

**The Inspection Panel**  
**Report and Recommendation**  
**on**  
**Requests for Inspection**

**ALBANIA: Integrated Coastal Zone Management and Clean-Up  
Project  
(IDA Credit No. 4083-ALB)**

1. On July 30, 2007, the Inspection Panel (the “Panel”) received a Request for Inspection (the “First Request”), dated July 25, 2007, related to the Albania: Integrated Coastal Zone Management and Clean-Up Project (ICZMCP) (the “Project”) financed by the International Development Association (IDA)<sup>1</sup> (Credit No. 4083-ALB). The local representatives of a number of families who are part of a community situated in the area known as Jal,<sup>2</sup> which is part of the larger village of Vuno, Himare in Albania, submitted the Request. The Panel registered the Request on August 2, 2007.
2. On August 13, 2007 the Panel received a second Request for Inspection (the “Second Request”), dated August 5, 2007, related to the Project. Mr. Petrit Levendi, on behalf of the Association of Tourist Operators (CTO) of Vlora, Albania, and other affected individuals who reside in Vlora and in the “*area covering the northern part of the Bay of Vlora, known as Treport Beach, Narta Lagoon Coastal Strip and Bisht Poro,*” submitted the Request for Inspection. The Panel registered the Second Request on August 16, 2007.
3. Management requested authorization from the Board of Executive Directors to prepare a single, comprehensive response that addresses both Requests and that the deadline for submission be determined based on the registration date of the Second Request. The Panel did not object to the Management request with the understanding that the extension will not be detrimental to the Requesters. The Panel received Management’s Response on September 17, 2007 (the “Management Response”).
4. As provided in paragraph 19 of the 1993 Resolution establishing the Inspection Panel (the “1993 Resolution”),<sup>3</sup> the purpose of this report is to determine the

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<sup>1</sup> For the purposes of the report, the IDA is sometimes referred to as “the Bank”.

<sup>2</sup> Jal and Jali are used interchangeably in the Request for Inspection.

<sup>3</sup> International Development Association (IDA) Resolution 93-6, dated September 22, 1993 (“the 1993 Resolution”).

eligibility of the Requests and make a recommendation to the Executive Directors as to whether the matters alleged in the Requests should be investigated.

## A. The Project

5. The Bank-financed Project's objective is "*to establish an integrated approach to coastal zone management by carrying out policy reform, institutional development and investments to protect coastal resources and promote sustainable development and management of the Borrower's southern coast.*"<sup>4</sup> The Project is the first phase of an Adaptable Program Lending (APL) aimed at contributing to developing sustainable tourism, improving environmental conditions, enhancing the quality of life, and preserving and revitalizing the cultural and architectural heritage of targeted communities.
6. The aforementioned goals are to be achieved through four Project components: (i) integrated coastal zone management policy and institutional capacity building—enhancing the skills of the Albanian authorities to manage their coastal resources, through adequate operations policies, legal and regulatory frameworks and financial/economic instruments; (ii) infrastructure building and rehabilitation on the Southern Coast—assisting southern coast municipalities and local communes in the preservation, protection and enhancement of the natural resources of the coast, thereby leading to improved environmental conditions; (iii) Porto Romano clean up—assisting in the containment of soil and groundwater contamination in the former chemical plant of Porto Romano, which is considered as one of the most seriously contaminated areas in the Balkans; and (iv) Project management and monitoring—providing support for Project management, coordination, monitoring and evaluation.
7. A Project Steering Committee, which will be responsible for providing project oversight, reviewing project progress and resolving obstacles to project implementation, will be set up. Overall institutional coordination, as well as monitoring and evaluation, will be carried out by the Ministry of Territorial Adjustment and Tourism (MoTAT).<sup>5</sup> A Project Coordination Unit (PCU) will be set up within the structure of the MoTAT to be responsible for overall Project coordination, procurement, financial management, disbursement, monitoring, evaluation and reporting, and will be under the supervision of the Project Authorizing Official, who is the assigned Deputy Minister of the MoTAT.
8. Implementation of the Project is carried out by existing entities in the central, regional and local levels. These include the MoTAT, the Ministry of

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<sup>4</sup> Development Credit Agreement (Integrated Coastal Zone Management and Clean-Up Project) between Albania and International Development Association, (Credit No. 4083 ALB), June 29, 2005, Schedule 2.

