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

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>P163239</td>
<td>Regional and Local Roads Connectivity</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tbody>
<tr>
<td>EUROPE AND CENTRAL ASIA</td>
<td>23-Jan-2018</td>
<td>25-Apr-2018</td>
<td>Transport &amp; Digital Development</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance and Economy</td>
<td>Albania Development Fund</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

The Project Development Objective is to improve access to selected agricultural and tourism centers, and to strengthen selected project municipalities’ capacity to manage their road assets.

**Components**

- Component 1 - Accessibility Improvement
- Component 2 - Capacity Building for Municipalities
- Component 3 - Implementation Management Support

**Financing (in USD Million)**

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Bank for Reconstruction and Development</td>
<td>50.00</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>50.00</strong></td>
</tr>
</tbody>
</table>

**Environmental Assessment Category**

B - Partial Assessment

**Decision**

The review did authorize the preparation to continue
B. Introduction and Context

Country Context

Albania has experienced rapid growth since 1990, rising into the ranks of middle-income countries in 2008. It emerged from the collapse of isolationist communism in the early 1990s as one of the poorest countries in Europe but since then has experienced a growth of nearly 6 percent per year. 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 this 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 euro area crises in 2008 brought Albania's growth to a near standstill by 2012, and the country is struggling to recover, particularly given its historic ties to Europe’s poorer performing economies. The aftermath of the crisis presented an increase of the poverty rate, to around 14 percent in 2015, particularly in urban and coastal areas, along with rising unemployment affecting mostly youth and women.

Recently, economic activity has picked up and the near-term economic outlook for Albania is positive. Economic growth is expected to accelerate to 3.8 percent in 2017 (from 3.4 percent in 2016 and 2.2 in 2015), supported by private investment and consumption. Investment is mostly linked to two large foreign direct investment-financed energy projects (the Trans Adriatic Pipeline and the Devoll hydropower plant), and consumption is supported by job creation and the easing of credit conditions. Net exports were helped by tourism and a recovering commodity market. Growth is projected to moderate to an average of 3.6 percent for 2018–2019 with completion of the two large energy projects and no other large projects planned.

The Government remains committed to making deep structural reforms. Over the past years, the Government implemented a range of reforms, including improvements in Public Financial Management (PFM) (clearance of arrears, tax reforms), mitigation of fiscal risks from pensions and the energy sector, reduction of nonperforming loans, and improvements in doing business. Results were positive: growth picked up, the fiscal deficit declined, and the public debt started to fall. This provided a window of opportunity for advancing ongoing structural and fiscal reforms, to reduce macroeconomic risks and better support long-term growth.

Albania applied for EU membership in 2009 and became an official candidate for accession in June 2014. This entails strong commitments in the transport sector, which manifest themselves in signing, with the European Commission, the Memorandum of Understanding for the Core Network creating the South East Europe Transport Observatory (SEETO)\(^1\) and in signing the Transport Community Treaty in July of this year. The treaty will help the Western Balkan countries align their national transport laws with those of the EU.

Sectoral and Institutional Context

Roads and highways are the predominant mode of land transport in Albania and provide essential connectivity for freight and personal mobility. Roads are one of the highest value public assets, estimated at about US$6 billion. The overall length of Albania’s road network is about 15,000 km; 4,000 km of national

\(^1\) The main aim of SEETO is “to promote cooperation on the development of the main and ancillary infrastructure on the South East Europe Core Regional Transport Network and to promote and enhance local capacity.”
roads; and 11,000 km of regional, local, and urban roads. The Ministry of Infrastructure and Energy (MoIE), formerly the Ministry of Transport and Infrastructure, is responsible for the policy and regulatory framework and technical standards. The Albania Road Authority (ARA) is responsible for managing the national road network and the municipalities are responsible for managing the regional and local roads. The Albania Development Fund (ADF) was established in 1993 with support from the World Bank, to implement regional and local roads projects mainly financed by international development partners.

In 2015, Albania implemented significant administrative and territorial reforms consolidating 372 communes and municipalities into 61 municipalities to increase the cost efficiency of local units so that they can provide better services. The new municipalities consolidated the responsibilities from the previous levels of local government—municipalities, communes, and regional councils—each of which was administering road networks within their jurisdiction, respectively, within city/town boundaries, within commune boundaries, and regional roads in regional council areas. Within the current regional and local road network, the function comprises (a) regional roads that connect groups of villages to the national road network or with main administrative centers of a municipality and (b) local roads that provide transport links between villages and farms.

