Additionally, the project does not involve any specific physical location, any impact on natural habitats or biodiversity, or any direct generation of GHG or pollution. The grant will not finance studies or assessments linked to potential mineral extraction and the use of natural resources. While the project will not support direct physical investments or feasibility/design studies for investments, the ESRC proposed for this project is Moderate because it supports TA in the extractive industries. Although the risk of the project is rated moderate, the design and implementation of the capacity building support under the project will integrate adequate environmental and social provisions in the development of training materials and workshops. Taking into consideration the previous experience with World Bank projects, the borrower has gained experience with safeguards requirements and recently ESF requirements from the emergency projects. The project will be systematically screened for contextual risks and factor these risks into decision-making and overall risk management.

Social Risk Rating

Moderate

The social risk is classified as Moderate. Although the project will not support direct physical investments or feasibility/design studies for investment the ESRC proposed for this project is Moderate because it supports TA in the extractive industries. Similar to the preceding project Support to Extractive Industries Transparency Initiative Compliance Process this project is expected to bring positive outcomes towards institutional and multi-stakeholders capacity building in Albania. The objective aims at strengthening capacities of members of Albania EITI Multi-Stakeholder Group (MSG), staff of the Albania EITI National Secretariat, stakeholders, and civil society organizations (CSOs)/representatives who will benefit from capacity-building activities supported by this project. But the second grant will in addition focus also on strengthening the capacities to data access as one of the lessons learned from the first grant. So, the capacity strengthening of the Secretariat will continue as the delays in commitments are mostly due to the further need for the strengthening of the Secretariate capacities. . Training to be supported by this project will enable MSG members to better understand the key issues and challenges pertaining to extractive sector development. The project’s social risk classification is assessed as low and relates to risks relating to lack of meaningful engagement with key stakeholders in the MSG as well as communities affected by extractive projects, woman participation, local authorities, CSOs. Access to EITI Reports and other engagement attempts could be also affected by a digital divide, especially for rural populations without internet access. Otherwise, due to its nature, this operation is not expected to have an adverse impact on livelihoods, nor will it limit community-level access to natural resources or require the acquisition of land leading to physical and/or economic displacement. The potential risks of these activities, in and of themselves, are both minimal and manageable. Given that the previous project was able to support : (i) publishing of the EITI Report 2017- 2018 under the proactive supervision of the Albania EITI MSG; (ii) enhance stakeholder’s capacity through EITI training; (iii) design and application of a communication and outreach strategy; (iv) creation of the Albanian Mining Cadastre; (v) creation of an EITI Open Data Portal (vi) assessment of the social and environmental impacts of EI in Albania; the expectation is that the industry will be willing to continue to cooperate. The project will also help the public to get informed perceptions of the industry.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating

Low

Combination of the SEA/SH risk rating for Albania and nature of the activities, all TA and engagement of the stakeholder, the risk rating for SEA/SH for the project is low



B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

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The project involves capacity building and training activities for the staff of the EITI National Secretariat and MSG. Training will be tailored from well-known agencies, with stakeholders participating in international forums and workshops focused on natural resource governance, and EITI and MSG members participating in events organized by International EITI and other implementing countries to share the Albanian experience. The training aims to connect Albania with other implementing countries in order to share knowledge and effective ways of implementation. It will also support the collection and transparent management of extractives industries data, and the establishment of a framework for systematic reporting in line with international EITI requirements. This will be done through the provision of support with consultancy services for the improvement for development of standards for local reporting.

The component 4 will include the provision of support to improve the access to EITI data through consultancy services: for assessment of EITI impact in the framework of EITI Transparency Week; assessment of impact of the Albania Beneficial Ownership Law; on including renewable energy and gas in EITI reporting; for development of standards for local reporting; for analyzing advantages and disadvantages of foreign investment in Albania; and consulting services for analyzing the impact of oil industry in the areas where it operates.

The project will also support consulting services for the participation of women in extractive industries.

The project does not support direct physical investments onsite, feasibility/design studies having potential downstream environmental and social implications, nor procurement of harmful substances that would otherwise require the assessment and management of environmental and social risks and impacts required under ESS1.

While the project is expected to be beneficial, as no loss of assets or livelihoods is expected of local population, potential social risks relate to exclusion and how to ensure key stakeholders such as communities affected by extractive projects, local authorities, or miners are included in the MSG and that their active participation is promoted. For its objective of disseminating public data about extractive industries, the project should take into account the participation gaps with key stakeholders and the communication gaps (digital), with less-connected populations of the country, especially the rural in whose territories future extractive projects could be developed.

A Stakeholder Engagement Plan (SEP), including a feedback and grievance redress mechanism (GRM) will be prepared, disclosed, and consulted on prior to appraisal and implemented during the lifetime of the project to address the potential risks related to meaningful stakeholder engagement.

The EITI Albania National Secretariat, as the Project Implementing Unit (PIU), shall be responsible for ensuring that work plans, terms of reference (TORs) for engaging consultants, and other documents defining the scope and deliverables of capacity building and training activities are written in such way that the advice and other support provided are consistent with the applicable requirements of the Environmental and Social Framework (ESF). As will be specified in the Environmental and Social Commitment Plan (ESCP), the project capacity building program will include environmental and social dimensions consistent with the provisions of the ESF Environmental and Social Standards (ESSs), as relevant, as well as with the EITI standard and national norms.



Areas where “Use of Borrower Framework” is being considered:

Borrower Framework will not be used

ESS10 Stakeholder Engagement and Information Disclosure

The participation of key stakeholders around the mining sector, oil and gas sectors is precisely part of the activities of the Project. The EITI MSG was established by the Prime Minister’s Order in 2011, to follow-up Albania’s membership procedures as an implementing country of the Extractive Industries Transparency Initiative and the ongoing fulfilment of the obligations deriving from this initiative. The MSG for EITI Albania is the decision-making body, in charge of supervising the implementation of EITI in Albania.