<sup>5</sup> After the 2005 elections and Government restructuring, the Ministry of Public Works, Transport and Telecommunications (MPWTT) assumed the role of the MoTAT for the purposes of Project implementation.

Environment, the Ministry of Transport and Telecommunications, the Ministry of Culture, Youth and Sports and the various municipalities and communes.

## **B. Financing**

9. The total Project cost is estimated to be about US\$17.5 million equivalent (SDR 11.7 million). Integrated Coastal Zone Management and Clean-up Program (the Program) is designed as an Adaptable Program Lending (APL) mechanism to be implemented in two phases over 7 years. Phase 1 will be co-financed by the Government of Albania (US\$5.71 million), the European Union CARDS Program (US\$5.20 million), the Government of the Netherlands (US\$3.11 million) for the Porto Romano clean-up activities, the Government of Austria (US\$2.6 million) for solid waste management activities, a GEF MSP grant (US\$0.95 million), a PHRD co-financing grant (US\$2.23 million) and beneficiaries (US\$1.26 million). The Project Closing Date is March 31, 2010. As of August 16, 2007, \$2,380,000, or about 13.25% of the IDA Credit, had been disbursed.

## **C. The Requests**

### **I. First Request for Inspection**

10. The First Request refers in particular to the Project's Part A, which aims at providing technical assistance for developing a legal and policy framework and a financial and economic incentive framework for integrated coastal zone management. Part A also provides equipment, training and technical assistance, *inter alia*, "to develop a Southern Coast Development Plan" (SCDP). According to the Project's Credit Agreement, the SCDP is "a land use development and zoning plan to be prepared under Part A.2 (f) of the Project and to be adopted by the National Council of Territorial Adjustment of the Borrower, establishing a framework for sustainable tourism development in line with environmental assessment concepts and social safeguard requirements to guide future investments in the Southern coastal zone." The Requesters claim that they have suffered as a result of the World Bank's failures and oversights with respect specifically to the SCDP implemented in the village of Jal in Albania.
11. The Requesters state that between April 17–21, 2007, the Construction Police of the Municipality of Vlora, under the supervision of the Ministry of Public Works and "in line with the Southern Coastal Development Plan of the World Bank," demolished either totally or partially their permanent residences. The Requesters were told, they did not possess building permits. In this regard, the Requesters point out that "approximately 100% of construction" in coastal Albania lacks these permits and that a summer resort and other houses were left intact.
12. The Requesters claim that they requested building permits in the past, but were told that permits are not available in areas lacking an urban plan. They add that both the building permit and the urban plan are approved by the same authority,

- the Council of Territorial Adjustment. The Requesters claim that the lack of an urban plan is not unique to the village of Jal but rather is common to much of Albania. They also state that they had lost confidence that an urban plan could be approved for Jal because the village is a small and isolated one, lacking even basic services such as fresh water. Nevertheless, they state that in 2006 the Government finally passed a law (Law 9482 “On the legalization, urbanization and integration of buildings without permits”) that allowed the Requesters and other families of Jal to apply for building permits. They did so and received confirmation of their applications by local authorities. (Their applications and registration documents are attached to the Request.)
13. In spite of the pending permit applications, the Requesters claim that they received a notice on April 3, 2007, from the Construction Police informing them that their houses were slated for demolition. They add that they later “*learned from the media and onsite managers of the project that the demolition was a result of executing the Southern Coastal Development Plan of the World Bank for the area.*” The Requesters filed a complaint with local authorities against the demolition notice. The houses were demolished, however, on April 17, 2007. According to the Requesters, “*all court dates were scheduled for after April 17, 2007.*” The house demolitions, the Requesters report, were carried out in an “*unexplained urgency*” at 4:00 in the morning of April 17, and one house resident was also “*hit while inside her house in an attempt to take out her cellular phone.*”
  14. The Requesters claim that the Project implementation has resulted in displacement of a small number of families, “*human rights violations*”, “*inhumane actions*” including violence by the police and a “*complete lack of information and transparency regarding any projects or future plans for the area.*” The Requesters argue that the village of Jal was destroyed as a result of the Bank’s failures and oversights “*to take into consideration legal rights as well as the well being*” of the community. They claim that the Bank also violated the policies requiring supervision of project activities and those mandating that risks of impoverishment for the community be mitigated.
  15. The Requesters state that after the demolitions, World Bank officials visited the site at least twice. The first time they talked with the families and asked about the size of the damage but did not provide any information. The second time they did not talk to the community at all.
  16. The Requesters argue that Law 9482, mentioned above, includes a provision according to which construction without permits in priority areas for development of tourism must be classified as residential areas or informal territories within three months after the law was passed. The Requesters also cite Project documents, which, they claim, state that the Project will include capacity building for government institutions and the judiciary, *inter alia*, to “*develop criteria and procedures for the classification of illegal buildings and ensure transparency during demolition activities.*” According to the Request, the village of Jal, which

