

Report No. 53004 - AL

International Bank for Reconstruction and Development  
International Development Association

**PROGRESS REPORT No.2**

**Implementation of Management Action Plan in Response to  
Inspection Panel Investigation Report**

**ALBANIA**

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

**February 26, 2010**

**ALBANIA**  
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**Implementation of Management Action Plan**

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## **ABBREVIATIONS AND ACRONYMS**

BP	Bank Procedures
CO	Country Office
ECA	Europe and Central Asia
EURALIUS	European Assistance Mission to the Albanian Justice System
EXT	External Affairs Vice Presidency
GEF	Global Environmental Facility
ICZMCP	Integrated Coastal Zone Management and Clean-up Project
IDA	International Development Association
IPN	Inspection Panel
LEG	Legal Vice Presidency
OP	Operational Policy
OPCS	Operations Policy and Country Services Vice Presidency
SG	Safeguards
SVA	Social Vulnerability Assessment
PAD	Project Appraisal Document

## **LIST OF OPERATIONAL POLICIES AND BANK PROCEDURES**

OP/BP 4.12	Involuntary Resettlement
OP/BP 10.00	Investment Lending: Identification to Board Presentation
OP/BP 13.05	Project Supervision



## EXECUTIVE SUMMARY

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. The Management Report and Recommendations in Response to Inspection Panel Report identified a series of errors arising from project preparation and supervision and proposed an Action Plan to address these issues. This is the second Progress Report<sup>1</sup> which reports on the implementation of the Management Action Plan discussed by the Executive Directors on February 17, 2009 in response to the Inspection Panel Investigation Report. The focus of this Report is on the progress of actions related to: (i) the independently monitored judicial review of the Requester's claims; (ii) the Social Vulnerability Assessment; (iii) strengthening communications in Albania; (iv) strengthening safeguards in Europe and Central Asia (ECA) Region (v) strengthening quality control in portfolio in ECA, and (vi) the Integrated Coastal Zone Management and Clean-Up Project restructuring.

The Bank continues to provide assistance for an independently observed case-by-case review before the Albanian Judiciary of the Requesters' claims. In June 2009 the selection and hiring of lawyers by the Requesters was completed. Five legal teams have been hired to represent the nine families, several of the families having decided to use the same lawyers. The preparation of the individual cases and their filing with the District Court of Tirana has taken longer than expected, but has nonetheless proceeded. Eight of the nine families have now filed cases. Preliminary hearings for three of the cases were conducted in December 2009 and January 2010, and one of these cases has advanced to its third hearing. Five more cases are scheduled to be conducted in February and March 2010. It is not unusual in cases of this sort to require eight to ten District Court hearings before a final judgment. The Bank's Independent Observer has attended two of the hearings to date in two missions to Albania. The other court hearings have been attended by local counsel, working under the supervision of the Independent Observer.

The Government has initiated the Social and Vulnerability Assessment (SVA) to develop criteria for identifying poor and/or vulnerable groups who may be affected by demolitions in the Southern Coast and to define an assistance package and procedures. The international consultant hired for the SVA has piloted the survey instrument in Jale, Livadh, Potam, Vuno, and Himara and has developed a methodology which has been reviewed by the Bank, on a no-objection basis, and submitted to the Government. The work of the consultant has been delayed by discussions on how the resulting program might be made more broadly applicable in other parts of Albania. These issues have been resolved and the SVA is expected to be completed by the end of 2010. Management has followed up on a regular basis with the GoA on the progress of the SVA by holding meetings during supervision missions and exchange of letters. The Bank staff will continue to supervise the progress of the SVA as part of the overall project supervision.

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<sup>1</sup> The first Progress Report was reviewed by the Executive Directors of the Board on July 9, 2009.