The MSG, chaired by the Deputy Minister of Energy and Industry, consists of 16 representatives, 6 representatives from the government, 5 representatives from civil society and 5 representatives from the companies operating in the extractive industry. Representatives from other institutions may also participate in the multi stakeholder group meetings upon the invitation of the chairman.

On 16.11.2016, a Memorandum of Understanding (MoU) was signed between Foreign Investor Association of Albania (FIAA) and National Secretariat of EITI Albania, by No. 118 Prot, which stipulates that FIAA will be the only formal Institution that Represents Businesses in Extracting Industries and that it will undertake the selection process of MSG members from business representatives, ensuring a transparent and independent representation.

Considering that the project centres on the promotion of interactions among interested stakeholders and the MSG is working under the requirements of EITI to ensure broad-based participation, an SEP will be prepared and will guide engagement and outreach activities. Key stakeholders include participants of the MSG, ,and other participants in the supply chain of the industry and the Ministries such as Economy, Environment and the Environment Agency. Vulnerable groups for which project will have special outreach mechanisms will be mining communities.. To strengthen the process of stakeholder engagement in the project, it is necessary to include the communities affected by extractive projects, local authorities or artisanal miners.

A draft SEP will be disclosed and consulted before the appraisal. The SEP will be finalized after the appraisal and will guide project engagement and outreach activities and will be updated as necessary. The SEP will map out key stakeholders, including any vulnerable and marginalised groups, and communication strategies for ensuring their engagement. It will guide the project's engagement strategy, scope of activities and boundaries of commitments and responsibilities and recording of issues raised, including relevant capacity strengthening measures and grievance mechanisms. Relevant communication protocols under the EITI implementation structure will be incorporated into the SEP.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.



ESS2 Labor and Working Conditions

This standard is relevant. Project workers will include both direct workers (PIU workers hired specifically for the design and implementation of the project) and contracted workers. Both direct workers and the contracted workers will be consultants either working directly for the project or through companies implementing various project related TA activities, including capacity building. The low labor risks will be addressed through the preparation of Labour Management Procedures (LMP), including a worker grievance procedure, specifying relevant requirements of the ESS2 (Occupational Health and Safety (OHS) issues, non-discrimination, fair and equal opportunity for hiring process and pay, worker organisation and freedom of associations, and workers grievance mechanisms).

The ESCP will outline measures and activities to be taken into account to prevent and address Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) related issues including a requirement for a Code of Conduct to be prepared for governing the conduct of workers to ensure health and safety and prevent SEA/SH.

The draft LMP will be available prior to Bank approval of the grant, with the final version of the document to be ready prior to grant effectiveness, previous draft will be disclosed and consulted prior to appraisal.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is not relevant. No direct, indirect, or cumulative impacts on resource efficiency have been identified since the project does not involve any physical interventions. However, the project activities focused on the environmental and social capacity building should be informed by this standard as may be relevant in the development of training materials.

ESS4 Community Health and Safety

This standard is not relevant. There will be no direct or indirect impacts on community health and safety since the project does not involve any physical interventions. However, the project activities focused on the environmental and social capacity building should be informed by the standard as may be relevant in the development of workshops and training

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The standard is not relevant, given there are no physical investments that require the taking of land leading to physical and/or economic displacement. None of the activities of the project will cause restrictions of access to land or natural resources, and the purchase of land and/or land-based assets is not being contemplated

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not relevant. No direct, indirect or cumulative impacts on biodiversity are expected since the project does not involve any physical interventions. However, project activities focused on the capacity building should consider this standard as may be relevant in the development of workshops and training.



ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

There are no Indigenous Peoples, as defined by ESS 7, in the project area.

ESS8 Cultural Heritage

The project is not undertaking activities related to or having impacts on cultural heritage.

ESS9 Financial Intermediaries

This standard is not relevant as the project does not involve financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Draft LMP will be prepared disclosed and consulted prior to Grant approval

Draft SEP will be prepared disclosed and consulted prior to the appraisal

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

In the ESCP the following issues need to be addressed:

- Details and timeframes for the implementation of the stakeholder engagement processes,
- Measures for establishing of the GRM
- Details and timeframes for the development of the standalone LMP with worker GRM.
- If needed, any additional measures to ensure adequate representation of key stakeholders in the MSG.



• Specific actions to ensure an adequate organizational structure is in place to manage the E&S risks associated with the project. This should include any relevant training/capacity-building activities on E&S aspects of the project, as well as monitoring and reporting procedures.

The Recipient, with the support of WB E&S staff, will review the relevance of the requirements of these standards during the due diligence, and also as part of the preparation of documents relating to the contracting of consultants during project execution.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

02-May-2022

IV. CONTACT POINTS

World Bank

Contact:	Nina Inamahoro	Title:	Operations Analyst
Telephone No:	+1-202-473-8113	Email:	ninamahoro@worldbank.org

Contact:	David Waigwa Wachira	Title:	Operations Officer
Telephone No:	5220+82925 / 001-202-458292	Email:	dwachira@worldbank.org

Borrower/Client/Recipient

Borrower: Ministry of Infrastructure and Energy

Implementing Agency(ies)

Implementing Agency: Ministry of Infrastructure and Energy - EITI secretariat

Implementing Agency: Minister of Infrastructure and Energy Mrs. Belinda Balluku

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s): David Waigwa Wachira, Nina Inamahoro

Public Disclosure