is in a tourist area, was not yet classified as a residential area or informal territory at the time of the demolitions. The Requesters claim that Government representatives indicated that the demolitions “*were based on the law and were part of a bigger plan drafted by the World Bank for the Coastal Region of Albania.*” The Requesters also claim that to date they have not received any “*sound explanation*” of why their village was “*targeted*” by the Project.

17. According to the Request, the Project provides also for increasing access to basic services and improving the quality of life and attractiveness of the coastal area of Albania. The Requesters claim that the demolitions not only destroyed their houses, but they also destroyed existing sewage structures, roads and other constructions, and centuries-old trees in the area. In addition, following the demolitions, waste covered the valley of Jal for weeks, making the place dangerous, especially for children.
18. The Requesters claim that the Project is aimed at enhancing community-driven tourism development along the coastal areas. However, they state that “*by overnight destroying all of the community assets, the project provides no insights on how it intends to support community-driven tourism activities, or which channels would the community follow to support itself during the project implementation phase.*”
19. According to the Request, the Project Information Document indicates that the Project is to prepare a “*SEA [Strategic Environmental Assessment] for the Southern Coastal Area both as a planning tool at local level and as a vehicle for community involvement in decision-making process.*” However, the Requesters emphasize that their community was not provided with any information regarding Project works, and was “*never consulted, asked or informed about any components of the Project.*”

## **II. Second Request for Inspection**

20. The signatories of the Second Request (Second Requesters) state that they are likely to suffer harm as a result of the World Bank’s failures and omissions in the Project. They claim that “*although the Project covers an area of the Albanian coastline from Butrint region in the South (Ionian Sea) to the Porto Romano in the North (Adriatic Sea), it nevertheless excludes from its scope and implementation the area covering the northern part of the Bay of Vlora up to the mouth of River Vjosa*”, an area which is south of Porto Romano and is the area where the Second Requesters reside. According to the Second Requesters, the Project’s integrated coastal management and clean up strategy has artificially divided the Vlora Bay into two regions. They believe that this is “*discriminatory, simply unnatural and fundamentally harmful*” to their interests.
21. The Second Requesters argue that the Project creates a “*dangerous vacuum*” by excluding the northern part of the Vlora Bay from its scope and, as a result, it will

significantly harm tourism development in the Bay and its vicinity. According to the Requesters, the Project’s discriminatory approach “*opens the way for other potentially detrimental development projects with long standing negative consequences*” for the Bay of Vlora and the Albanian Adriatic-Ionian coastline. They also claim that the Project “*ignores the on-going decontamination efforts*” taking place in the Vlora region, thus leaving the area “*to the mercy of oil-storage developers.*” The Requesters further believe that works such as water supply and waste management that the Project provides for the municipalities of Saranda and Himara would also be needed in the municipalities of Orikum and Vlora and the communities of Quender and Radhim.