Loan disbursements under the Project remained suspended throughout this implementation period. However, the Bank team has continued to supervise implementation activities during this period on technical and fiduciary grounds. The Project will be restructured in line with the recommendations in the Management Response and will be submitted to the Board in conjunction with this report. The focus of the restructured Project will be on providing support to critical infrastructure for improving environmental and sanitary conditions essential for the long term development of the South Coast. The restructured Project will cease to support land use planning activities, as per the Management Action Plan. Specifically the Project will support investments for (i) clean-up of the hazardous waste site in Porto Romano; (ii) construction of one municipal landfill to serve the municipality of Saranda and one transfer station in Himare to support improved solid waste management ; (iii) reconstruction of port facilities in Saranda to allow access of cruise liners in order to facilitate passenger access to the Southern Coast; (iv) water supply and wastewater investments in the city of Saranda; (v) community-based investments in coastal villages; and (vi) protected areas management of Butrint National Park. All undertakings concerning the case-by-case judicial review and the completion of the Social Vulnerability Assessment will be included as covenants in the proposed amendments of the Development Credit Agreement. Finally, Management will report to the Board with the next Progress Report (No.3) on the implementation of the Management Action Plan by the end of 2010.

## I. INTRODUCTION

1. The second Progress Report addresses the implementation of the Management Action Plan<sup>2</sup> discussed by the Executive Directors on February 17, 2009 and publicly released on February 18, 2009. The Report provides details on the actions which are subject to continuous monitoring. A summary on the progress of these actions is included in a matrix summarizing the key measures taken to date (see Annex A).

## II. STATUS OF IMPLEMENTATION OF MANAGEMENT ACTION PLAN

2. This section provides information on progress for the following: (a) case-by-case review before the Albanian Judiciary of the Requesters' claims that they were harmed as a result of the April 2007 demolitions and a retroactive application of an assistance package to poor and/or vulnerable families affected by the April 2007 demolitions; (b) strengthening communications in Albania; (c) strengthening safeguards in the ECA Region; and (d) strengthening quality control in the ECA portfolio.

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

3. As reported in the first Progress Report, the Bank, in accordance with an Agreement<sup>3</sup> with the Government of Albania, is providing assistance to the Requesters to pursue an independently observed case-by-case review before the Albanian Judiciary concerning their claims that the demolitions were wrongful and that they should be compensated as a result of those demolitions. In addition, a Social and Vulnerability Assessment is underway, which includes the development of criteria and procedures to assist people who may lose their primary residence or main source of livelihood due to demolition. The following provides details on the progress of specific actions:

#### *The case-by-case Judicial Review*

4. The first Progress Report 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

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

<sup>3</sup> An 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 efforts in good faith to ensure that the process is expeditious, while respecting the independence of the judiciary, and to comply with any judgment resulting from the review.

confirming the Government's assent to an independently monitored judicial review and to the Bank's payment of the Requesters legal fees; (ii) the template Grant Agreement to be entered with each of the nine families to support their legal fees; (iii) the contracting of an independent valuation of the properties; and (iv) the hiring of an International Observer.

5. In June 2009 the selection and hiring of lawyers by the Requesters was completed. Five legal teams have been hired to represent the nine families, several of the families having decided to use the same lawyers. As noted in the first Progress Report, the choice of lawyers was left up to the families themselves. The Bank engaged in only minimal vetting to ensure that the selected lawyers were registered and licensed and that their fees fall within a normal range for Albania.

6. The preparation of the individual cases and their filing with the District Court of Tirana has taken longer than expected, but has nonetheless proceeded. Eight of the nine families have now filed cases. Preliminary hearings for three of the cases were conducted in December 2009 and January 2010, and one of these cases has advanced to its third hearing. Five more cases were scheduled to be conducted in February and March 2010. It is not unusual in cases of this sort for eight to ten District Court hearings to be required before a final judgment.

7. The Bank's Independent Observer, the retired Vice-President of the Austrian Court of Appeals, has personally attended two of the hearings to date in two missions to Albania. The other hearings have been attended by local counsel, working under the supervision of the Independent Observer. The reports of the Independent Observer and his team indicate that the early hearings have been confined to preliminary procedural matters. The substance of the cases will not be considered by the judges until subsequent hearings. At this early stage, the observing team has noted the cases are proceeding according to acceptable judicial process.