The infrastructure planning and prioritization process still has some way to go to provide transparent and economically efficient outcomes. With support from the World Bank, progress has been made by the Government in developing Medium-term Budget Plans (MTBPs) 2015–2017 to prioritize higher impact new investments. A framework that is more aligned with the budget realities is slowly emerging and more fiscal discipline is applied at all levels to avoid accumulation of arrears in the road sector. Under the proposed Regional and Local Roads Connectivity Project (RLRCP), a rigorous prioritization approach has been formulated for the selection of project roads which target investments that complement productive sectors of the economy and particularly in agriculture and tourism. This process provides an example for investment prioritization, transparency, and governance at a local level.

Maintenance of the road network has been systematically underfunded, undermining the sustainability of the sector. The ongoing Results-based Road Maintenance and Safety Project (RRMSP) is addressing highest priority maintenance needs of 4,000 km of national roads while the proposed RLRCP will support the asset management of regional and local roads under the control of municipalities.

The regional and local network is in bad condition overall, with more than 50 percent of network categorized in poor condition, 30 percent in fair condition, and less than 20 percent in good and very good condition. Some sections are impassable for parts of the year, thus restricting access to essential public services of health and education, as well as to economic centers. As of 2016, the maintenance expenditures for regional and local roads was allocated at approximately 300 Euro per km per year, which is extremely low and can only cover the routine maintenance, with no allowance for periodic maintenance or improvements. Investments and maintenance of regional and local roads are financed by local taxes combined with unconditional grant transfer from the central government. The poor condition of roads is a manifestation of the weaknesses in the municipalities planning, implementation and/or monitoring capacities.

The Government of Albania (GoA) has taken large strides in improving conditions of the regional and local

2 Urban roads represent about 2,500 km out of the 15,000 km and are not discussed in this document.
3 EBRD funded TA report on Regional and Local Roads 2016
road network in the past decade but more work is necessary. ADF implemented a Rural Road Program, during the period 2008–2016, with World Bank support which crowded in US$386 million in financing from IFIs. The program improved 1,200 km of rural roads in 12 regions and 61 municipalities which improved the mobility of over 2 million people. The World Bank’s engagement through the Secondary and Local Roads Project (SLRP), from 2008 to 2013, was evaluated as highly satisfactory which is an important milestone. The program was indeed highly successful, exceeding its developmental and implementation outcomes while recognizing there is still room to consolidate the network improvements in a sustainable manner to enable growth in the agricultural and tourism sectors.

The existing condition of regional and local road network is not able to serve the emerging tourism industry and hinders the development of the agricultural sector. Over the past few years, the GoA has developed key strategic instruments including the National Territorial Development Strategy and the Coastal Management Strategy that provide a vision for the development of Albania over the next 15 years (2015–2030). These strategies highlighted a number of challenges which include improved road connectivity and the need to invest in municipal capacity to improve tourism destination management. The on-going Integrated Urban and Tourism Development Project is addressing these issues in the South of Albania while the proposed RLRCP will support improved access to tourism development areas in the project road areas of Albania.

In October 2014, the GoA approved the five-year Strategy for Rural and Agriculture Development, drawing upon the strategic planning approach used by the EU under its Common Agriculture Policy 2014–2020. One of the obstacles pointed out by the strategy is lack of market access for agricultural products through an appropriate network of national, regional, and local roads. Considering that in Albania the agri-food industry is responsible (directly and indirectly) for almost half the economy-wide jobs, improving market access through better road connectivity is critical for the development of the country. It is also important for productive inclusion of women, who represent half of those employed in the sector (the highest share of participation of women in agriculture in the Western Balkans) and 80 percent of informal employment in the sector.

Road safety remains a major social and public health issue in Albania. Although the number of accidents has dropped in recent years, Albania still compares unfavorably with countries in the region or EU member states, with the World Health Organization estimated 15.1 fatalities per 100,000 population—while it is 11.9 in Montenegro, 9.1 in Greece, 7.7 in Serbia, 4.3 in Germany, 5.1 in France, and 2.9 in the United Kingdom. In response, the GoA aims to reduce the number of fatalities by 50 percent in 2020, in comparison to 2009. The GoA has increased its attention to road safety reforms, including the adoption of the Road Safety Strategy and Action Plan in 2011 and adoption of mandatory Road Safety audit for all new roads. The RRMSLP is strengthening the capacity of the Inter-Ministerial Road Safety Council, introducing road safety audit training

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4 Tourism is a significant contributor to the Albanian economy, with 8.4 percent of total GDP in 2016, and is forecasted to rise to 10.8 percent by 2027. Its contribution to employment is also significant, directly supporting 85,500 jobs (7.7 percent of total employment) in 2016, and is estimated to grow to 120,000 jobs (10.1 percent of total employment) by 2025.