22. The Second Requesters claim that the “*very purpose, goals and importance of the Project are being undermined*” by focusing on the southern part of the Albanian coast and excluding the north part of the Vlora Bay, which is, according to the Second Requesters, “*widely accepted*” to be the “*real gateway to Albania’s tourism and valorization of cultural heritage.*” They claim that such exclusion from the Project is harmful for their economic interests.
23. The Second Requesters state that they have raised their concerns with Bank staff but have received no satisfactory response. They ask that the Project be extended to include the entire area of Vlora Bay up to the mouth of the River Vjosa.
24. In the First and Second Requests to the Inspection Panel, the Requesters asked the Panel to recommend to the Board of Executive Directors of the World Bank that an investigation be conducted on the alleged matters.
25. In the Notices of Registration, the Panel noted that the above claims may, *inter alia*, constitute non-compliance by the Bank with various provisions of the following Operational Policies and Procedures:

OP 1.00	Poverty Reduction
OMS 2.20	Project Appraisal
OP/BP 4.01	Environmental Assessment
OP/BP 4.12	Involuntary Resettlement
OPN 11.03	Management of Cultural Property in Bank-Financed Projects
OP/BP 13.05	Project Supervision

## D. Management Response

26. On September 17, 2007, Management submitted its Response to the First and Second Requests for Inspection. The Response addresses the key issues raised by the Requesters. The Response includes 4 annexes and one map.
27. The Response states that Albania's coastal zone is one of the country's most valuable assets due to its natural beauty, high biodiversity and rich cultural heritage. It further states that, given the significant amount of untouched coastal areas, Albania has a unique opportunity to conserve and develop its coastline in a sustainable manner. Furthermore, the Response states that integrated coastal zone management (ICZM) is "*the key to the sustainable development of both tourism and trade, promising pillars to support the country's long-term economic growth.*"<sup>6</sup>
28. Management acknowledges that the illegal construction and settlements along the coastline by the urban poor and land developers are a serious problem in Albania.<sup>7</sup> The transition to a market economy has seen the widespread increase in the movement of the population with significant changes in the land-use patterns along the coast.
29. The Response also acknowledges that the unregulated development and inadequate infrastructure, as well as poor governance, lack of planning and enforcement of zoning and building permits, can pose a serious threat to the environment, while seriously endangering the sustainable development of Albania's coastline.
30. The Response indicates that Government of Albania began an ICZM planning initiative with the aid of, *inter alia*, the World Bank in the 1990s. The resulting 1995 Coastal Zone Management Plan (CZMP) provided a useful conservation and development framework for the coastal zones. However, Management acknowledges that the zoning of the CZMP was too broad for the authorities to use and the political instability was a contributing factor for its difficulty in implementation. Management states that the Government has realized that the protection of the coastal zones is important for the future of Albania and they realize the urgency of strengthening their regulatory framework for coastal zone management.
31. The overall objective of the Project, as stated by Management is "*to protect the coastal natural resources and cultural assets and promote sustainable development and management of the Albanian coast.*"<sup>8</sup> Management also states that the Project will be aligned with the strategic approach of the European Union

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<sup>6</sup> Management Response, ¶8.

<sup>7</sup> Management Response, ¶11.

<sup>8</sup> Management Response, ¶17.

(EU), especially since Albania is making every effort to develop its laws and regulations so that they could be harmonized with EU directives.

32. Management states that the overall implementation of the Project is “*moderately satisfactory*.”<sup>9</sup> While some parts of the Project are showing good progress, the preparation of the SCDP has been delayed substantially, and the Coastal Village Conservation and Development Program is showing less progress than is required.
33. Management addresses the issues raised by the two Requests separately.

#### **I. First Request for Inspection**

34. Management states that the demolition of the houses was not linked to the Project either directly or indirectly; adding that the demolitions were in accordance with a Government program, pursuant to national law, that had been ongoing since 2001. Management claims that the demolition of the houses in the Request “*were not limited to the Project area, not caused by or linked to the Project, and were not done in anticipation of the Project or to achieve the Project objectives*”<sup>10</sup> and that the Government confirmed this to the Bank on the Bank Team’s visit to the country. Furthermore, Management states that the demolitions were not carried out as part of or due to the SCDP since that Plan is yet to be prepared. The Government confirmed to the Bank that no development plans for the Jal region exist at this time.
35. The Response states that a group of consultants was commissioned to prepare the SCDP in 2005 and a comprehensive study with recommendations was submitted in 2006. Management states that the study reflected the local stakeholders views, but fell short of what the “*Government felt would be necessary to support and promote sustainable development in the area.*”<sup>11</sup> Management further states that the study did not include several issues including a general development vision for the south coast, the participatory process, which was a requirement of the commission of the consultants, and poorly organized and improper consultations with the local inhabitants. This led to the contract between the Government and the consultants being amicably terminated. The Government and the Bank reached an agreement to hire new consultants to continue work on the SCDP.
36. In response to the application and the implementation of the Bank’s Safeguard Policies, OP 4.01 and OP 4.12, Management states that an Environmental and Social Safeguards Framework (ESSF) was prepared with appropriate consultations and disclosure. The Management further states that the ESSF is in line with Bank policies of Environmental Assessment, Physical Cultural Resources and Involuntary Resettlement. Furthermore, it also reviews the

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<sup>9</sup> Management Response, ¶25.