#### *Social and Vulnerability Assessment*

8. The Government has initiated the Social and Vulnerability Assessment to develop criteria for identifying poor and/or vulnerable groups who may be affected by demolitions in the Southern Coast and to define an assistance package and procedures. The international consultant hired for the SVA has piloted the survey instrument in Jale, Livadh, Potam, Vuno, and Himara and has developed a methodology which has been reviewed by the Bank, on a no-objection basis, and submitted to the Government. The work of the consultant was delayed by discussions on how the resulting program might be made more broadly applicable in other parts of Albania. The Bank has followed up on a regular basis on the progress of the SVA with the Government of Albania. The Bank staff continues to supervise the progress as part of the overall project supervision.

9. The full survey will cover a sample of 650 households equally divided between those who have been subject to demolition, owners of structures that are listed as candidates for demolition, and a control group. The Assessment will focus on the relationship between demolition and vulnerability. Given the high rate of emigration in

the area, the importance of remittances for household livelihoods and investment, and high prevalence of multi-purpose structures (e.g., residence, seasonal rental and retirement), the study is using the concept of the household as a multi-generational livelihood network, and will assess the impact of demolition on family livelihood strategies. The engagement of the Ministry of Labor, Social Affairs and Equal Opportunities in the supervision of the Assessment will ensure a continuous attention to vulnerability issues which may occur from demolitions. The study is expected to be completed before the end of 2010.

*Identification of others impacted by the April 2007 demolitions*

10. The Management Action Plan has been well publicized in Albania, including the provisions regarding eligibility of other individuals in the project area. During the ensuing time, the Country Management Unit and the Sector Management Unit have undertaken numerous missions to the Southern Coast to meet with the Requesters and to observe well-attended consultations on some infrastructure investments. The Country Office staff and Project team have been present in the region, on a periodic basis, and have communicated with communities on issues related to the Project. The Government's Project Implementation Unit has also visited several other communities during their routine implementation of the Coastal Village Conservation and Development Program (CVCD). The Bank Country Office has received a number of requests pertaining to eligibility of demolitions in other parts of the country for Bank assistance and responded promptly. There have also been a number of communications from communities and households regarding CVCD investments along the Southern Coast. However, no one from the communities and households in which demolitions took place at the same time as those in Jale, has come forward seeking assistance from the Bank provided for in the Management Action Plan

**B. STRENGTHENING COMMUNICATIONS IN ALBANIA**

11. The Country Office continues to implement the Communications Strategy in Albania by providing proactive and time-bound responses to complaints from communities, civil society and the private sector. The Country Office responds promptly on requests for information and has increased supervision of government-led consultation processes during project preparation and implementation. The Country Unit is preparing to launch a pilot exercise in 2010-2011 under the Governance Partnership Facility to involve civil society partners in the Bank's supervision of project implementation as a way to increase transparency and public awareness.

**C. STRENGTHENING SAFEGUARDS IN THE EUROPE AND CENTRAL ASIA PORTFOLIO.**

12. ECA Region continues to provide safeguards training for its operational staff. A safeguards<sup>4</sup> training was organized for Bank staff during the Sustainable Development Network Forum in January 2010. Safeguards training is planned for March 2010 in Bosnia and Herzegovina. The training will include officials from Albania and

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<sup>4</sup> This included a debriefing on the lessons learned from the Inspection Panel Investigation Report and Management Response of the Albania Power Sector Generation and Restructuring Project.

neighboring Western Balkans countries. This will also cover presentation on the Guidance Notes on OP 4.12. Training for government officials in Albania will be carried out in FY10 building upon a review of Albanian laws, regulations and practices relevant to Bank safeguards, which was conducted in FY09.

#### **D. STRENGTHENING QUALITY CONTROL IN THE EUROPE AND CENTRAL ASIA PORTFOLIO**

13. As discussed in the July 2009 Progress Report, ECA concluded a review of Project Documents and legal documentation of operations in the regional portfolio in November and December 2008. The review identified 57 operations out of a total of 302 operations for which follow-up action was needed to eliminate discrepancies in project documentation and account for implementation changes that had not been properly recorded. Upon further review, several operations were determined to need no further action. For the remainder, appropriate remedial actions on all but two projects were completed as of January 2010. The two<sup>5</sup> remaining projects involve Board-approved restructuring, and planned to be submitted to the Board by end of March 2010. One of these is the Albania Integrated Coastal Zone Management and Cleanup Project.

