

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC16170

Date Prepared/Updated: 12-Feb-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Albania	Project ID:	P155875
		Parent Project ID (if any):	
Project Name:	Project for Integrated Urban Economic Development (PIUED) (P155875)		
Region:	EUROPE AND CENTRAL ASIA		
Estimated Appraisal Date:	25-May-2016	Estimated Board Date:	07-Oct-2016
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Sector(s):	Sub-national government administration (35%), SME Finance (20%), Rural and Inter-Urban Roads and Highways (25%), General water, sani tation and flood protection sector (20%)		
Theme(s):	City-wide Infrastructure and Service Delivery (35%), Cultural Heritage (20%), Urban Economic Development (25%), Infrastructure servi ces for private sector development (10%), Micro, Small and Medium Enterprise support (10%)		
Borrower(s):	Ministry of Finance		
Implementing Agency:	Ministry of Urban Development		
Financing (in USD Million)			
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			60.00
Total Project Cost			60.00
Environmental Category:	B - Partial Assessment		
Concept Review Decision:	Track II - The review did authorize the preparation to continue		
Is this a Repeater project?	No		

Other Decision (as needed):	Note: the project has not yet been transferred to PM.
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B. Introduction and Context

Country Context

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 annum, rising into the ranks of middle income countries 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 EU incomes in 1998 to 30 percent by 2012, and fueled aspirations to join the EU. Growth successfully halved poverty from 25.2 percent in 2002 to 12.5 percent in 2008. However, the global and Eurozone crises in 2008 brought Albania's growth to a near stand-still by 2012. The poverty rate rose to 14.5 percent along with rising unemployment in the aftermath of the crises.

In this unfavorable context, a reformist Government took office in 2013 and is currently implementing a multi-faceted reform program. The reform aims at accelerating growth, creating jobs, restoring trust in government, tackling corruption in public service delivery and improving the investment climate, furthering progress toward the EU accession. As outlined in the recent Systematic Country Diagnostic, Economic growth in Albania has been strongly associated with both poverty reduction and increased welfare of the bottom 40 percent of the population. As such, restoring rapid growth is a priority to reverse recent poverty trends and boost shared prosperity. 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.

Sectoral and Institutional Context

In its path to EU accession, the GoA is moving towards establishing a platform for regional development. As part of this, the GoA is implementing a regional development reform. The reform aims to achieve greater impact and greater territorial cohesion by reducing regional disparities in access to services, and supporting local economic development.

The GoA has identified the south of Albania as an area with unique natural resources and cultural heritage assets with potential to further develop tourism as a driver of regional and national economic growth. This area is composed of a diverse set of sub-regions – both in terms of access to services and development levels – and include primary urban centers and specialized urban centers. Across the region, capacity to deliver services is being strained by the growing seasonal population, while low quality of services and institutional capacity are limiting the ability of the region to preserve its endowments and reach its full economic potential. In addition, tourism activities – one of the main drivers of economic growth in the region – are concentrated over the short summer season, and are dominated by high-volume & low-value local and regional markets, with little diversification or innovation.

Over the past year, the GoA, led by the Ministry of Urban Development (MoUD), has developed key strategic instruments for the development of the south of Albania. The MoUD has recently completed the preparation of the National Territorial Development Strategy (NTDS), and the Coastal Management Strategy (CMS). Albania's primary and specialized urban centers are defined by the NTDS in its description of the country's Urban System. Primary urban centers are main regional economic centers in each region while specialized urban center are smaller

economic centers which have a predominant economic sector (i.e. tourism). Together, the NTDS and the CMS, provide a vision and strategic direction for the development of the south of Albania over the next fifteen years (2015-2030).

Within this context the GoA has requested the Bank support its efforts to foster the sustainable development of the south of Albania. The proposed project would build, in part, upon the experience and results of the Integrated Coastal Zone Development Project (ICZDP), in support of local economic development through a package of investments aimed at improving urban infrastructure related to service delivery and enhancing access to and the presentation and touristic appeal of cultural heritage assets. While the regional development reform is rolled out, the proposed project is expected to play an important role in piloting an integrated regional development approach and operationalizing the vision outlined in the NTDS and the CMS. The proposed project could also provide a model for replication across other economic regions in the country.