5 Agriculture is the single largest contributor to GDP in the country (22 percent in 2015) and the largest employer (41 percent in 2015). Agricultural productivity and the competitiveness of the sector are adversely affected by the fragmented and subsistence-oriented supply base, poor enforcement of food safety standards, infrastructure deficiencies, including poor transport networks and access to markets and tourism hubs, among others.

6 World Health Organization. 2015 “Global Status Report on Road Safety 2015.”

7 Government Decision No. 125, February 23, 2011, on “Implementing Objectives for Improving Road Safety.”

8 By Amendment to Article 71/, introducing “Road Safety Audit” to the Highway Code. Decision 815 in November 2011.
accreditation courses, supporting media campaigns, and enhancing the Accident Information System. The RLRCP will build on these reforms and address road safety through improvements to regional and local road infrastructure.

**Better links from the regional and local road network to the national road network will complement envisioned improvements in the country’s trade and transport facilitation competitiveness which are being supported under the separate proposed Regional Trade and Transport Facilitation Project. Improved feeder and distribution links from the regional and local road network to the national network together will reduce cost of trade and transport, lower the cost of importing and exporting for goods and services including agriculture and tourism. These two areas will be the focus of the proposed RLRCP.**

**A major emergent issue affecting sustainability of the road sector is the road network vulnerability to climate changes and natural disasters.** Floods in recent years have increasingly affected the infrastructure and consequently the access of population and farmers to markets which have been substantially disrupted. A World Bank-executed Technical Assistance (TA) funded by the Global Facility for Disaster Reduction and Recovery (GFDRR) is starting to address the issue of vulnerability of the road network and how to improve road asset management. Implementation of the TA outcome will be implemented as one of the components of the proposed RLRCP.

**In recent years, several IFIs have supported road sector investments and reforms in Albania.** Several IFIs including the World Bank, European Commission, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), and Kreditanstalt für Wiederaufbau (KfW) are the main partners supporting the GoA including: (i) improvement of planning and budgeting process, (ii) introducing better management practices to avoid future arrears, (iii) deepening ARA reforms, and (iv) providing financing for priority projects. Bilateral partners including the U.S. Agency for International Development (USAID), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Agence Francaise de Developpement (AFD) and the Swiss Agency for Development and Cooperation (SDC) are involved in supporting the new municipalities to capacity building, asset and resource management under their administration with a focus on water supply and sanitation, solid waste, and municipal financing. The proposed RLRCP presents an opportunity to develop an overall investment and policy framework for the regional and local roads sector that can be supported through the joint efforts of different development partners. In this context, the EBRD is currently in discussions with GoA to match the World Bank financing with a further US$50 million loan for a parallel operation.

**Gender gap.** Gender gaps in construction and transport sectors, where less than 5 percent and 17 percent of all employed respectively, are women, are very substantial. Therefore, promoting women’s economic opportunities as part of the efforts to reverse poverty trends and boost shared prosperity are part of the project objectives. A separate TA funded by the State and Peace Building Fund (SPBF) administered by the World Bank will be looking into opportunities in this regard. The results from this TA will be implemented through the proposed RLRCP.

### C. Proposed Development Objective(s)

**Development Objective(s) (From PAD)**

The Project Development Objective is to improve access to selected agricultural and tourism centers and to strengthen selected project municipalities’ capacity to manage their road assets.
Key Results

- Number of agricultural and tourism centers connected by improved project roads
- Reduced travel time on project roads
- Demonstrated better asset management capacity by selected municipalities through adoption of Municipal Transport Investment and Maintenance Plan.

