



Independent
Project
Accountability
Mechanism

Assessment and Problem Solving Report

Albania Infrastructure and Tourism-Enabling Programme

EBRD Project Number 49351

Case 2025/03

June 2025

The **Independent Project Accountability Mechanism (IPAM)** is the project grievance mechanism of the EBRD. It reviews environmental, social, and Project disclosure-related concerns raised by Project-affected people and civil society organisations. IPAM can address concerns through two avenues: i) Problem-solving, which supports dialogue between Requesters and Clients without attributing blame or fault; or ii) Compliance, which determined whether the EBRD has complied with its Environmental and Social Policy and Access to Information Policy in relation to the Project.

For information about IPAM, please contact us at ipam@ebrd.com or visit the [IPAM webpage](#).

<p>Contact information</p> <p>The Independent Project Accountability Mechanism (IPAM) European Bank for Reconstruction and Development Five Bank Street London E14 4BG</p> <p>Telephone: +44 (0)20 7338 6000 Email: ipam@ebrd.com</p>	<p>How to submit a complaint to the IPAM</p> <p>Concerns about the environmental and social performance of an EBRD Project can be submitted by email, post, or via the online form at:</p> <p>https://www.ebrd.com/home/what-we-do/projects/independent-project-accountability-mechanism/submit-a-complaint.html</p>
---	--

TABLE OF CONTENTS

Acknowledgements	4
List of abbreviations.....	5
Executive summary	6
1. The Case and processing to date.....	8
1.1. The Request	8
1.2. The Project.....	8
1.3. Processing to date	9
2. Background	10
3. Assessment activities and Parties' perspectives.....	11
3.1. IPAM assessment activities.....	11
3.2. Parties' perspectives	11
3.2.1. Requesters.....	11
3.2.2. Client	13
3.2.3. Municipality of Durres	14
3.2.4. EBRD Management.....	14
4. Assessment determination	15
5. Problem Solving Initiative.....	17
5.1 Problem Solving Activities.....	17
5.2 Problem Solving Agreement	17
6. Conclusion and next steps	18

Unless otherwise indicated capitalised terms used in this report are those as set forth in the 2019 Project Accountability Policy.

Acknowledgements

The Independent Project Accountability Mechanism (IPAM) would like to thank the Requesters, EBRD Management and the Client for their support, clarifications, and cooperation during the Assessment and Problem Solving stages and in the preparation of this report. IPAM would also like to thank all Parties that have assisted us in the process of identifying risks of retaliation and proposing mitigation measures that can guarantee safe access to the Requesters and that they do not face reprisals for communicating with IPAM.

List of abbreviations

Abbreviation	Long Form
Board	the Board of Directors of the European Bank for Reconstruction and Development
Case	the consideration of a Request under the Project Accountability Policy following its registration
CAO	the Chief Accountability Officer of the EBRD, and IPAM head
Case Registry	the registry of Cases created in accordance with Section III, Paragraph 3.1 of the Project Accountability Policy, which can be found on the IPAM Webpage
Client	The Albanian Development Fund
Compliance	the IPAM function which determines whether EBRD has complied with its Environmental and Social Policy or the Project-specific provisions of its Access to Information Policy in respect of a Project
EBRD (or Bank)	the European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESAP	Environmental and Social Action Plan
ESP	the EBRD's Environmental and Social Policy in force at the time of Project approval
IPAM	the Independent Project Accountability Mechanism of the EBRD established as per the 2019 Project Accountability Policy
IPAM Head	the EBRD Chief Accountability Officer responsible for the running of IPAM, the implementation of the Project Accountability Policy and for making the decisions that are the responsibility of IPAM under said Policy
NTS	Non-Technical Summary
PAP	the 2019 Project Accountability Policy
Parties	the individuals, entities, and/or organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requesters; their Representatives, if any; the relevant Bank department, team, or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project
Problem Solving	the IPAM function which supports voluntary dispute resolution engagement between Requesters and Clients to resolve the environmental, social, and public disclosure issues raised in a Request, without attributing blame or fault.
PR	Performance Requirements as set by the EBRD's Environmental and Social Policy
PSD	Project Summary Document
President	the President of the EBRD

Executive summary

The Request¹

On 25 October 2024, a family owning a hotel and restaurant in Durres, Albania, submitted a request to IPAM regarding the EBRD funded [Albania Infrastructure and Tourism-Enabling Programme \(49351\)](#). The Requesters allege that due to the rehabilitation of the promenade along the seaside, their restaurant was demolished and part of their land was expropriated, which is affecting the family income. They are also claiming that weren't notified in advance about the restaurant being demolished and haven't been compensated for impacts.