<sup>10</sup> Management Response, ¶28.

<sup>11</sup> Management Response, ¶32.

country's laws and procedures on Environmental Assessment (EA) and land expropriation.

37. Management states that at the design stage of the Project, the Bank considered several instances where OP 4.12 might be triggered including the demolition of illegal buildings under the Government's policy. The Response states that the Bank undertook to investigate and review the potential impact the Government's demolition policy would have on the Project. The Response states that the review indicated that: "*(i) the Government's program is aimed at enforcing existing land-use regulations in the country and follows the due process established under Albanian laws and regulations; (ii) the process does not target removing encroachments from specific locations for the purpose of promoting investments; (iii) the process predates the Bank's involvement in the Project; and (iv) the process is likely to continue regardless of the Bank's involvement in the Project.*"<sup>12</sup> As a consequence, Management states that the findings indicate that there is no violation of paragraph 4 of OP 4.12 and therefore the demolitions are unrelated to the Bank's financing of the Project and the SCDP would therefore not be subject to the Involuntary Resettlement policy.
38. Management notes however that in the event that land had to be acquired for a project-specific reason, OP 4.12 would be triggered as is the case of the Porto Romano hotspot clean-up component. Management states that five families have been resettled according to this policy.
39. The Response states that the Bank has been working closely with the Government to address the issues related to unauthorized structures and the land-use issues for this and other projects in the country, and is also helping to develop "*sustainable, equitable and humane solutions*"<sup>13</sup> to the problem. Management states that Bank has given the Government its recommendations with respect to the demolitions and has advised the Government to postpone any future demolitions until the recommendations are reviewed and discussed.

## II. Second Request for Inspection

40. Management states that the purpose of the ICZMCP is to "*set up and initiate an ICZM approach to reduce coastal degradation in the area. This is expected to serve as a pilot program, to be extended to other areas of the coast in the future.*"<sup>14</sup>
41. Furthermore, Management states that the Project is a "*new approach in Albania and relatively complex to implement*"<sup>15</sup> which is why the first phase of the Project concentrates only on one section of the coast—the southern coast—in order to maximize the chances of success and also to ensure manageability of the Project.

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<sup>12</sup> Management Response, ¶40.

<sup>13</sup> Management Response, ¶46.

<sup>14</sup> Management Response, ¶55.

<sup>15</sup> Management Response, ¶57.

The Response further states that the second phase will expand and build on the results of first. The idea, Management states, is to create something, which can be replicated easily rather than undertaking a “*nationwide or even coast-wide*” development project. Management states that the extension to the areas identified in the second request would greatly depend on the outcomes of the pilot project.

## **E. Eligibility**

42. The Panel must determine whether the Requests satisfy the eligibility criteria for an Inspection, as set forth in the 1993 Resolution establishing the Panel and the 1999 Clarifications,<sup>16</sup> and recommend whether the matters alleged in the Requests should be investigated.
43. The Panel has reviewed the Requests and Management’s Response. The Panel Chairperson Werner Kiene, together with the Panel’s Deputy Executive Secretary Dilek Barlas and expert consultant Eduardo Abbott, visited Albania from September 21–25, 2007. During their visit, the Panel Team met with signatories of both Requests for Inspection. The Panel also met with Government officials, and with local authorities in Vlora, with the Project Coordination Unit, and with Bank staff including the Country Manager and Project Task Team Leader in the Bank Country Office of Tirana. The Panel Team visited the Project sites, Jal and the city of Vlora.
44. The Panel wishes to express its deep appreciation to the Requesters for showing areas of concern to the Panel. The Panel also wishes to thank officials of the Ministry of Finance, Ministry of Public Works, Transport and Telecommunication, the World Bank Country Office in Tirana for providing relevant information and assisting with logistical arrangements.
45. Considering the difference of issues raised by the First and Second Requests, the Panel reviewed the eligibility criteria provided in the 1993 Resolution and Paragraph 9 of the 1999 Clarifications separate for each of the Requests.