Relationship to CAS/CPS/CPF

The overarching goal of the 2015-2019 CPF is to support Albania's aspiration for achieving equitable growth and integration into the EU. This goal will be pursued with a focus on advancing progress towards the twin goals of reducing poverty and increasing shared prosperity. The proposed project supports two focus areas of the CPF, namely Focus Area 2, which aims at creating conditions for accelerated private sector growth; and Focus Area 3, which aims at strengthening public sector management and services. In particular it has a clear link with Objective 2b which seeks to Support sustainable tourism development, as well as Objective 2a - Contribute to improved business environment -, Objective 3a - Increase efficiency of public service delivery and Objective 3d – Enhanced coverage of water and sanitation services.

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective is to improve urban infrastructure, enhance cultural assets, and strengthen institutional capacity to support local economic development in selected areas in the south of Albania.

Project beneficiaries: The primary beneficiaries are the inhabitants of participating municipalities and visitors in the south of Albania who will benefit directly from improved urban infrastructure services and improved tourism offers. Inhabitants of participating municipalities are also expected to benefit from increased economic opportunities.

Key Results (From PCN)

The proposed project is expected to achieve the following results (To be finalized during preparation and appraisal):

- Number of urban centers in project areas benefiting from urban upgrading.
- Number of people in urban areas provided with access to all season roads within a 500 meter range under the project (core indicator).
- Number of piped household water connections that are benefiting from rehabilitation works undertaken by the project (core indicator).
- Number of cultural assets benefiting from improved quality of supporting infrastructure
- Number of regional destination management organizations established and operational.

D. Concept Description

The proposed project would comprise of three components:

Component 1. Urban upgrading and infrastructure improvement (US\$50 million). This component is expected to finance design and implementation of urban upgrading and municipal infrastructure improvements in selected primary, specialized urban centers and their surrounding areas. This component is divided in two complementary subcomponents: Subcomponent 1A, which will focus on selected primary and specialized centers with urban upgrading and infrastructure improvement investments; and Subcomponent 2A, which will focus on enhancing cultural heritage assets and touristic sites along corridors connecting primary and specialized centers. Urban upgrading and infrastructure improvement investments (Subcomponent 1A) are expected to include the upgrading of public spaces (i.e. parks), street networks and associated infrastructure (i.e. sidewalks, streetlights), the rehabilitation of basic municipal infrastructure (i.e. water supply networks), and the restoration of facades and roofs of historical buildings. Subcomponent A2 is expected to finance the enhancement of cultural assets through the restoration of selected assets (i.e. museums, bazaars, touristic sites) and the improvement of supporting infrastructure such as last mile access, visitor centers and signage. This component will also finance preparation of required feasibility studies, engineering designs, construction supervision and monitoring and evaluation activities of the project.

Component 2. Institutional capacity building (US\$8.0 million). This component is expected to finance capacity building activities for improved municipal management, service delivery and local economic development. These activities will build upon assessments carried out under the Bank-managed and Austrian Government-financed Urban Partnership Program in the proposed project area. This component will also finance activities aimed at leveraging local growth drivers such as tourism. These could include the design and implementation of destination planning and management, promotion, local outreach and awareness raising campaigns; marketing and promotion activities; skilled work-force development; and performance monitoring & evaluation activities. This component could also support activities aimed at strengthening the product and market linkages between the tourism sector and the local economy. This could include support to local government and SMEs such as B&Bs, restaurant and artisan goods for the tourism industry.

Component 3: Implementation Support (US\$2.0 million). This component will support overall project implementation including: (i) contracting of local experts to assist the implementation unit and participating municipalities in the implementation of sub-projects; (ii) the maintenance of the project Monitoring and Evaluation System M&E; (iii) the project related operating costs of the implementing unit including consulting fees, in-country travel expenditure; (iv) training of staff and other persons associated with project implementation; and (v) annual audit of project accounts.

II. SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project is expected to focus its interventions in the south of Albania comprising the area between Fier-Vlora and Saranda and covering both the Coast (by the Adriatic and Ionian Seas) and hinterland (including Berat, Permet and Girokastra known for their internationally recognized cultural heritage value). The project activities are expected to support Primary and Specialized urban

centers and their surrounding areas. The type of investments will focus on urban upgrading and municipal infrastructure improvement of existing facilities in selected primary, specialized centers and their surrounding areas. Urban upgrading investments could include upgrading public spaces, street networks and associated infrastructure, rehabilitating selected municipal infrastructure, and restoring historical buildings facades and roofs of existing buildings. Further, activities could also include restoration of selected assets (i.e. museums, bazaars), and the improvement of supporting infrastructure in touristic sites such as last mile access, visitors centers and signage. Additionally, specific technical assistance targeting institutional capacity building to local governments and SME for enhancing local tourism industry in the project area.

While the proposed project area overlaps with that of the Integrated Coastal Zone Management & Clean-up Project (ICZMP), it has distinct design features. First, the proposed PIUED project is expected to focus most investments on a selected number of urban areas and will involve mainly rehabilitation/upgrading of existing infrastructure (as described below). Second, the project is not expected to include activities affecting land use planning such as municipal territorial plans. In addition, building on lessons from previous projects and relevant experience in Albania, the team will work closely with the Client to advise on relevant project safeguards aspects during preparation stage in order to identify training and capacity building needs, assess potential risks and identify mitigation measures. Compliance with relevant safeguards plans will be monitored during project implementation as part of regular supervision missions.

Project activities might include the construction of new facilities such as visitors' centers near touristic sites. For the construction of new facilities preference will be given to sites located in municipal property and with clear land titles. Some of the infrastructure activities could be known in terms of scope and location before project appraisal or considered for financing during the first year of project implementation. The feasibility studies for such activities will provide information about site-specific social and environmental impacts by appraisal, which would be analyzed in Environmental Management Plans/Environmental Impact Assessments (EMPs/EIAs) or Resettlement Action Plans (RAPs) if sufficient technical details are available by appraisal. The overall project interventions (and related civil works) will be selected based on pre-defined selection criteria and in support of the development visions outlined in the NTDS and CMS, which are finalized in parallel with the relevant Strategic Environmental Assessment (SEA) as required by national laws. The methodology for identification and selection of sub-projects will include an assessment of potential environmental and social risks.

Given that interventions in urban areas tend to generate strong interests from the population, comprehensive stakeholder engagement efforts will be required to ensure adequate citizen participation, buy in feedback mechanism (CE) to improve subproject design and implementation and mitigate any risk of community opposition.

B. Borrower's Institutional Capacity for Safeguard Policies

The project will build on the lessons learned from the implementation of the Albania Integrated Coastal Zone Management Clean-Up Project (P086807), in particular in regards to the weak capacity at the central and local administration levels to adequately manage potential environmental risks, land acquisition and resettlement issues, and therefore the project will require training and close Bank supervision of such activities.

C. Environmental and Social Safeguards Specialists on the Team

Frederick Edmund Brusberg (GSURR)

Jorge E. Villegas (GSU03)

Ruxandra Maria Floroiu (GENDR)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project has been classified as environmental category “B” primarily due to the rehabilitation nature of the proposed infrastructure works, which will take place within the footprint of existing infrastructure/facilities on established lands/zones in known urban areas or might involve limited construction of new facilities such as small visitors’ centers near touristic sites in the south Albania. Specifically, under Component 1, the project intends to finance physical works linked to revitalization of urban areas along the Southern coast of Albania including rehabilitation and upgrading of municipal infrastructure (streets, water supply and sanitation networks, etc) as well as restoration of known historical buildings. The physical rehabilitation of the existing infrastructure will not involve significant structural modifications or change their operation/ scope. The envisaged investments are not expected to have irreversible adverse and unprecedented environmental and social impacts.</p> <p>The project (Component 2) also supports a diverse set of capacity building activities related to sustainable tourism development in the targeted project areas, including support to local government and SMEs such as B&Bs, restaurants, and artisan goods for the tourism industry.</p> <p>The detailed designs of the planned infrastructure investments will not be identified prior to project appraisal, therefore an Environmental and Social Management Framework (ESMF) will be prepared to provide for screening and assessing environmental and social issues and preparing required safeguard instruments during project implementation. The ESMF will provide the overall process for conducting the assessment of environment and social impacts of specific subprojects and activities during the project implementation once the technical details are known; it will also provide details on the type,</p>