The Project²

The [Albania Infrastructure and Tourism-Enabling Programme \(OP ID 49351\)](#) (the Project) is a sovereign loan of up to EUR 60 million to the Republic of Albania to finance tourism-enabling, general municipal, and transport infrastructure. According to the Project Summary Document, tourism-enabling infrastructure investments will be carried out in the regions of Berat, Korça, Fier, and Shkodër, while general municipal and transport infrastructure investments will be implemented throughout the country, including in the listed Regions. The Project is co-financed with an EU grant of EUR 40 million, provided through the Instrument for Pre-Accession Assistance, which will be used, among others, for the rehabilitation of cultural and natural heritage sites.

One of the Project activities is the rehabilitation of 3.2 km of the Durres Promenade between the Dajlani Bridge to the Kavalishenca building. The works are taking place between the first row of buildings and the sea line, separated by an existing sidewalk and a promenade with variable widths. The existing promenade creates a vertical barrier with a difference in quotas/elevations between the road and the sea level. The project aims to reinforce the existing landscape architecture of the promenade transforming it into a natural line of land that connects the sea with the buildings on the first line of the coast which date back to the beginning of the last century. The new promenade Durres Waterfront will be treated as an open space for citizens where different functions will coexist in their necessary spaces. The planned improvements and components include construction of leisure infrastructure such as public sports areas, playgrounds and other typical beach facilities facilitating local tourism and services for beachgoers. The Project was approved on 22 July 2020 as category B under the EBRD's 2014 Environmental and Social Policy. When the Request was submitted the loan was being disbursed by the Bank.

IPAM Process

The Request was registered by IPAM on 14 February 2025 under [Case 2025/03](#), initiating the Assessment stage in accordance with the [2019 Project Accountability Policy \(PAP\)](#). IPAM engaged virtually with Parties and conducted a site visit to Albania on 18 February 2025 to meet in person with Requesters, and the EBRD local Project team. This visit allowed IPAM to better understand the alleged Project impacts on the hotel owners, the land under expropriation and the anticipated alignment for the promenade under rehabilitation. IPAM was able to witness a possibility for slightly adjusting the promenade alignment to allow Requesters to reconstruct a smaller restaurant, minimize economic impacts and address the safety issues claimed by Requesters.

Early in the Assessment stage IPAM determined that the concerns raised could be resolved through Problem Solving to provide a space for reflection and analysis on the impacts caused and any remediation foreseen. During February - March 2025 IPAM engaged with Bank management, the Client and Durres Municipality assessing technical options for adjusting the promenade alignment, so that Requesters could continue their economic activity. An Agreement was reached by the Requesters

¹ The Request is available [here](#)

² EBRD's Project Summary Document is available [here](#)

and the Client on 31 March 2025 regarding an amendment to the alignment of the promenade in front of the Requesters' hotel moving it by 4 m away from the building. On 8 April 2025 the municipality of Durres has submitted their formal acceptance to the proposed technical solution. During May 2025 the promenade construction works in front of the Requesters' hotel have been completed. On their side Requesters have applied for a permit to build a new restaurant and were expecting a response from relevant Albanian authorities.

Conclusion and Next Steps

Based on the activities undertaken during the Assessment and Problem Solving stages, IPAM determined that the main concerns raised by the Requesters have been addressed and the **Case is being transferred to the Problem Solving Monitoring stage** where IPAM will monitor the implementation of the commitments made by the Parties, in accordance with Paragraph 2.5 of the Project Accountability Policy.

The pending actions are for EBRD and Client to assess Project impacts on the Requesters' private land, the restaurant structure that was demolished and any impacts on their business activities. Following this, a review of entitlements will be undertaken (based on ESP's PR 5 and LARP, Project footprint and cut-off date) and recommendations would be made on compensation amount subject to an expropriation process to be undertaken by relevant authorities in Albania.

