

Report No. 65908-AL

International Bank for Reconstruction and Development
International Development Association

PROGRESS REPORT No. 4
on the Implementation of Management's Action Plan in Response to
the Inspection Panel Investigation Report on the

ALBANIA

INTEGRATED COASTAL ZONE MANAGEMENT AND CLEAN-UP PROJECT

(IDA Credit No. 4083-ALB)

January 13, 2012

ALBANIA
INTEGRATED COASTAL ZONE MANAGEMENT AND CLEAN-UP PROJECT
(IDA Credit No. 4083-ALB)

Progress Report No.4

Implementation of Management Action Plan

CONTENTS

I.	INTRODUCTION.....	1
II.	PROVISION OF ASSISTANCE FOR THE JALE REQUESTERS AND THOSE AFFECTED BY THE APRIL 2007 DEMOLITIONS	1
III.	SOCIAL AND VULNERABILITY ASSESSMENT AND STRENGTHENING COMMUNICATIONS	3
IV.	IMPLEMENTATION OF ALBANIA COASTAL ZONE MANAGEMENT PROJECT	4
V.	NEXT STEPS	4

EXECUTIVE SUMMARY

i. The Albania Integrated Coastal Zone Management and Clean-Up Project was approved by the Board of Executive Directors on June 21, 2005. On November 1, 2007, the Executive Directors of the World Bank authorized an Inspection Panel investigation of the Project relating to the demolition of fifteen buildings in the community of Jale, Albania in April 2007. This is the fourth Progress Report¹ which reports on the implementation progress, of the actions of the Management Action Plan discussed by the Executive Directors on February 17, 2009 in response to the Inspection Panel Investigation Report.

ii. All actions of the Management Action Plan are completed with exception of the continuing implementation of the Letter Agreement² with the Government of Albania and independently monitored judicial review of the Requester's claims affected as a result of the 2007 demolitions in Jale. The fourth progress report reports on actions related to the latter. It could take up to two years or more for the actions related to judicial review to be completed, based on observed experience and the time required for the appeal process. The report also provides brief information on the implementation progress of the restructured Project approved by the Board of Executive Directors on March 22, 2010.

iii. To date the District Court has ruled in six of the nine cases. It has (i) decided one case in favor of a Requester (ii) decided four cases in favor of the Government and (iii) dismissed one case on procedural grounds. The remaining cases are ongoing. Both the Independent Observer and local counsel are working under the Bank's supervision.

iv. Implementation of the restructured Albania Coastal Zone Management and Cleanup Project is progressing in several areas (i) the clean-up of the hazardous waste site in Porto Romano, Durres Municipality, was completed in May 2011; (ii) the reconstruction works of the passenger port facilities in Saranda is in progress; (iii) the second phase of the Coastal Village Conservation and Development Program which supports community-based investments in small water supply and wastewater infrastructure and village roads is underway with preparation of the investments in Himara and Saranda municipalities; and (iv) the protected areas management plan of Butrint National Park is completed.

v. This is the last Progress Report that Management submits concerning implementation of the actions of the Management Action Plan. The Bank will continue to monitor the case-by-case judicial review by continuing to utilize a team of independent observers. Upon completion of the District Court and Court of Appeals processes, Management will issue a final report to the Board of Executive Directors concerning the outcomes of the cases.

¹ The first Progress Report was reviewed by the Executive Directors of the Board on July 9, 2010.

² A Letter Agreement confirming the Government of Albania's assent to an independently monitored case-by-case judicial review was signed by the Minister of Finance on April 16, 2009. The Agreement affirms the Government's consent to World Bank payment of the Requesters' legal fees and the hiring of an Independent Observer who will report on a confidential basis to Management. The Government also commits to making good faith efforts to ensure that the process is expeditious, while respecting the independence of the judiciary.

I. INTRODUCTION

1. The Fourth Progress Report addresses implementation of the outstanding action of the Management Action Plan³ discussed by the Executive Directors on February 17, 2009 and publicly released on February 18, 2009, concerning the implementation of the Letter Agreement with Government and the case-by-case review before the Albanian Judiciary of the Requester's claims affected as a result of the 2007 demolitions in Jale.