D. Project Description

The Albania RLRCP is expected to be financed by an IBRD loan of US$50 million. The RLRCP will focus on the role that improved roads can play in enabling connectivity driven economic gains, particularly in the agricultural and tourism sectors, both key drivers of growth and employment in Albania. More specifically, the proposed RLRCP will support tourism development through improving road access to existing and potential tourism destinations and providing quality tourism-friendly amenities (for example, parking lot for tourist bus, viewpoints) and signage along the roads in the project areas. It will also support the integration of agricultural producers to agri-food value chains and market participation, particularly for women who make up the majority of the workforce in agriculture.

To achieve these overarching goals and set an example for investment prioritization at the municipal level, a rigorous prioritization approach has been formulated in the RLRCP road selection. The selection of project roads was done through a two-step prioritization process including the development of a long list of 1,400 km candidate roads based on consultations between the ADF and 61 municipalities and a short list of 200 km candidate roads using multi-criteria analysis, considering tourism destinations, agriculture potential, beneficiary population, and economic efficiency indicators. The selection process reflects the priority from the municipalities as well as the GoA’s vision on rural roads investments that support tourism and agriculture. This approach also allows for easy scale-up to a program for the GoA, municipalities, and other developmental partners to implement.

The RLRCP will include capacity building TA in support of the municipalities to improve management of road assets and strengthen links between roads, improved agricultural market access, and tourism development plans where they exist. The RLRCP is designed to address the sustainability of road maintenance at the municipal level which is a significant challenge following the transfer of local and regional road assets to the municipal level. The RLRCP is also designed to address road safety issues in regional and secondary roads in the selected municipalities to provide safer and sustainable infrastructure.

In addition, the project will implement action plans on ways to promote climate resilience and women’s economic opportunities in regional and local roads in Albania as follows:

- **Climate Resilient Road Assets for Albania**: Albania’s vulnerability to climate change and natural disasters, for example, flooding, landslides, and earthquakes, within the road sector, is being analyzed under a separate Technical Assistance and its outcome will inform the prioritization of investment to
provide more sustainable and resilient road assets. The TA outcomes will be incorporated into the RLRCP designs of specific road sections. Improved regional and local roads at time provide an alternative to the national road network critical links during extreme weather events. The TA will also include recommendations to adjust the design standards for regional and local roads and apply them to the project roads.

- **Promoting Woman’s Employment in Road Sector in Albania:** the capacity of local stakeholders to reach out and increase women’s inclusion and participation in road maintenance programs is being analyzed under a separate TA. The outcome will consider policy options to provide support to contractors that explore opportunities to promote women’s employment in high skilled jobs in their respective workforce. The focus will be on more and better jobs.

The project will finance the following components.

**Component 1. Accessibility Improvement (Total cost US$47.03 million; IBRD US$47.03 million)**

This component will finance the rehabilitation of regional and local roads; consultancy service for designs, civil works supervision, and technical and road safety audits; and road safety initiatives.

- **Subcomponent 1.1. Climate resilient road rehabilitation works (Total cost US$45.83 million).** This subcomponent will finance the rehabilitation of about 50 km of regional and local roads within 5 to 6 municipalities. The roads will be designed according to Albanian standards with particular attention to their climate resilience (such as to flooding and landslides) given the vulnerability of the network. As a first-year program, three project roads in three municipalities, totaling 40 km, have been selected based on further surveys and a rigorous multi-criteria analysis on the short-listed 200 km of roads. The remaining roads will be identified and prioritized during implementation. Where roads serve tourism areas or pass through urban areas, attention will be given to footpaths, bicycle paths, safety improvements, orientation signage, and aesthetic considerations. In addition, new bike lanes and sidewalks will be build, to encourage the shift to cleaner modes of transport. This subcomponent will also finance all necessary designs, civil works supervision, and technical and road safety audits, although the designs of the first-year program were already financed by the GoA.

- **Subcomponent 1.2. Road Safety Initiatives (Total cost US$1.2 million).** This subcomponent will consist of identification of potential road safety interventions on regional and local roads that are not included in Subcomponent 1.1 but within the project municipalities. Identification efforts shall include both road risk mapping using available crash data and a road safety inspection of sections linked to Component 1.1 roads. These interventions will address accident blackspots and include traffic calming measures, footpaths, crash barriers and junction design.