### **III. NEXT STEPS**

14. Loan disbursements under the Project were suspended on January 9, 2009. In light of the significant progress made on the Management Action Plan, and as requested by the Government of Albania, Management authorized preparation of Project restructuring to begin in December 2009. The Government assigns high priority to investments in critical environmental infrastructure which support sustainable development of the Albanian South Coast. The Project will be restructured in coordination with the donors providing project co-financing. The restructured Project will be submitted to the Board in conjunction with this Progress Report.

15. The focus of the restructured Project will be on support to critical infrastructure for improving environmental and sanitary conditions essential for the long term coastal development. The proposed changes will not have a major effect on the original implementation arrangements, financial management or procurement. The Safeguards category of the Project will remain the same as it relates to project investments.

16. The restructured Project will retain the following activities: (i) clean-up of the hazardous waste site in Porto Romano; (ii) construction of one municipal landfill to serve the municipality of Saranda and one transfer station in Himare to support improved solid waste management ; (iii) reconstruction of port facilities in Saranda to allow access of cruise liners in order to facilitate passenger access to the Southern Coast; (iv) 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

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<sup>5</sup> Albania Education Excellence and Equity Project (P078933) and Albania Integrated Coastal Zone Management and Clean-Up Project (P086807)

Park. No land use planning activities will be included in the restructured Project. There are no changes in the original IDA allocation for the Project and the co-financing from the Government of the Netherlands, the PHRD implementation grant from the Government of Japan, GEF and the Austrian Government will be retained. All undertakings concerning the case-by-case review Agreement and the completion of the Social Vulnerability Assessment will be included as covenants in the proposed amendments to the Development Credit Agreement.

17. Finally, Management will report to the Board with the next Progress Report (No.3) on the implementation of the Management Action Plan by the end of 2010.