Specific sections of this Report were consulted with Parties to ensure accuracy of perspectives shared and facts. The Report is being circulated to the Parties and disclosed in the virtual case file for [Case 2025/03 Albania Infrastructure and Tourism-Enabling Programme](#) in both English and Albanian after its submission to the Board and the President for information. After that, the Case will be transferred to the Problem Solving Monitoring stage.

1. The Case and processing to date

1.1. The Request³

On 25 October 2024, IPAM received a Request from a family owning a hotel and restaurant in Durrës, Albania, concerning the [Albania Infrastructure and Tourism-Enabling Programme \(49351\)](#). The Requesters allege harm related to the reconstruction of the Durrës promenade due to the demolition of their 255 m² restaurant structure, which had served as a source of income for the family. They claim the demolition occurred on 25 October 2024 without prior consultation, despite their ongoing efforts to engage with public institutions. They further note that the restaurant, initially established as a beach bar in 2016 and expanded in 2022, was undergoing legalization at the time of demolition.

According to Requesters, the original promenade alignment wasn't supposed to affect their property, but later changes were done to the alignment and implementation timeline, about which they haven't been informed. According to Requesters the current alignment of the promenade is less than a meter from the hotel balconies which raises concerns about guests' privacy and operational safety. Finally, Requesters claim property damage caused by flooding due to inadequate construction site management.

Requesters consider that as per Environmental and Social Policy requirements they are entitled for compensation for economic impacts due to the demolishment of the restaurant and future economic loss. The issues raised in the Request, are summarised below in **Table 1** and appear to be linked to obligations set in the Environmental and Social Policy under Performance Requirements (PRs) 1, 5 and 10.

Table 1 - Issues raised in the request and related performance requirements.

Issues raised	Allegations	Related PRs
Restaurant demolition without consultation or notice	The restaurant was demolished on 25 October 2024, a day later after receiving a demolition order. The Requesters allege that they were not informed in advance or consulted on changes to project design and the need to demolish the restaurant.	PR 1 PR 10
Expropriation & impacts on business	The demolished restaurant had been a primary source of family income. Requesters allege no compensation for lost income or opportunity to rebuild was offered.	PR 5
Proximity of the promenade to the hotel	The new promenade is built less than a meter from hotel balconies, compromising privacy, guest safety, and future operation of the hospitality business.	PR 1
Property damage	Following the demolition, heavy rainfall caused flooding of the hotel basement and damage to kitchen facilities and appliances. Requesters claim the construction site was not properly secured.	PR 5

1.2. The Project⁴

The [Albania Infrastructure and Tourism-Enabling Programme \(OP ID 49351\)](#) is a sovereign loan of up to EUR 60 million to the Republic of Albania, supported by an EU grant of EUR 40 million through the Instrument for Pre-Accession Assistance (IPA). According to the [Project Summary Document](#) tourism-enabling infrastructure investments will be carried out in the regions of Berat, Korça, Fier, and Shkodër, while general municipal and transport infrastructure investments will be implemented throughout the country, including in the listed Regions. The Project is co-financed with an EU grant of EUR 40 million, provided through the Instrument for Pre-Accession Assistance, which will be used, among others, for the rehabilitation of cultural and natural heritage sites.

One of the Project activities is the rehabilitation of 3.2 km of the Durrës Promenade between the Dajlani Bridge to the Kavalishenca building. The works are taking place between the first row of

³ The Request is available in the case summary at: [Case 2025/03](#)

⁴ The information is sourced from the EBRD's Project Summary Document available [here](#) and the Board Report is available [here](#)

buildings and the sea line, separated by an existing sidewalk and a promenade with variable widths. The existing promenade creates a vertical barrier with a difference in quotas/elevations between the road and the sea level. The project aims to reinforce the existing landscape architecture of the promenade transforming it into a natural line of land that connects the sea with the buildings on the first line of the coast which date back to the beginning of the last century. The new promenade Durres Waterfront will be treated as an open space for citizens where different functions will coexist in their necessary spaces.

The planned improvements include construction of leisure infrastructure such as public sports areas, playgrounds and other typical beach facilities facilitating local tourism and services for beachgoers. Project impacts are expected to be temporary such as limited access or disruption during construction. These are to be mitigated through compliance with EBRD Performance Requirements, stakeholder engagement, and implementation of Environmental and Social Action Plans. The Project was approved on 22 July 2020 as category B under the EBRD's 2014 Environmental and Social Policy. When the Request was submitted the loan was being disbursed by the Bank.