**Component 2. Capacity Building for Municipalities (Total cost US$0.85 million; IBRD: US$0.85 million)**

This component will build capacity in the project municipalities’ to manage their transport system and road assets in a sustainable way and to maximize the impacts of improved accessibility on agricultural production and tourism potential. It will develop standard approaches that will be implemented in a few municipalities in this project but can subsequently be rolled out more widely. The following activities are envisaged:

- **Subcomponent 2.1. Municipal Transport Capacity Development for all Participating Municipalities (Total cost US$0.45 million).** This subcomponent will focus on developing municipal systems for road
maintenance and road planning following the recent transfer of road assets to the municipal level. It will: (i) assess municipalities capacity, local planning instruments and processes for road planning and maintenance and public transport planning, (ii) develop recommendations for addressing weaknesses, and (iii) provide training based on the recommendations. The focus will be on road maintenance and will include support on programming, budgeting, sustainable financing for road rehabilitation and maintenance priorities, asset management and maintenance execution. Public transport planning will extend to public parking and bus terminals, and safety measures. The subcomponent will also finance the preparation of a standard service level agreement contract for maintenance between the municipalities and the service provider and will provide training to the municipalities on its use.

- **Subcomponent 2.2. Linking Farmers to Markets (Total cost US$0.20 million).** This subcomponent will support implementation of the recently approved 100 villages program. It will provide technical support for linking agricultural producers to local demand, including through local markets and tourism centers. The focus will be on production areas adjacent to the road infrastructure supported by the project. The subcomponent will provide an assessment of potential activities that could be financed through the grants available under the 100 villages program or other development partner programs. Potential activities include supply chain activities for key agricultural products; recommendations for alleviating impediments in connecting roads, warehouses, harvesting facilities, regulations; developing collection zones; and promoting “Eat Albania” restaurants. This subcomponent will also increase the World Bank’s evidence base for supporting women smallholder farmers and women-led agriculture small and medium enterprises (SMEs) to start and/or enhance their participation in agri-food value chains in Albania; analyze the barriers that women face in accessing markets, in general, but particularly in light of the new business opportunities that the project is hoped to deliver; and recommend the ways to address them.9

- **Subcomponent 2.3. Managing for Tourism Growth (Total cost US$0.20 million).** As above this subcomponent will support implementation of the recently approved 100 villages program. It will provide technical support to promote agro-tourism in the project municipalities. The subcomponent will provide an assessment of potential activities that could be financed through the grants available under the 100 villages program or other development partner programs. The subcomponent will also provide technical support to concerned municipalities to plan for this growth and mitigate any possible environmental and social impacts. Where appropriate support may also be given to steer public and private investments in tourism related infrastructure and services.

**Component 3. Implementation Management Support (Total cost US$2.0 million; IBRD: US$2.0 million)**

This component includes incremental operational cost of the ADF, development and maintenance of Geographic Information System (GIS) and prioritization database for regional and local roads, midterm evaluation, and capacity-building initiatives for the ADF. It will also include the implementation of a Project Impact Assessment to assess the project’s impacts on key social, transport, agriculture, and tourism indicators. This is similar to the approach used by ADF in the previous Rural Road Program using financing from the development partners and outsourced expertise.

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9The project scope and available budget will likely not allow for addressing most of the recommendations resulting from the gender analysis of this subcomponent. Still, in light of the large gender gaps in agriculture and the focus that the CPF rightly puts on them, the team considered it important to integrate gender analysis as part of the envisaged study. The recommendations will be provided to the client and will also be used to inform the World Bank’s future activities.
E. Implementation

Institutional and Implementation Arrangements

The project will be implemented over four years and seven months by the ADF, which has strong experience and track record as an implementing agency of road projects financed by the World Bank and other development partners since its inception in 1993. A Project Management Team (PMT) will be established within the ADF, staffed by its own personnel, which will also coordinate with representatives of the respective municipalities. The PMT will manage project activities, such as procurement, social impact assessments, safeguard functions, monitoring and evaluation, and so on. When necessary, the project management function will be supported by consultants. A budget for such operating costs has been allocated in Component 3.

It is recognized that the participation of municipalities is critical during both project preparation and implementation. During the project preparation, the ADF has worked very closely with municipalities in the prioritization exercise, and several consultations with municipalities and local communities have taken place during the preliminary designs of the project roads. Before starting the civil works, an Investment Agreement and a Function and Maintenance Agreement will be signed by the municipalities, defining duties that municipalities must carry, e.g. maintenance requirement, after the project roads are handed over. The ADF will monitor the compliance of these agreements. When procuring and implementing capacity building activities, municipalities will provide ADF with inputs to TOR and sign off outputs.