2. **All actions of the Management Action Plan are completed with exception of the continuing implementation of independently monitored judicial review.** The fourth progress report provides details on actions related to the latter. It also records the completion of the Social Vulnerability Assessment and actions related to communication with civil society and business community, and the implementation progress of the restructured Project to date.

II. PROVISION OF ASSISTANCE FOR THE JALE REQUESTERS AND THOSE AFFECTED BY THE APRIL 2007 DEMOLITIONS

3. *Summary of previous Progress Reports.* The **first Progress Report**, dated July 1, 2009 described the mechanisms put in place by the Bank to support the Requesters' pursuit of judicial review of the demolitions in Jale. These included (i) an Agreement between the Bank and the Government of Albania confirming the Government's assent to an independently monitored judicial review and to the Bank's payment of the Requesters legal fees; (ii) Grant Agreements with each of the nine families to support their legal fees; (iii) contracting of an independent valuation of the properties; and (iv) hiring of an International Observer. The **second Progress Report** dated February 26, 2010 reported on the hiring of lawyers and filing of cases in Tirana District Court by the nine families and on the process followed to supervise preliminary hearings for the cases up to the end of January 2010. The **third Progress Report** dated February 16, 2011 reported on the progress of the cases during calendar year 2010. At that point, the District Court had ruled in two of the nine cases, issuing a decision in one case in favor of a Requester and dismissing a second case on procedural grounds. The remaining cases were ongoing.

4. *Current Status of District Court cases.* During the current reporting period, the District Court has issued decisions in four additional cases. This brings to six the number of cases concluded so far at District Court level, out of a total of nine. All four cases decided during this reporting period were decided against the Requesters. While the facts and judicial reasoning in these four cases varied to some degree, the judges

³ Management Report and Recommendations in Response to Inspection Panel Report (INSP/R2008-004/2) and the Revised Management Action Plan (INSP/R2008-0004/3).

concluded that the demolitions were justified in light of the unauthorized nature of the construction. Three cases remain ongoing at District Court, for which rulings are expected shortly. In summary, the District Court has ruled in six of the nine cases. It has (i) decided one case in favor of a Requester,(ii) decided four cases in favor of the Government and (iii) dismissed one case on procedural grounds. The following Table summarizes the current status of all nine cases.

Current Status of Court Proceedings			
Case	District Court Ruling	Date of Ruling	Appeal Status
1	Dismissed on procedural grounds	November 23, 2010	Dismissal being appealed.
2	In favor of Requester	December 11, 2010	Appealed. District Court ruling upheld.
3	In favor of Government	March 29, 1011	Appealed. No date set.
4	In favor of Government	May 2, 2011	Appealed. No date set.
5	In favor of Government	May 5, 2011	Appealed. No date set.
6	In favor of Government	May 30, 2011	Appealed. No date set.
7	Ongoing	Ongoing	
8	Ongoing	Ongoing	
9	Ongoing	Ongoing	

5. Cumulatively, there has been more than 100 scheduled District Court hearings for the nine cases. The Bank’s Independent Observer has now conducted nine missions to Tirana to attend selected hearings. Other hearings have been attended by local legal counsel, working in collaboration with the Independent Observer. Both the Independent Observer and local counsel (the “Observation Team”) are working under the Bank’s supervision. Reports on all hearings have been submitted by the observation team to the Bank.

6. As noted in the previous Progress Report, although the process has been a protracted one, the cases have generally progressed within the foreseen timeframe. There have been some delays related to illness or excused absences of State Attorneys, plaintiff’s lawyers and judges, failure for subpoenas to be delivered on time, transfer of a judge, requests by one party for time to review the evidence submitted by the other party, etc. Overall, however, delays encountered so far are apparently not out of the ordinary for Albanian practice. The Observation Team has reported that it has detected no irregularities in the process and that observed sessions have been conducted in a

professional manner and have been open to the public. Reports on all hearings were prepared by the Observation Team (the "Reports")⁴.