Figure 1 – General overview of the Durres beach promenade.



1.3. Processing to date

On 25 October 2024, IPAM received the Request and screened it against registration criteria set by the PAP. Because the Requesters did not raise their concerns with the Bank or the Client before approaching IPAM, on 25 November 2024 IPAM suspended its registration decision as per para 2.2 f) of the PAP.

IPAM then forwarded the Request to Bank management asking them to engage directly with Requesters and the Client to try and address the concerns raised within 45 business days as per PAP timeline. After the suspension period elapsed, IPAM engaged bilaterally with Requesters and Bank management asking for updates on their engagement.

Considering that the concerns haven't been fully addressed, the Request was registered by IPAM on 14 February 2025 [Case 2025/03](#) as it met the criteria for Registration established in Section 2.2 (b) of the PAP, and none of the exclusions set in Section 2.2 (c) of the PAP applied at that stage. The registration of a Request is an administrative step⁵ establishing that the following criteria have been met:

⁵ Registration of a Request does not involve a judgement on the merits, truthfulness, or correctness of its content. Nor does it have the effect of suspending the Bank's interest in a Project.

- all mandatory information has been provided;
- issues raised relate to specific obligations of the Bank under the Environmental and Social Policy and/or the project-specific provisions of the Access to Information Policy;
- it relates to a Project that the Bank has approved; and
- the Request submitted is related to an active project or is submitted within 24 months of the date in which the Bank has ceased to have a financial interest in the project.

Immediately after registration, the Request was transferred to the **Assessment Stage**, which has a standard duration of 40 business days, as established in para. 2.3 of the 2019 Project Accountability Policy (PAP), to:

- develop a clear understanding of the issues raised in the Request.
- discuss the Problem Solving and Compliance functions with the Parties, their scope, and outcomes.
- assess the Parties' willingness to engage in each function.
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternative outcomes:
 - the Case could proceed to Problem Solving, based on the agreement of the Requesters and the Client; or
 - the Case would be transferred to Compliance Assessment if no agreement to pursue Problem Solving is reached and the Requesters would have expressly asked for this; or
 - the Case would be closed.

In line with the approach established in the PAP (see section 2.3 of the PAP), the IPAM team undertook the following activities during the Assessment stage:

- revision of relevant Project documents.
- virtual meetings with the Bank team responsible for the Project, representatives of the Client, Municipality of Durres, and the Requesters; and
- site visit to Albania on 18 February 2025.

In addition, it requested a formal Management Response which was sent to IPAM on 4 March 2025.

The **Problem Solving Initiative** was conducted during February - May 2025 under IPAM's facilitation. IPAM engaged with Bank management, the Client and Durres Municipality assessing technical options for adjusting the promenade alignment, so that Requesters could continue their economic activity. An Agreement was jointly reached by the Requesters and the Client on 31 March 2025 regarding an amendment to the alignment of the promenade in front of the Requesters' hotel by 4 m away from the building.

2. Background

Requesters have purchased the land plot in 2002 and obtained construction permit for the hotel in 2011 and completed the hotel construction in 2012. The restaurant was built next to the hotel in 2016 and started as a wooden structure covering an area of 5x8 meters and functioned as a light beach bar. In 2022, the restaurant underwent reconstruction and expansion to 255m², accommodating 35 tables with access to the hotel basement kitchen. The Requesters have been subject to land expropriation under the project in two stages:

- On 1 August 2024, 34,6m² of private land was expropriated.
- On 24 October 2024, they received notification of demolition order of the wooden structure in front of the hotel that was used as a restaurant. The next day, the demolition took place to allow for the promenade construction.

It should be noted that the Requesters exceeded the reconstruction permit for the restaurant and in 2021 they initiated the process of legalization of the restaurant with the Municipality of Durrës.

3. Assessment activities and Parties' perspectives

3.1. IPAM assessment activities

This section provides the views of the Requesters, the Client, the Municipality of Durres, Bank management as captured by IPAM during virtual and in-person meetings from October 2024 when the Request was received and the date of completion of this report, as well as the information gathered by the IPAM team during the site visit undertaken in February 2025.