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 project has been classified as Category B. Under Component 1, the project will finance the rehabilitation and/or reconstruction within the right-of-way of regional and local roads in selected municipalities. This Component will also finance and implement safety works on improving signage, pedestrian crossings, line-marking, etc. of regional and local road network.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Additional impacts might be expected due to increased traffic on rehabilitated roads, however the project will under Component 1 finance and implement safety works on improving signage, pedestrian crossings, line-marking, etc. of regional and local road network. In addition, the rehabilitation works itself financed under the same component will also support improving the road safety aspects in project roads, and as such are expected to have long-term positive social impacts.

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

The project will finance rehabilitation of priority regional roads across the municipalities. Construction will mainly occur within the existing right-of-way, and the estimated cumulative length of project road segments
is 50 km. Three project roads were selected for implementation in the first year, and are located in Shkoder, Pogradec and Fier municipalities. There is no geographical focus for the remaining roads to be financed.

G. Environmental and Social Safeguards Specialists on the Team

Bekim Imeri, Social Safeguards Specialist
Natasa Vetma, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project is categorized as category B and not expected to have significant or irreversible environmental impacts given the rehabilitative nature of works to be financed. Anticipated civil works will primarily entail rehabilitation and reconstruction of rural roads. Potential negative environmental impacts may include, but not limited to: (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 exact project locations are still not known as the prioritization of rural roads is still ongoing. For that reason, preparation of Environmental and Social Framework (ESMF) is proposed prior to appraisal. ESMF is prepared to facilitate screening, assessment, and management of environmental and social issues for activities to be taken up by the project in subsequent years. The ESMF ensures preparation of appropriate and World Bank safeguard policy-compliant safeguard instruments during project implementation.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>Yes</td>
<td>Some of the rehabilitation works are envisaged in nature protected areas and natural habitats. For that reason, the ESMF defines procedures for identifying and managing subprojects affecting natural habitats. No new construction will be allowed in nature</td>
</tr>
<tr>
<td>OP/BP Code</td>
<td>Result</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The project will not have any impacts on forests.</td>
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<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project is not expected to trigger pest management policy. The investments will not promote or increase the use of the pesticide. Although the project will finance solely roads rehabilitation, the ESMF provides guidance for use of herbicides for roads maintenance.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>No</td>
<td>The project is not expected to trigger OP 4.11. The investments will be focused on rehabilitation of existing roads. Nevertheless, due to the countries cultural richness, during the earthworks chance finds might be possible. For that reason, ESMF includes provisions on chance finds and required practices. For each such subproject, the ESIA and ESMP will be prepared, prior reviewed by the World Bank environmental specialist, and cleared/consulted with the Albanian Agency for Protected areas (or relevant environmental authorities).</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>Not relevant</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>The project will finance rehabilitation and reconstruction of rural roads. Roads connecting villages with the regional centers, touristic/cultural sites and agricultural fields. Given the linear nature of the works the land-take impacts will be minor and linear, adjacent to the existing road. Thus there will be small land taken. Displacement of households or businesses is not expected either, nor any impact on livelihoods. Given that the project is a rehabilitation of existing roads, there will be no need for access roads, thus it is not expected to address associated land-take cases. To address the social safeguards instrument, the borrower will prepare Resettlement Policy Framework (RPF) that will guide the land take activities during the whole cycle of the project implementation. If for any sub-project it is expected that the footprint will be known during the preparation phase of the project then the borrower will prepare site specific abbreviated or full fledge (depending of the impact) Resettlement Action Plan.</td>
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<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>Not relevant</td>
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<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>No</td>
<td>The project activities will not have impact on international waterways</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>Not relevant</td>
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</table>