		<p>level and depth of environmental and social impact assessments (ESIAs/EMPs/EMP Checklist) required for each of the investments and conduct cumulative impact assessments, where relevant, based upon the outcomes of the screening. In case GoA selects activities requiring civil works which are defined in terms of scope and location or for which technical details are sufficiently established before appraisal, there is necessary to prepare - in addition to the ESMF – the EMP and/or EIA for each of these known activities during project preparation.</p> <p>The Terms of References (TORs) for various capacity building activities as well as technical studies, including the feasibility studies and detailed design of investments, should incorporate screening of environmental and social safeguard risks, assessment of impacts (including cumulative aspects) and issues in line with relevant World Bank Group operational policies. This will ensure that safeguard issues and measures are mainstreamed into these studies and TA.</p> <p>The ESMF (and any of the site specific EA instruments required) will be disclosed in local language as well as Infoshop and subject to minimum one public consultation at locations relevant to project affected people/stakeholders.</p>
Natural Habitats OP/BP 4.04	TBD	This policy is TBD at this project stage because of possible impacts that are anticipated as a consequence of urban upgrading activities linked to the southern coastal areas planned for enhancing tourism development. The ESMF assessment will provide screening to identify any impacts on known endangered or critical fauna or flora in the project areas.
Forests OP/BP 4.36	No	The project will not finance activities that will affect forest, forest health and forest-dependent communities.
Pest Management OP 4.09	No	Not applicable
Physical Cultural Resources OP/BP 4.11	Yes	The project will finance rehabilitation works in cities known for their cultural heritage importance. The policy is triggered, and the ESMF will include guidelines for addressing OP 4.11, including “Chance Finds Procedures”. The ESMF will also

		include a gap analysis of national law and OP 4.11 requirements. The results of the gap analysis will support identification of whether the proposed Project will include the preparation of a physical cultural resources management plan.
Indigenous Peoples OP/BP 4.10	No	Not applicable
Involuntary Resettlement OP/BP 4.12	Yes	Project-related land acquisition and resettlement is expected to be limited as most interventions are likely to be on preexisting footprints. However, the Borrower will prepare a Resettlement Policy Framework to guide the preparation of sub-project level Resettlement Action Plans to address any land acquisition and resettlement related impacts in the subprojects which are yet to be identified. The ESMF will include a screening procedure to identify subprojects for which a Resettlement Action Plan may be required. If during project preparation any subprojects are identified for the first year of project implementation and detailed impacts are known and involve land acquisition and/or resettlement, corresponding Resettlement Action Plans will be prepared prior to appraisal. The project is not expected to include activities affecting land use planning such as municipal territorial plans.
Safety of Dams OP/BP 4.37	No	The Project will not finance any activities related to the construction of dams nor affect operations of existing dams or affiliated reservoirs.
Projects on International Waterways OP/BP 7.50	TBD	The project location is along the so-called Albanian Riviera (including the coastline of Adriatic and Ionian Seas) and may have potential impacts on coastal zone resources. This policy could be triggered but an exception to riparian notification may be granted given the rehabilitation nature of the project investments. The project team will consult with LEGEN on the applicability of this policy to this project interventions.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in disputed areas.

E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

23-Mar-2016

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage

ISDS.

Environmental and Social Management Framework (ESMF) timely disclosed and publicly discussed in country minimum once before project appraisal;

Environmental Management Plan (EMP) and/or Environmental Impact Assessment (EIA) for specific subprojects identified before project appraisal and/or known to be prepared in the first year of project implementation;

Resettlement Policy Framework, consulted with relevant stakeholders and approved by the Bank, will be publicly disclosed locally and via the World Bank's website by April, 2016.

Resettlement Action Plans for subprojects identified during preparation for which there is detailed designs and involve land acquisition or resettlement, corresponding Resettlement Action Plans will be prepared by April 2016.

III. Contact point**World Bank**

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V. Approval

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<i>Approved By</i>		
Safeguards Advisor:	Name: Zeynep Durnev Darendeliler (SA)	Date: 29-Jan-2016
Practice Manager/ Manager:	Name: Nina Bhatt (PMGR)	Date: 30-Jan-2016

Country Director:	Name: Carla Pittalis (CD)	Date: 12-Feb-2016
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1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.