The IPAM team visited the Project site on 18 February 2025 to engage in-person with the relevant Parties. IPAM visited the Project site and met with the Requesters who showed IPAM the area that was subject to expropriation, the location of the restaurant that was demolished and explained how it would impact their business operations. In addition, IPAM met with the head of the Bank's resident office in Tirana and the Project operation leader.

Table 2 – Project and Case timeline

Year/Month	Activity
2002	
13 April	Land plot purchased by Requesters to build a hotel
2011	
February	Construction permit for the hotel issued
2012	
April	Usage permit and operating permit for the hotel were issued
2016	
March	Light beach bar construction permit issued
2022	
9 February	Construction permit for the bar/restaurant was issued. The permit included only renovation works within the borders of the previously constructed light beach bar and did not allow extensions.
21 April	Requesters were fined for exceeding the construction permit and stopped the works.
28 April	Requesters appealed the decision.
2 May	Requesters submitted a new legalisation request for the expansion of the bar/restaurant
17 May	Rejection of the new application to legalize the expansion of the bar/restaurant
15 October	Requesters completed the expansion works on the restaurant.
2024	
1 August	Expropriation decision for 34.6 m ² land issued
24 October	Demolition order for the bar/restaurant issued
25 October	Bar/restaurant demolished
25 October	Request submitted to IPAM
21 November	IPAM suspended the Request registration to allow Bank management to address it
2025	
14 February	Registration of the Request by IPAM
18 February	IPAM's site visit to Durres, Albania for the Case Assessment
4 March	Management response submitted to IPAM

Source: IPAM

3.2. Parties' perspectives

The Parties have been consulted on the following sections capturing their views to ensure that they are reflected accurately.

3.2.1. Requesters

During the Registration and Assessment stages (October 2024 – April 2025), the IPAM team held multiple virtual meetings with the Requesters and met with them in person on 18 February 2025 at

their property in Durrës, Albania. IPAM also exchanged information and documentation via email with them.

Requesters are owning a hotel and restaurant on the sea front in Durres, Albania. They are raising allegations of harm due to the EBRD-financed Albanian's Infrastructure and Tourism-Enabling Programme. They claim that for the reconstruction of the Durrës sea front promenade they had to give up part of their private land next to their hotel and their restaurant was demolished, which had served as a source of income for the family.

According to the Requesters, as per the 2022 promenade design under the Project, their property was not to be affected. They also assert that have later learnt about changes to the promenade alignment and implementation timeline for which they haven't been consulted. They believe that the lack of public consultation and transparency undermines their rights under the EBRD's ESP, particularly in relation to asset damage and loss, impacts on their business activity and stakeholder engagement.

The Requesters shared with IPAM that in 2016 they started operating a light beach bar under a tent, next to the hotel. In 2022, in response to customers' seasonal demand, Requesters expanded the restaurant into a 255 m² wooden structure with 35 tables and operated as an integral part of the hotel's services.

Requesters admitted that in 2022 they exceeded the scope of the restaurant renovation permit, however, they claim that the structure was undergoing legalization since 2021 at the time of the demolition. They shared that in August 2024 part of their land next to the hotel (34.6 m²) was expropriated for the promenade construction, but no compensation has been paid to date despite multiple attempts to get answers from public institutions.

Requesters further claim that on 24 October 2024, the Municipality of Durrës sent them a demolition order and the following day the restaurant was demolished. They assert that this occurred without prior consultation or notice, and they do not know if they would be compensated for impacts.

The Requesters raise concerns regarding Project impacts on their future business activity considering the removal of the restaurant. Also, they are concerned about the proximity of the promenade to the hotel which is anticipated to be less than a meter away from the hotel balconies. In their view this jeopardizes their customers' privacy, and safety and limiting their ability to continue operating as a functional hospitality facility. They state that this decision contradicts planning norms and safety standards, and that no alternative has been provided for rebuilding their restaurant and haven't received any assurance that they would be compensated for lost income.

The Requesters further shared that following the restaurant demolition, due to inadequate management of the promenade construction site, there was a heavy rain which flooded the hotel basement and damaged the hotel's kitchen facilities. They consider that the Project construction company had to properly secure the area under construction which would have prevented the damage.