### **I. First Request for Inspection**

46. During the visit, the Panel confirmed that the Requesters are legitimate parties under the Resolution to submit a Request for Inspection to the Inspection Panel. The Requesters live in the Project area and have common interests and concerns as required by Paragraph 9(a).
47. The Panel notes that the Request “*assert[s] in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect upon the requesters*” as required by Paragraph 9(b).

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<sup>16</sup> Conclusions of the Board’s Second Review of the Inspection Panel (the “1999 Clarifications”), April 1999.

48. The Panel has reviewed the claims and the Management Response carefully in relation to this criterion. The Panel also gathered relevant information during its eligibility visit to Albania, particularly through its visit to the Project area and its meetings with Requesters who reiterated the claims of non-compliance by the Bank with its own operational policies and procedures, and related harm.
49. The Panel has reviewed carefully Management assertion that the demolition of the houses was not linked to the Project either directly or indirectly. Management states that the demolitions at Jal were undertaken in the context of a nationwide Government program to remove unauthorized buildings and encroachments from public spaces, in accordance with national law. Management further indicates that the demolitions referred to by the First Request were not limited to the Project area, not caused by or linked to the Project, and were not done in anticipation of the Project or to achieve the Project objectives.
50. The Panel notes, however, a number of circumstances that *prima facie* could link the facts alleged in the Request to the Project. These circumstances are briefly described below.
51. In their Request, the Requesters assert that the demolitions were in line with the Southern Coastal Development Plan of the World Bank developed under the Project. The Requesters indicate that during the demolitions the Government representatives had indicated that demolitions were based on the law and were part of a bigger plan drafted by the World Bank for the Coastal Region of Albania. In their Request, the Requesters further indicate that after the demolition, the World Bank officials visited the site of destruction on at least two occasions.
52. During the Panel Team's visit of the site of the demolitions in Jal and its meeting with the Requesters, the Requesters and other area people present repeated that during the demolitions the Construction Police had indicated the World Bank involvement. The Requesters explained to the Panel Team that they live in a remote village and had never heard about the World Bank before. They expressed that the first time they heard about the World Bank was from the Construction Police and other policemen who were present during the demolitions. The Requesters stated that during second or third day of demolitions, someone who presented himself as a World Bank representative came to visit the area and to ascertain the value of the damage. The Requesters indicated that this person stated that the Requesters will receive compensation from the World Bank for the damages suffered.
53. During this visit, the Requesters further stated that several articles were published in the media after the demolitions, which confirmed the connection between the World Bank Integrated Coastal Zone Management and Clean-Up Project and the demolitions that took place in Jal. The Requesters provided the Panel Team with copies of the article published in the Mapo magazine<sup>17</sup> and stated that a similar

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<sup>17</sup> Mapo magazine dated June 9, 2007; "Jale, Strange Construction [Police] Officers" by Habjon Hasani.

article was published in the Albanian newspaper Shekulli. The article included the photo of the cover page of the Integrated Coastal Development Study and Plan financed under the Project and satellite view of Jal included in the Study.

