

GONZALO CASTRO DE LA MATA
Chairman
The Inspection Panel

IPN REQUEST RQ 15/05

October 23, 2015

**MEMORANDUM TO THE EXECUTIVE DIRECTORS
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Request for Inspection

REPUBLIC OF SERBIA: Floods Emergency Recovery Project (P152018)

Notice of Non-Registration

Summary

1. In accordance with paragraph 17 of the Resolution¹ establishing the Inspection Panel (“the Panel”), I hereby inform you that on September 8, 2015, the Panel received a Request for Inspection (the “Request”) of the Bank-financed Floods Emergency Recovery Project in Serbia (the “Project”), raising concerns about the dewatering of a flooded mine and alleging impacts to community members living nearby. The Request and its supporting documents² are attached to this Notice.

2. The Panel conducted extensive due diligence in line with its updated Operating Procedures³ to establish the admissibility of the Request. The Panel consequently decided not to register the Request as it confirmed that the alleged harms are not linked to a Bank-financed Project.

The Request

3. The Request was submitted by the Center for Ecology and Sustainable Development (CEKOR), a Serbian NGO working on environment, energy and human rights. The Request explains that CEKOR is representing a family, who live in the Radljevo village in the Ub municipality of Serbia, close to the area of the Tamnava West coal open pit mine. The Request claims that this family is “only one example” and that there are other people living nearby who are in a similar position, but “*are not yet maybe brave enough to send their complaint.*”

¹ The World Bank Inspection Panel, International Bank for Reconstruction and Development, Resolution No. IBRD 93-10 (referred to as “the Resolution”).

² The Request includes the following attachments: photos and a map of the area around the Requesters’ house, a letter from CEKOR to World Bank staff as well as the signatures of the Requesters.

³ Available at:

<http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf>

4. The Request describes “*damage and harm*” to people who have not been resettled and “*remain under heavy negative environmental, health and property impacts.*” The affected people live approximately 200 meters from the open pit mine and claim that they suffer from emissions, vibrations, noise and a lack of drinking water. The Request claims that the World Bank, through the dewatering of the mine, is contributing to the suffering of the people by not properly addressing the issue of resettlement. The Request claims that OP 4.12 should have been applied to the dewatering of the mine since resettlement and land acquisition are needed.

5. The Request also alleges that Bank staff, despite an agreement to visit the area together with the NGO CEKOR, did not involve the NGO in its visit and later “*delivered a misinformed opinion*” as CEKOR was not given an opportunity to present its information.

6. The Request explicitly states that “*the Inspection Panel [should] recommend to the World Bank’s Executive Directors that an investigation of these matters be carried out.*”

The Project

7. The Request relates to the World Bank-financed Floods Emergency Recovery Project (P152018). The Board approved this Investment Project Financing, which was prepared as a fragile, capacity constraint and emergency project, on October 3, 2014 in the amount of US\$300 million. The expected closing date is December 31, 2017.

8. The Project’s development objectives are to: (i) help restore power system capability to reliably meet domestic demand, (ii) protect livelihoods of farmers in the flood affected areas, (iii) protect people and assets from floods, and (iv) improve the Borrower’s capacity to respond effectively to disasters.

9. The Project has four components and several sub-components. The Request relates specifically to subcomponent 1C: Dewatering of the Tamnava West Field Mine (approximately US\$26 Million), which is implemented by Elektroprivreda Srbije (EPS), a state-owned power company. According to the Project Appraisal Document (PAD), this sub-component supports the first critical step to put the mine back into operation and help avoid significant health hazards associated with the flooded mine. However, subsequent activities related to mine recovery and coal mining equipment rehabilitation will be undertaken by EPS and are outside the scope of this Project.⁴

10. The Project is classified as an Environmental Assessment Category B, and triggered the following safeguards policies: Environmental Assessment (OP/BP 4.01), Pest Management (OP/BP 4.09), Involuntary Resettlement (OP/BP 4.12), and Projects on International Waterways (OP/BP 7.50). The PAD states that the mine dewatering component does not require land acquisition or involuntary resettlement.⁵

⁴ Project Appraisal Document (hereinafter “PAD”) on a Proposed Loan in the Amount of EUR 227.48 Million (US\$300 Million equivalent) to the Republic of Serbia for a Floods Emergency Recovery Project (2014): page 7.

⁵ PAD, page 19.

Panel's Observations and Determination

11. Following the receipt of the Request, the Panel published a Notice of Receipt on its website, and reviewed the information presented in the Request and in Project documents. The Panel also contacted the Requesters and met with Bank Management to seek additional information.