Finally, Requesters are asking that the alignment of the promenade be shifted a few meters away from their hotel to allow for the construction of a smaller restaurant, which could also serve as a buffer area between the hotel and the promenade. The Requesters emphasize that they are not against the rehabilitation of the promenade but want to ensure that their rights are respected and that they receive fair compensation for impacts in line with EBRD requirements and are able to continue their business activity. They expressed strong interest and willingness to jointly explore options for resolution with the Albanian Development Fund and Duress Municipality under the IPAM led Problem Solving.

Requesters' property and surrounding area⁶



Requesters' property



Status of the promenade and area where the restaurant was located



Status of the promenade and area where the restaurant was located view 2



Area where a new restaurant could be constructed

3.2.2. Client

IPAM held online meetings with the Project Manager at the Albanian Development Fund on 4 March 2025 and exchanged information and additional documentation via email.

The Albanian Development Fund confirmed that the component B of the Durres Promenade sub-project is part of the Albanian Infrastructure and Tourism Enabling Programme. They added that on 5 July 2023 the Albanian Development Fund signed a Cooperation Agreement with the Municipality of Durres which stipulates the division of responsibilities between the two institutions under the Project. They clarified that the Albanian Development Fund is responsible for the project implementation, while the Municipality of Durres is the beneficiary and decision-making authority for local planning and land use.

They confirmed that for the rehabilitation of the promenade, some private land was necessary and in that regard during 2022-2024 the Municipality of Durres undertook an expropriation process in accordance with national procedures. They added that all affected owners should have been compensated, including the Requesters for the expropriated land of 34.5 m2.

⁶ All photographs in this section were taken by IPAM during the site visit during on 18 February 2025.

Regarding the demolition of the Requesters' restaurant/terrace that was operating in front of the hotel, the Client confirmed that the wooden structure was removed on 25 October 2024 based on a demolition order issued by the Municipality of Durres on 24 October 2024. However, the Client expressed openness to work with the EBRD management, the Municipality of Durres, and the Requesters under IPAM's leadership to find a technical solution that would help address the economic concerns raised by the Requesters.

In addition, the Client indicated their adherence to the EBRD's Environmental and Social Policy and emphasised the need to avoid or minimise Project impacts on Requesters by potentially exploring alternatives for the promenade design and alignment. In addition, they clarified that the Municipality of Durres oversees the expropriation process and compensation, but the Albanian Development Fund will be supporting them to ensure that this is done in line with EBRD's environmental and social requirements.

Finally, the Client reiterated their willingness to cooperate with IPAM and the Bank management under IPAM's Problem Solving in seeking a constructive resolution that aligns with applicable national procedures and the EBRD's environmental and social requirements.

3.2.3. Municipality of Durres

On 12 March 2025 IPAM held an online meeting with representatives of the municipality of Durrës (Deputy Chair and the Director for projects and public infrastructure) and exchanged information via email afterwards.

During the meeting, municipal representatives explained that, from their perspective, all activities related to the implementation of the Durrës Promenade Project, including land expropriation and demolition decisions, were undertaken in accordance with the national legislation of Albania. Officials emphasized that the municipality is responsible for implementing the Project in line with the approved technical plans and relevant national requirements.

Regarding Requester's compensation for the 34.5 m² of land that was expropriated, the municipality indicated that Requesters should submit a form to Durres municipality to get compensation.

Regarding the Requesters' restaurant next to their hotel, the municipality indicated that Requesters expanded the allowed area of the reconstruction permit, this being the reason for issuing a demolition order on 24 October 2024 and removing the structure the following day. They also clarified that the restaurant structure is considered an illegal construction and under national laws, and in their view, Requesters would not be eligible for compensation.

With regards to Requesters' concerns about the foreseen proximity of the promenade to the hotel, and their request to build a new restaurant between the hotel and the promenade, the municipality stated that the promenade design and alignment have been formally approved, and that changes to the alignment were not foreseen. The Municipality stated that any solution should not affect other private property in the area that that would require expropriation.

While reiterating the need to adhere to national legislation, municipal representatives expressed openness to exploring potential options for resolution of the Requesters' concerns jointly with the Albanian Development Fund. As an additional alternative for resolution, the municipality suggested that Requesters could consider applying for a beach bar permit, which would enable them to operate on the beachfront during the warm season.

