



**“Peeling the Onion”  
Albania Coastal Development Project:  
Case Study**

**The World Bank Inspection Panel**

**Wednesday, June 24, 2009**

# Project Information

- Project preparation started in 2004
  - Main objective is the preparation of a Southern Coastal Development Plan
  - Decision not to apply Policy on Involuntary Resettlement for land use planning despite ongoing Government program of demolition of buildings without construction permit
  - Project document stated an agreement with Government to suspend demolitions until criteria and procedures for identifying and assisting vulnerable affected people are in place
- Project implementation delayed due to Government change



# Demolitions

- In April 2007 about fifteen structures were demolished by “Construction Police” in Jale
- Letter to Bank Country Office from one of the families
- Fact finding mission by the Bank
- Request for Inspection registered by the Panel in July 2007



# Management Response

- Categorical assertion that there is " no direct or indirect linkage " between the Project and the demolitions in Jale



# Fact Finding Process

## Eligibility Phase:

- Meeting with the Government and Construction Police
- Meeting with the Requesters

*“You are crying now, but don't worry, you will be eating with a silver spoon soon, as this is part of a big World Bank project. They will invest here and take care of you”*

- Meeting with the Country Office
- Media articles: role of the son in law of Prime Minister as Project Coordinator

## Investigation Phase:

- Review of Project records
- Interviews with key staff members
- Field interviews
- Third party information
- Review of Board transcripts
- Meeting with Senior management

# Panel Investigation

## Panel Findings on Policy Application:

- Project design should have applied Policy on Involuntary Resettlement both to the Government's ongoing demolition program in the Project area and to the land use planning effort
- Claimed agreement stated in the Project document to suspend demolitions turned out to be incorrect
- Without the alleged agreement to suspend demolitions in the Project area, without an agreement on a cut off date, above all without applying the Policy on Involuntary Resettlement to ongoing demolitions, Management failed to safeguard people affected.
- Management did not protect the Bank against a significant reputational risk acknowledged in the Project documents



## Panel Findings on Project Implementation:

- Linkages Between the Project and the Demolitions in Jale:
  - Communication sent by the Project Coordinator to the “Construction Police” one month before the demolitions linked demolitions to the Project
  - Letter issued on the official letter head of the Bank-financed Project and signed in his capacity as the Project Coordinator
- Demolished houses identified by aerial photographs financed under the Project
- Resources and support provided by the Project to the “Construction Police” related to demolition activities in the Project area



## Panel Findings of Other Relevant Facts on Linkages Between the Project and the Demolitions:

- Minister of Public Works statement in Parliament that the demolitions are "paving the way" to Bank financing
- Several articles in the media commenting on the connection between the Project and the demolitions
- Partial Fact Finding Process:
  - A Fact Finding Mission that did not find key facts
  - Mission did not contact affected people
  - Non-compliance with Bank's Policy on Supervision





## Panel Findings on Lack of Openness with the Board:

- Board statement given to the Panel including a paragraph correcting the Project document was not read to the Board
- Mistake in the Project document regarding the agreement with the Government on suspension of demolitions were not corrected in the Board despite written statements by Executive Directors applauding the moratorium
- Issuance of a Corrigendum three years after the Project's approval by the Board to correct PAD statement
- A difficult investigation process



# Impact of the Investigation

- On the Project:
  - Project was suspended by Bank Management in January 2009, and remains suspended until a decision is reached either on project restructuring without the land planning activities, or full cancellation
- On the Requesters:
  - Case by case legal review of demolitions in the Project area, appointment of an Independent Observer to monitor the legal review, the payment of legal aid for the review of each of the Requesters' claims
  - Completion of a social and vulnerability assessment and retroactive application of the resulting assistance packages for the poor and/or vulnerable affected by the demolitions
  - Bank reserves option to pay compensation directly to Requesters if the process is judged unsatisfactory
- On the World Bank:
  - Clarification of Policy on Involuntary Resettlement with respect to land use planning activities; guidance note on social risks in such activities
  - Bank-wide portfolio review -- Project Appraisal Documents of over 1,550 investment lending operations were reviewed for accuracy of information contained as well as their consistency with legal agreements
  - Accountability review for the Project

**World Bank Group President Robert B. Zoellick during the Board discussion said:**

*“From basic project management to interactions with the Board and the Inspection Panel, the Bank’s record with this project is appalling.... We take very seriously the concerns raised by the Inspection Panel and we are moving promptly to strengthen oversight, improve procedures, and help the families who had their buildings demolished. The Bank cannot let this happen again.”*



[www.inspectionpanel.org](http://www.inspectionpanel.org)

[ipanel@worldbank.org](mailto:ipanel@worldbank.org)