12. In line with its Operating Procedures,⁶ the Panel sought to verify the following admissibility criteria of the Request: (i) it is not frivolous, absurd or anonymous; (ii) the project/program, which is the subject of the Request, appears to be supported by the Bank, and is not closed or over 95% disbursed at the time of receipt; (iii) it is not procurement-related; and (iv) the Panel has made no previous recommendation. With regards to the admissibility criteria (ii), that the alleged harms can be plausibly linked to at least one component of the Bank-financed Project or program, the Panel decided in the course of its due diligence to visit the Project area to gain a firm understanding of the geographic situation of the project and the nature of the alleged harms. From October 11 to 13, 2015, Panel Member Jan Mattsson and Operations Analyst Birgit Kuba travelled to Serbia to meet with the Requesters, CEKOR and Bank staff.

13. During the visit, the Requesters explained to the Panel that for many years they have been suffering from the mining activities taking place in close proximity to their houses. The Requesters informed the Panel that they have not resettled as they have not been offered adequate resettlement options and compensation, that vibrations have caused cracks in their houses, and that they suffer from noise pollution and a lack of drinking water. The Panel understands the harms suffered by the Requesters over many years as a result of the expansion of the mine, which is now very close to their houses. Indeed it observed cracks in the walls of the houses of the Requesters and were told by them about noise and pollution, and medical issues and stress caused by the uncertainty they had felt about their future. While making it clear that its mandate does not include such historical claims, it was informed by the Requesters that two complaints remain outstanding with EBRD. It was also informed by the Requesters that they expected that they would be resettled within the next few months though they neither know where or how they will be compensated. The Panel wishes to emphasize that this information should be regarded as contextual background only.

14. Bank staff emphasized that the World Bank's activities in the area are limited to the dewatering of the mine, and there is no Bank involvement in past, current or future mining operations. The Bank is also not involved in the rehabilitation of coal mining equipment. Bank staff also emphasized that the dewatering was an emergency operation responding to the energy insecurity after the large-scale flooding in May 2014.

15. The Panel was shown maps with the exact locations where World Bank activities were taking place. Bank staff explained to the Panel that the World Bank-operated pumps were located between 3.5 and 6 kilometers away from the Requesters' houses and their neighbors. During the course of the dewatering, the Project made the decision to slow down the pace of dewatering to avoid any soil movements or erosion. The Panel was told that the

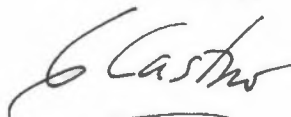
⁶ In particular, paragraphs 23 to 25 of the Updated Operating Procedures (2014).
<http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf>

Project was measuring soil movements around the open pit mine (also close to the Requesters' houses) and did not detect any movements throughout the entire operation. With regards to noise pollution, the Panel was informed that already at a 500 meter distance from the pumps the noise levels measured remained within the allowed margins. The Requesters confirmed to the Panel that the family could not hear the pumps from their houses. Bank staff explained that the dewatering process does not cause air pollution. With regards to water supply, the Panel learned that the water supply for the populated areas around the mine is not connected to the Kolubara River where the water from the flooded mine was pumped into. A water treatment plant on the other side of the mine, which is not connected to the Project, supplies the area.

16. Bank staff further informed the Panel that the World Bank was asked by the Serbian Government to support the strengthening of the embankments of the Kladnica River. The Bank decided not to support this operation in order to avoid involvement in future coal mine expansion and thus the Bank's engagement remained limited to the dewatering activity. The Panel notes that the World Bank Group, through its International Finance Corporation, is committed to support the development of wind power generation in Serbia.⁷

17. In summary, the Panel, when conducting its due diligence to determine the admissibility of this Request, could not establish the existence of plausible links between the alleged harms and the Bank-financed Project. The Panel concludes that the Request does not meet the admissibility criteria for Registration. In light of the foregoing and in accordance with the Panel Resolution, its Clarifications, and its Operating Procedures, the Panel is not registering this Request for Inspection.

Yours sincerely,



Gonzalo Castro de la Mata
Chairman

Attachment

Mr. Jim Yong Kim, President
International Bank for Reconstruction and Development

The Executive Directors and Alternates
International Bank for Reconstruction and Development

Ms. Natasa Dereg and Mr. Nikola Perušić
CEKOR

⁷ See: International Bank for Reconstruction and Development, International Finance Corporation, Multilateral Investment Guarantee Agency: Country Partnership Framework for Serbia for the Period FY16-FY20. May 22, 2015, page 44.