54. The Project Appraisal Document (PAD) for the Project, identified demolition of illegal buildings as one of the critical risks and possible controversial aspects of the Project. The PAD states that “[a]s part of the Bank efforts to promote social due diligence, criteria and procedures for assisting affected people who lose their primary residence and main source of livelihood due to encroachment removal will be developed as part of the preparation of the SCDP under the Project. The Government has agreed that further encroachment removal will take place only after the criteria and procedures for identifying and assisting such vulnerable affected people are in place.”<sup>18</sup> This section further states that “[t]he issue of demolitions of illegal buildings on the coastal line is certainly distinct from land acquisition required for specific infrastructure investments recommended by the SCDP, which may be financed by the Bank, other donors or the private sector. The Government has adopted a Resettlement Policy Framework included in the Environmental and Social Safeguards Framework that reflects the core principles of the World Bank Policy on Involuntary Resettlement. This framework will be applicable throughout the southern coastal zone.”<sup>19</sup>
55. Detailed Project description in the PAD<sup>20</sup> specifies the support to be provided to the Construction Police under the Project. The PAD states that under sub-component A.2 for coastal management strengthening, the Project will provide “equipment (e.g. vehicles, digital cameras, GPSs, computers, etc.), professional development and training for municipal staff and Construction Police (at the central, regional and local levels) and support the development and acquisition of adequate management tools such as the implementation of integrated geographic information system for land use.”<sup>21</sup> The same sub-component includes assistance to the Construction Police to build capacity and develop procedures to adequately address disputes arising from the demolition of buildings, including the clarification of criteria and assuring transparency.
56. In its Response Management states that the formulation of the SCDP was initiated in 2005 by a consortium of consultants financed by the Project. Management indicates that the original terms of reference for the study called for evaluation of the capacity of the land and existing infrastructure in the area to be covered by the SCDP to support various land-use purposes (e.g. tourism, urban, agriculture, forestry, pasture, etc.); forecasts of growth in each land-use category during a period of 10 years; analysis of impacts on natural resources and infrastructure; identification of most appropriate locations for various types of development, with an emphasis on tourism; and identification of areas where certain

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<sup>18</sup> PAD, page 15.

<sup>19</sup> PAD, page 15.

<sup>20</sup> PAD, Annex 4.

<sup>21</sup> PAD, page 39.

- developments should be forbidden or discouraged. Management Response further states that a comprehensive study of the southern coast, including a few preliminary recommendations for the “zero draft” SCDP, was delivered by the consultants at the end of October 2006, however due to inadequate content of the “zero draft” SCDP and the improper consultation process the Government terminated the contract with the consultants.
57. The Interim Report for the Integrated Coastal Development Study and Plan identified potential sites for tourism development in the Southern Albanian region.<sup>22</sup> The map included in the study showed sites identified as tourist development areas in Vuno area, which includes Jal. The study envisages for hotel resort type development in the area.
58. Following the demolitions and in response to a letter sent by the Major of Himara, an email by one of the Requesters and media reports regarding the demolitions, a Bank fact finding mission took place during May 3–5, 2007. The mission confirmed the geographical overlap between the place of demolitions and the Project area. To its credit, the Bank staff at the end of the mission indicated the need for defining: (a) transparent criteria for identifying illegal buildings for demolitions; (b) eligibility criteria for compensation; (c) a package of assistance; (d) public outreach and dissemination efforts. In addition, the mission recommended that Management advise the Government to stop future plans for further demolitions until the above noted criteria are developed. Management requested the Government the above noted criteria to be communicated to the Bank by July 30, 2007.
59. The Panel notes the conflicting assertions between the Requesters and Management on whether the Project directly or indirectly caused the harm suffered by the Requesters and whether there is a violation by the Bank of its operational policies and procedures. The Panel notes that the facts related to these assertions and Management compliance, or lack thereof, with applicable policies and procedures can only be determined in the course of an investigation.
60. The Panel confirmed that the Requesters contacted Bank Management following the demolitions.<sup>23</sup> However the Requesters indicate that they have not received any response from Management.
61. The Panel is therefore satisfied that the Request “*does assert that the subject matter has been brought to Management’s attention and that, in the Requesters’ view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank’s policies and procedures.*” Hence, the Request meets the requirement of Paragraph 9(c) of the 1999 Clarifications.

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<sup>22</sup> Integrated Coastal Development Study and Plan, Interim Report, dated October 2005.

<sup>23</sup> Communications dated April 23 and 24, 2007 by Katerina Koka to the World Bank office in Tirana.