3.2.4. EBRD Management

IPAM held meetings with Bank Management on 13 December 2024, 4 March 2025, 18 March 2025, and 31 March 2025. In addition, IPAM met the Head of the EBRD Resident Office in Albania and members of the Project team during a site visit to Durrës in February 2025. A written response to the Request was submitted by Bank Management on 4 March 2025. The summary below reflects information shared during these engagements.

According to Bank Management, the Project scope of works includes promenade regrading and paving, construction of breakwaters, installation of public amenities, and façade improvements. The design is intended to provide a coherent architectural and landscape link between the seafront and the first row of buildings.

In relation to the Request, Management stated that they became aware of the concerns in November 2024 and advised the Client to suspend works near the affected property to allow for a full review.

Bank Management explained that the demolished structure referenced in the Request was not formally legalised and had been subject to municipal demolition orders issued prior to the finalisation of the Project footprint.

Bank management explained that the process of land acquisition for the Project needs to be separated from the national process of addressing the issues with illegal construction and judicial process available to people wishing to appeal municipality decisions.

Bank management further added that the property of the Requester that was demolished was subject to expropriation conducted in accordance with the decision of the municipality of Durres in 2022 before the Project design was finalized. They also mentioned that in response the Requester has appealed the municipality decision via court and the court supported the municipality decision issued by the Albanian National Institute for the Protection of the Territory instructing the illegal structure to be demolished.

They also noted that a draft grievance resolution action plan was prepared, and that the Client was advised to explore a technical adjustment to the promenade alignment to reduce economic impacts on Requesters. Bank management clarified that permitting and enforcement responsibilities lie with the Municipality of Durrës and that the Bank's engagement with the Municipality is conducted through the Client. Bank management further confirmed that the Client formally communicated this proposed solution to the Municipality of Durrës in a letter dated 26 March 2025 which was accepted.

Bank Management further stated that the project is supported by a Land Acquisition and Resettlement Plan, which is in process of being revised. The revision aims to better reflect issues of economic displacement and legacy land use. They added that a process of verifying claims and reviewing entitlements in line with Performance Requirement 5 is ongoing.

Throughout the process, Bank management advised their Client to explain to the Requester their rights and each step of the process to ensure transparency, trust and participatory decision making, while the lender monitor consultant will be closely monitoring the progress and report to EBRD.

Finally, Bank Management expressed support for the concerns raised by Requesters to be discussed and addressed in an IPAM led Problem Solving process and indicated readiness to cooperate with all Parties in accordance with national legislation of Albania and the Bank's environmental and social policy.

4. Assessment determination

Based on the Assessment activities undertaken in relation to [Case 2025/03 Albania Infrastructure and Tourism-Enabling Programme](#), IPAM confirmed the following facts:

- The Requesters have been subject to land expropriation under the Project in two stages:
 - On 1 August 2024, 34,6m² of private land was expropriated for which they haven't been compensated yet.
 - On 24 October 2024, they received notification of demolition order of the wooden structure in front of the hotel that was used as a restaurant. The next day, the demolition took place. It should be noted that the Requesters have exceeded their construction permit for the restaurant.

- Since 2021, the Requesters have initiated a process of legalization of the restaurant with the Municipality of Durrës.
- Requesters consider that as per ESP requirements they are entitled for compensation for the 34.6 m² of land and for economic impacts due to the demolition of the restaurant and future economic loss.
- The Requesters stated that there have been deviations in the promenade alignment from the original design and that originally their restaurant wasn't part of the expropriation area as per Decision No. 508, dated 1 Aug 2024 but later the expropriation area was expanded and covered their property.
- Requesters are claiming that the promenade is now positioned less than 1 meter from the hotel, and they are concerned that if the promenade is constructed too close to their property, it will compromise the privacy and safety of their guests. It also has an impact on their business model, as the restaurant has been demolished and the area where it was located, expropriated.
- To mitigate these risks, Requesters are asking to adjust the promenade alignment by a few meters away from the hotel, so that they could rebuild a narrow terrace between the restaurant and the promenade and be able to continue their services during the summer season.
- After the demolition of the restaurant, the affected area was not properly secured which led to flooding and damage to the hotel basement where the kitchen is located. In response to the incident, the contractor took emergency measures by drilling a hole in the floor to facilitate water evacuation and constructed a sand embankment to prevent future flooding. The Requesters emphasized the urgent need for comprehensive measures to secure the construction site and mitigate any additional risks, highlighting the ongoing challenges they face in restoring their business operations as a source of livelihoods.
- Both the Client and Bank Management have expressed their support for a Problem Solving initiative and to the next steps proposed by IPAM.