**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 project has been classified as Category B. Under Component 1, the project will finance the rehabilitation and/or reconstruction within the right-of-way of regional and local roads in selected municipalities and short new segments only where they present natural continuation / connection. Under the same component, the project will also finance and implement safety works on improving signage, pedestrian crossings, line-marking, etc. of regional and local road network. This implies that the project will possibly have some adverse environmental impacts; however, these would be site specific and would not be significant nor long-term. For the project to remain category B, ESMF defines following environmental criteria for eligible subprojects: a) category A sub projects will not be financed; b) for sub projects in nature protected sites, or significant natural habitats, only rehabilitation of the roads would be allowed and no new construction. No activities would be allowed in or in proximity of critical habitats; c) New construction should be limited and allowed only in some specific cases for example where segments are missing or alignment of a section that is currently particularly difficult of dangerous; d) The construction, reconstruction or rehabilitation of roads on existing right of way would be allowed only in form of one or two lane roads. Some of the rehabilitation works are envisaged in the nature protected areas and natural habitats. For that reason, the ESMF defines procedures for identification and managing subprojects affecting natural habitats. No new construction would be allowed in nature protected sites, or significant natural habitats, but only rehabilitation of the existing roads. In addition, no activities would be allowed in or in proximity of critical habitats. For each of such sub projects ESIA and ESMP would be prepared, prory reviewed by WB environmental specialist and cleared / consulted with the Albanian Agency for Protected areas (or relevant Environmental Authorities). For all supported TA activities, the TORs for these activities should include environmental and social considerations in line with the triggered safeguards operational policies.

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

   Additional impacts might be expected due to increased traffic on rehabilitated roads, however the project will under Component 1 finance and implement safety works on improving signage, pedestrian crossings, line-marking, etc. of regional and local road network. In addition, the rehabilitation works itself will also support improving the road safety aspects in project roads, and as such are expected to have long-term positive social impacts.

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

   As the project will finance mainly rehabilitation of existing roads, no major alternatives were, nor will be considered. Some alternatives will be taken in consideration during design when considering roads width and possible new connections. All those alternatives will be examined in site specific environmental due diligence documents prepared during project implementation. The ESMF screening procedure will help guide the Client in ensuring that the site-
specific impacts are mitigated, that no additional safeguards policies are triggered and that no category-A works are financed.

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 Albanian Development Fund (ADF) will be implementing the project. ADF has experience in managing environmental and social impacts of World Bank-financed infrastructure investments and other infrastructure projects financed by international finance institutions. The ADF project team includes experienced environmental and social specialists.

To comply, the ADF prepared an Environmental and Social Management Framework (ESMF) as well as Resettlement Policy Framework, satisfactory to the Bank, to guide the overall project as the exact subproject locations are still not known or are currently being assessed. The purpose of this ESMF is to guide the Environmental and Social Assessment process, i.e. to facilitate screening, assessment, and management of environmental and social issues for activities to be taken up by the project in subsequent years. Environmental due diligence documents envisaged by ESMF include: ESIA, ESMPs and ESMP checklists. In addition to ESMF, the Borrower prepared a sample Environmental and Social Impact Assessment (ESIA) for Fier-Seman road rehabilitation.

The Resettlement Policy Framework (RPF) was prepared parallel with the Environmental and Social Framework (ESMF). The documents were disclosed on the December 22th and the consultation held on January 4th.

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

Major stakeholders are ADF and municipalities in which the projects will be implemented. ESMF documents was disclosed and publicly consulted prior to appraisal. ESMF with the call for public consultation was disclosed on the ADF website on December 22, 2017 and major municipalities participating in a project (paper or electronic) for two weeks. The ESIA for Fier-Seman road was disclosed on ADF website and in Fier municipality on January 5, 2018. In addition to the public call, the government and relevant non-governmental organizations were invited through official invitations sent out by the ADF. Public consultation meetings were held in Tirana (January 4, 2018) and Fier (January 15, 2018).

The Resettlement Policy Framework (RPF) was disclosed and consulted parallel with the Environmental and Social Framework (ESMF). The similar procedure will be followed for site specific ESMPs during project implementation as defined by the ESMF. All due diligence documents will be disclosed on the ADF websites respectively, and hardcopy will be available at their premises as well in participating municipalities for at least two weeks following public consultation as per ESMF.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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<tbody>
<tr>
<td></td>
<td>01-Dec-2017</td>
<td>22-Dec-2017</td>
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"In country" Disclosure
Albania
22-Dec-2017

Comments
ADF website and premises

Resettlement Action Plan/Framework/Policy Process

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"In country" Disclosure
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Comments
ADF website and premises

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
Yes

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?  
Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?  
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?  
Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?  
Yes

Have costs related to safeguard policy measures been included in the project cost?  
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?  
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?  
Yes

CONTACT POINT

World Bank

Jing Xiong  
Sr Transport. Spec.

Borrower/Client/Recipient

Ministry of Finance and Economy  
Erjon Luci  
Deputy Minister  
erjon.luci@financa.gov.al

Implementing Agencies