7. *Appeals.* Appeals have been filed with the Court of Appeal in all five of the cases for which full decisions on the merits have been issued by the District Court⁵ – the Government has appealed the one case that was decided in favor of a Requester, and the losing Requesters have appealed in the other four instances. Consistent with the Management Action Plan, the Bank has agreed to provide financial assistance to cover the Requesters' reasonable legal expenses associated with these appeals. Given backlogs at the Court of Appeal, the dates set for hearing appeals are frequently twelve months or more after the final decision issued by the District Court. The appellate review for the first decided case (from November 2010) took place on December 13, 2011, and the Court of Appeals upheld the District Court *decision which* was in favor of the Requester. The dates for the other four appeals have not yet been announced. Once the Court of Appeals process commences, it is expected to be completed after one or two court sessions, in contrast to the larger number of sessions that occur at the District Court level.

8. Going forward Management will undertake the following actions with respect to the appellate process:

- It will support the reasonable legal expense of all Requesters at the Court of Appeals level.
- It will continue observation of all cases through the Court of Appeals process.

III. SOCIAL AND VULNERABILITY ASSESSMENT AND STRENGTHENING COMMUNICATIONS

9. The **third Progress Report** reported on the completion of the Social Vulnerability Assessment which provides an instrument for evaluating different policy options to deal with vulnerability produced by demolitions. The report has been discussed with policy and decision makers from Government and provides a solid basis for possible reforms in the future.

10. The World Bank Country Office in Tirana continues to provide proactive and time-bound responses to inquiries from communities, civil society and the private sector. The pilot Government Partnership Facility (GPF) which involves civil society partners to increase the transparency and public awareness of Bank operations was launched in 2011.

⁴ The Reports are of deliberative nature and thus restricted from public access as they are covered by the "Deliberative Information" exception under the World Bank Policy on Access to Information, dated July 1, 2010.

⁵ The dismissal of one case on procedural grounds has been separately appealed by the Requester's lawyer. The Bank has not been requested to support this appeal.

The Country Office continues to engage in consultations with civil society and business community on environment, Roma issues, social, gender, access to information, regional and urban development plans, landfill infrastructure etc.

IV. IMPLEMENTATION OF ALBANIA COASTAL ZONE MANAGEMENT PROJECT

11. The Government of Albania restructured the Albania Coastal Zone Management and Cleanup Project in close collaboration with the Bank. The restructured Project was approved by the Executive Board of Directors with a new closing date December 31, 2012. It provides support for the following activities: (i) clean-up of the hazardous waste site in Porto Romano, Durres Municipality; (ii) construction of a landfill and support to improve the solid waste management system in the coastal municipalities of Saranda and small coastal villages in the area; (iii) reconstruction of passenger port facilities in Saranda to allow access of cruise liners in order to facilitate passenger access to the south coast of Albania; (iv) small-scale water supply and wastewater investments in the city of Saranda; (v) community-based investments in coastal villages; and (vi) protected areas management of Butrinti National Park. The objective of the restructured Project is to assist the Albanian authorities in developing, on a sustainable basis, tourism along the South Albania coast by improving critical public environmental infrastructure and municipal services, remediating and containing pollution hazards from a former chemical plant in Porto Romano near Durres, improving community infrastructure, and enhancing architectural and cultural resources.

12. Implementation of the restructured Project is progressing in several areas: (i) the clean-up of the hazardous waste site in Porto Romano was completed in May 2011; (ii) the reconstruction works of the passenger port facilities in Saranda is in progress; (iii) the second phase of the Coastal Village Conservation and Development Program which supports community-based investments in small water supply and wastewater infrastructure and village roads is underway with preparation of village investments in Himara and Saranda municipalities; and (iv) the protected areas management plan for the Butrint National Park is completed.

V. NEXT STEPS

13. This is the last Progress Report that Management submits concerning implementation of the actions of the Management Action Plan. However, the Bank will continue to monitor the progress of the case-by-case judicial review by continuing to utilize a team of independent observers, as well as the progress of project activities. Upon completion of the District Court and Court of Appeals processes, Management will issue a final report to the Board of Executive Directors concerning the outcomes of the cases.