

Edith Brown Weiss
Chairperson

September 29, 2006

MEMORANDUM TO THE EXECUTIVE DIRECTORS
Romania: Mine Closure and Social Mitigation Project
(IBRD Loan No. 4509-RO)
Inspection Panel Recommendation

1. On January 6, 2006, the Inspection Panel received a Request for Inspection related to the above mentioned Project. In its Report and Recommendation, dated March 15, 2006, the Panel recommended to the Board of Executive Directors that it approve the Panel's proposal to refrain from issuing a recommendation on whether an investigation would be warranted, and rather await further developments on the matters raised in the Request for Inspection, as explained below. The Panel noted that since it was not making a recommendation on this issue, the Requesters would still have recourse to the Panel later if they considered there were serious violations of Bank policies and procedures causing them material adverse effect. The Board approved the Panel recommendation on April 3, 2006, on a non-objection basis.
2. The exceptional Panel recommendation was based on special circumstances that emerged during the eligibility phase. In a meeting on January 26, 2006, the Requesters, the Bank, national, local and Project authorities, agreed to undertake a series of actions to address the Requesters' concerns, such as the construction and financing under the Project of new drainage works to address the problems raised in the Request for Inspection and the restoration of the area's mine access road. According to Management, the agreed actions were formalized in an action plan approved by the Ministry of Economy and Commerce on February 1, 2006.
3. In addition, on March 8, 2006, the Panel received a letter from the Requesters, in which they indicated that, in their view, the measures set forth in the minutes of the January 26 meeting would address their concerns in a satisfactory manner. They therefore asked the Panel "*not to initiate a recommendation regarding our request for inspection for a period of 6 months.*" They also stated that "*if these works will not be made in this period of time, however, the harm that we fear may become real and then the Panel Inspection should initiate an investigation regarding this problem.*"
4. The Panel notes that on June 20, 2006, the representative of the Requesters sent a "*letter of contentment*" to the Panel in which they expressed their satisfaction with the Bank's efforts to implement the agreed actions. They stated that "[E]ven

though there have been some delays from the initial schedule ... we are confident that all works mentioned in the January 26 minutes will be completed properly." However, in response to an inquiry from the Panel, the Requesters, at that time, indicated that they would prefer the Panel to await further developments before closing the Panel's proceeding.

5. The 6-month period has now elapsed. The Panel wrote to the Requesters informing them of the Panel's intention to close the Request. In response, the Requesters indicated that the problems have been satisfactorily resolved. Referring to the alleged harm caused by the Project, they stated that "*[a]fter many years with flooding, this year is the first when our land is not flooding after a period with heavy rains and this effect is the result of the building of water channel build in this area how collect and assure the low rate transit of the water from hydrographic basin from the old waste dam Vermesti. The technological road build along of the channel assure to us a facile access to our land in any meteorological conditions. We are happy and grateful for the management of the project because the access in area road from macadam, concrete and bitumen is sustainable rehabilitated and with this occasion the project finance supplementary work in the area like: rehabilitation of secondary road and small bridge in the area ...*"
6. In light of the satisfactory resolution of the matters of concern to the Requesters and Management's very positive response to the Requesters concerns expressed in the Request for Inspection, the Panel recommends that the above-mentioned Request for Inspection be considered closed.



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