## II. Second Request for Inspection

62. During the visit, the Panel confirmed that the Second Requesters are legitimate parties under the Resolution to submit a Request for Inspection to the Inspection Panel. The Requesters live in the Project area and have common interests and concerns as required by Paragraph 9(a). The Panel notes that some of the signatories of the Second Request are either signatories to or involved in the Request related to the ongoing investigation for Albania Power Sector Generation and Restructuring Project.
63. Paragraph 9(b) of the 1999 Clarifications requires that “[t]he request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect upon the requesters.” The Panel has certain observations regarding the Second Request’s compliance with this eligibility criterion.
64. During its visit the Panel Team noted that the Second Requesters’ main concern relates to the development of the Vlora Thermal Power Plant and other oil based investments that they claim to be built in the Vlora Bay and that they claim to significantly harm tourism development in the Bay and its vicinity. The Panel notes that similar claims of the Second Requesters are being investigated under the ongoing investigation of the Power Sector Generation and Restructuring Project approved the Board of Executive Directors on July 18, 2007.
65. The Second Requesters also complain about the exclusion of the Vlora Bay from the Project area and claim that this approach is “discriminatory.” Management states that the Project is financed under an Adaptable Program Lending Credit and divided into two phases. Management notes that due to complexity of implementation and to increase the likelihood of success, the first phase of the Project is focused on just one section of the coast. Management indicates that the second phase of the program will develop institutional, legal and regulatory capacity and land use planning to support sustainable coastal development and will build on the initial results of the first phase. The Panel notes that the Management Response indicates that extension of the Project at a future date to those areas identified by the Second Requesters would depend on the success of the pilot program and the Government’s interest in applying the Project to a broader area.
66. The Panel confirmed that the Second Requesters contacted Bank Management on several occasions. However the Requesters indicate that they are not satisfied with the answers and explanations provided by Management.
67. The Panel is therefore satisfied that the Request “does assert that the subject matter has been brought to Management’s attention and that, in the Requesters’ view, Management has failed to respond adequately demonstrating that it has

*followed or is taking steps to follow the Bank's policies and procedures.*" Hence, the Request meets the requirement of Paragraph 9(c) of the 1999 Clarifications.

68. The Panel notes that the subject matter of the First and Second Requests "*is not related to procurement,*" as required by Paragraph 9(d) of the 1999 Clarifications.
69. The Credit financing the Project was approved by IDA Board of Executive Directors on June 21, 2005. The expected Closing Date of the Project is March 31, 2010. As of August 16, 2007, \$2,380,000, or about 13.25% of the IDA Credit, had been disbursed. The Requests therefore satisfy the requirement in Paragraph 9(e) that the related Credit has not been closed or substantially disbursed.<sup>24</sup>
70. Furthermore, the Panel has not previously made a recommendation on the subject matter of the Request. Therefore, the Request satisfies Paragraph 9(f) of the 1999 Clarifications.

## **F. Conclusions**

71. The First Request and the Requesters meet the eligibility criteria set forth in the Resolution that established the Inspection Panel and the 1999 Clarifications. The First Request and Management Response contain conflicting assertions and interpretations about the issues, the facts, and compliance with Bank policies and procedures and the relationship of the demolitions and the Project financed by the Bank.
72. In light of the foregoing, the Panel recommends an investigation of the matters raised by the First Request for Inspection.
73. With regard to the Second Request for Inspection, the Panel notes that; (a) a Panel investigation, already approved by the Board of Executive Directors, in relation to a previous Request for Inspection submitted, *inter alia*, by the same Requesters, will cover the main concerns and allegations of non-compliance contained in this Request; (b) the contention that the Second Requesters will be harmed as a result of the exclusion of the Vlora Bay area from the First Phase of the Adaptable Program Lending Credit financing this Project does not warrant by itself a recommendation to investigate at this time. If the Second Requesters are able to allege "new evidence or circumstances not known at the time of their request" in relation to their concerns of harm, they may submit a new request for inspection as provided in the Resolution and 1999 Clarifications.
74. In light of the foregoing and the provisions of the paragraphs 12 and 19 of the 1993 Resolution, and relevant provisions of the 1996<sup>25</sup> and 1999 Clarifications,

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<sup>24</sup> According to the Resolution that established the Panel, "*this will be deemed to be the case when at least ninety-five percent of the loan proceeds have been disbursed.*" Footnote to Paragraph 14(c).

<sup>25</sup> 1996 Clarification of Certain Aspects of the Resolution, dated October 17, 1996 (the "1996 Clarifications").

the Panel does not recommend an investigation into the matters alleged in the Second Request. However, in the event of new evidence or circumstances not known previously, the Second Requesters would be able to submit a new request to the Panel. If the Board of Executive Directors concurs with the foregoing, the Inspection Panel will advise the Requesters and Management that it will conduct an investigation of the allegations contained in the First Request for Inspection.