

NEWS RELEASE

World Bank Board Approves Action Plan for Kosovo Inspection Panel Case

WASHINGTON, December 15, 2016 – The World Bank’s Board of Executive Directors on Tuesday discussed the [Inspection Panel’s investigation of the Second Additional Financing for Energy Sector Clean-Up and Land Reclamation Project \(CLRP-SAF\) in Kosovo and the proposed Kosovo Power Project \(KPP\)](#), and approved the Management Action Plan presented in the [Management Report and Recommendation](#). Directors commended the Panel for its important work and the Bank for its important contributions to the development of the energy sector in a post-conflict country.

The Panel’s investigation responded to a complaint from residents of Hade village, the New Shkabaj resettlement site and Obiliq Municipality who alleged harm from loss of land and livelihoods, restrictions on economic development because of a designated economic zone, and forced displacement.

The Panel found that the World Bank was not responsible for the harm arising either from a 2004/2005 emergency evacuation or from the adverse impacts related to the restrictions stemming from the Zone of Special Economic Interest. The Panel, however, found the Bank in non-compliance for not applying its policy on involuntary resettlement during the preparation of the Resettlement Policy Framework (RPF) and the Shala Resettlement Action Plan (RAP).

Bank Management noted that the resettlements were not related to any World Bank financed project but relate to ongoing mining operations near the communities. The Bank’s role was to provide technical advice to the Government of Kosovo on global standards for managing such resettlement. While the Bank did not formally frame the resettlement approach in the context of the Bank’s policy, it nonetheless applied the principles of the policy. As part of its Action Plan, the Bank has already addressed the shortcomings identified by the Panel in relation to the Shala RAP and it will provide technical assistance to the Government to address the concerns raised on the RPF.

“While no project supported by the World Bank in Kosovo caused resettlement, we want to emphasize the importance of continuing to build capacity for this young fragile country to employ more effective environmental and social practices to avoid or mitigate impacts on people and the environment,” said **Ellen Goldstein, World Bank Country Director for Kosovo**. *“Our technical support to Kosovo has been geared towards this goal.”*

Panel Chairman Gonzalo Castro de la Mata said: *“The Panel highlights the importance of considering the broader context in future interventions, given the existence of legacy issues and the harm currently experienced by many people in Kosovo. We trust that our report has contributed to*

an improved understanding of past and future challenges, and will therefore enable institutional learning.”

The Panel acknowledged the “extraordinarily challenging” conditions the Bank has faced since 2001 as it emerged as a prominent energy sector advisor to successive Kosovo governments, and said Kosovo’s capacity to address the social and environmental aspects of mining operations would have been less developed without the Bank’s help.

As part of the earlier Lignite Power Technical Assistance Project, the Bank advised the Government of Kosovo on the best international practice in managing mining-related resettlement. This has led to significant improvements in resettlement practices and instruments for the mining sector in Kosovo that provide for better consultation, participation and compensation of communities affected by resettlement. The support included financing the preparation of an RPF for the New Mining Field, and the RAP for the Shala neighborhood of Hade village.

The CLRP addressed environmental legacy issues and financed Shala RAP implementation monitoring and the draft Environmental and Social Impact Assessment for the proposed KPP. The project has achieved significant environmental benefits, such as the elimination of ash dumping, the reclamation of former mine dumping areas for natural habitats and agriculture, the safe removal and treatment of hazardous coal refuse, and the installation of three air quality monitoring stations.

Going forward, the Bank will provide technical advice to the Government with specific recommendations on how to address more effectively environmental and social issues that result from the Government’s mining operations in Kosovo. This will include advice to revise the RPF to allow for better management of the mining-related resettlement process and of the Zone of Special Economic Interest.

The World Bank has not made a decision on whether to support the proposed KPP. Should the Bank decide to finance the proposed project, the Bank would ensure that all relevant environmental and social issues are addressed as required under Bank policies, including appropriate safeguards instruments for mining-related resettlement.

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