Based on this, IPAM made the following determinations regarding the [Case 2025/03 Albania Infrastructure and Tourism-Enabling Programme](#) process:

- After an in-depth analysis of the concerns raised, IPAM determined that the Request meets the Registration criteria.
- IPAM considers that a Problem Solving Initiative is feasible and can effectively assist in addressing the concerns of the Requesters. This is based on the confirmation received by IPAM from the Requesters, the Client and the EBRD management of their willingness to engage in a Problem Solving initiative.
- IPAM has offered to Requesters and the Client to serve as a third-party independent facilitator to support the Parties during the period of implementation of the proposed solution, and the Parties have accepted.

5. Problem Solving Initiative

5.1 Problem Solving Activities

Early in the Assessment stage IPAM determined that the concerns raised could be resolved through Problem Solving to provide a space for reflection and analysis on the impacts caused and any remediation foreseen.

The role of IPAM in the Problem Solving process for Case 2025/03 was to work jointly with Parties in assessing a sustainable solution to the Requesters' concerns and facilitate the flow of information, ensuring that communication channels remain open for a successful and sustainable outcome.



Newly built promenade in front of Requesters' hotel. Photo credit: Requesters

During February - March 2025 IPAM engaged with Bank management, the Client and Durres Municipality assessing technical options for adjusting the promenade alignment, so that Requesters could continue their economic activity.

On their side, the Client indicated their cooperation in considering a slight adjustment of the promenade's alignment in front of the affected property to improve safety conditions and allow the Requesters continue their economic activity. However, they emphasised that for an effective resolution of these concerns, the cooperation of Durres Municipality is very important. To formalise the discussions, on 26 March 2025 the Client submitted a letter to the Mayor of Durrës requesting the Municipality's cooperation in finding a sustainable solution to the Requesters' concerns.

IN response, the Municipality of Durres on their side stated that the promenade design and alignment have been formally approved but indicated that they would be open to exploring options for a slight adjustment to the alignment if this would not impact other privately owned land.

5.2 Problem Solving Agreement

An Agreement was jointly reached by the Requesters and the Client on 31 March 2025 regarding an amendment to the alignment of the promenade in front of the Requesters' hotel moving it by 4 m away from the building. On 8 April 2025 the municipality of Durres has submitted their formal acceptance to the proposed technical solution.

During May 2025 the promenade construction works in front of the Requesters' hotel have been completed. On their side Requesters have applied for a permit to build a new restaurant and were expecting a response from relevant Albanian authorities.

As Parties reached Agreement on the key concern raised by the Requesters, the remaining activities committed by the Parties are to assess Requesters' entitlements for any additional mitigation and/or compensation measures. For that Bank management and the Client committed to work together for on-site verification and assessment of Project impacts, to identify the exact private land that was required to build the promenade and any economic impacts on Requesters' business operations.

In addition, the Client would have to assess applicability of claims against Project cut-off date and Project footprint and verify legacy issues and past-land acquisition connection. After that there will be a need to calculate due compensation by a certified valuer and agree with Requesters the compensation amount based on verified documentation and facts.

6. Conclusion and next steps

Based on the activities undertaken during the Assessment and Problem Solving stages, IPAM determined that the main concerns raised by the Requesters have been addressed and the **Case is being transferred to the Problem Solving Monitoring stage** where IPAM will monitor the implementation of the commitments made by the Parties, in accordance with Paragraph 2.5 of the Project Accountability Policy.

The pending actions are for EBRD and Client to assess Project impacts on the Requesters' private land, the restaurant structure that was demolished and any impacts on their business activities. Following this, a review of entitlements will be undertaken (based on ESP's PR 5 and LARP, Project footprint and cut-off date) and recommendations would be made on compensation amount subject to an expropriation process to be undertaken by relevant authorities in Albania.

Specific sections of this Report were consulted with Parties to ensure accuracy of perspectives shared and facts. The Report is being circulated to the Parties and disclosed in the virtual case file for [Case 2025/03 Albania Infrastructure and Tourism-Enabling Programme](#) in both English and Albanian after its submission to the Board and the President for information. After that, the Case will be transferred to the Problem Solving Monitoring stage.