**Annex A: Summary of Progress on Management Action Plan**

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
<b>1. OP/BP 4.12 INVOLUNTARY RESETTLEMENT</b>			
<p><b>Application of OP/BP 4.12 on land use planning activities</b></p>	<ol style="list-style-type: none"> <li>1. Management will undertake a review of the application of safeguard policies in projects that support land use planning. On the basis of this review, Management will prepare and disseminate: (a) a policy clarification on how OP/BP 4.12, Footnote 8, applies to land use planning projects; and (b) a Guidance Note regarding the application of safeguard policies in land use planning projects. The Guidance Note will cover both the application of OP/BP 4.12 and the use of other measures to address potential direct and indirect social impacts. The policy clarification and Guidance Note will be issued by June 30, 2009.</li> <li>2. Management will also review the application of safeguard policies in cases of unauthorized actions by Project Coordination Units and prepare and disseminate guidance on this issue by June 30, 2009.</li> <li>3. Targeted training for staff in all Regions will be provided to support application of this guidance.</li> </ol>	<p>A Bank-wide review by OPCS and LEG of the application of safeguard policies in projects that support land use planning has been completed. To date, all projects that support land use planning, including coastal zone planning, have been identified and reviewed for the application of safeguard policies. This review has included identification and examination of safeguards aspects of over 130 projects either under preparation or supervision. As part of this process, the team has held meetings with numerous Task Team Leaders and specialists and groups involved with various types of land use planning within the Bank. A comprehensive matrix has been created that lists projects where land use planning activities are being undertaken along with the safeguard policies that are triggered. The review also examines how safeguard issues are being designed and implemented according to the type of lending instrument.</p> <p>On the basis of this review, Management has developed: (a) a policy clarification on how OP/BP 4.12, Footnote 8, applies to land use planning projects; and (b) an interim Guidance Note regarding the application of safeguard policies in land use planning projects. The policy clarification and Guidance Note will be issued by June 30, 2009. Management has also reviewed the issue of the application of safeguard policies in the case of unauthorized actions by Project Coordination Units and has prepared guidance that will be issued by June 30, 2009. Training designed to disseminate guidance on both land use planning and unauthorized actions by Project Coordination Units and to develop skills to address these issues will be undertaken for Bank staff in</p>	<p>Actions Completed</p> <p>The policy clarification on Footnote 8 of OP 4.12 is being submitted to the Board.</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
		headquarters and country offices in FY10.	
<p><b>Provision of assistance for the Jale Requesters</b></p>	<p>1. The Bank will finance selected costs for carrying out a case-by-case review before the Albanian Judiciary of the Requesters' claims that they were harmed as a result of the April 2007 demolitions and that they should be compensated as a result of those demolitions. These costs will include the legal services required by the Requesters, including, if necessary, for well-founded appeals following the review. They will also include paying for an independent observer acceptable to the Bank who will report to the Bank on the transparency, credibility, independence, and timeliness of the review process. To facilitate these actions, the Bank will confirm the Government's assurance of all possible efforts for the expeditious completion of this review, while recognizing and committing to fully respect the independence of the Judiciary. The Bank will also confirm that the Government will provide all available documentation necessary for the review, and that the Government will not object to a reasonable proposal to consolidate the Requesters' claims. Further, the Bank will also confirm that Government will abide by, and promptly comply with, any and all court decisions resulting from this review, including any decisions to compensate plaintiffs. If the process is judged unsatisfactory by the observer or the Bank, Management reserves the option to (i) suspend disbursements under the Project if it were to be restructured; and (ii) directly provide assistance to the Requesters, even though the Bank is not legally obligated to</p>	<p>An 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, and to comply with any judgment resulting from the review. .</p> <p>A template Grant Agreement was drafted by the Bank's Legal Department with advice from ECA's Chief Administrative Officer as the instrument by which the Requesters' legal and other relevant expenses would be paid (see Annex B). This Agreement provides for a grant from the Bank to each of the families covering their reasonable legal fees in pursuing the court cases. The amount of each grant is stated as a ceiling which is calculated on the basis of (i) the fees charged by the grantee's attorney (subject to Bank approval); (ii) expected court filing fees, based on the amount of damages being sought; and (iii) an estimate of other expected costs that may be incurred. Payments up to the grant ceiling will be disbursed upon submission to and approval by the Bank of receipts and invoices. Disbursements will be made by transfer to the account of the grantee's attorney on behalf of the families. As a co-signator to the Grant Agreement, the attorney agrees to act as trustee for the amounts received that are payable to various third parties (e.g., the Court, experts, the families themselves for travel costs) and is responsible for making the required transfers to those payees. The Grant Agreement specifies</p>	<p>In June 2009 the selection and hiring of lawyers by the Requesters was completed. Five legal teams have been hired to represent the nine families, several of the families having decided to use the same lawyers. As noted in the first Progress Report, the choice of lawyers was left up to the families themselves. The Bank engaged in only minimal vetting to ensure that the selected lawyers were registered and licensed and that their fees fall within a normal range for Albania.</p> <p>The preparation of the individual cases and their filing with the District Court of Tirana has taken longer than expected, but has nonetheless proceeded. Eight of the nine families have now filed cases. Preliminary hearings for three of the cases were conducted in December 2009 and January 2010, and one of these cases has advanced to its third hearing. Five more cases are scheduled to be conducted in February and March 2010. It is not unusual in cases of this sort for eight to ten District Court hearings to be required before a final judgment. The Bank's Independent Observer has personally attended two of the hearings to date, in two missions to Albania. The other hearings have been attended by local counsel, working under the supervision of the Independent Observer. The reports of the Independent Observer and his team indicate that the early hearings have been confined to preliminary</p>



RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
	<p>Assessment according to TORs agreed with the Bank as well as the retroactive application of the resulting assistance package for poor and/or vulnerable to the families affected by the April 2007 demolitions</p> <p>3. Management will report to the Board in three months on the case-by-case review by the Judiciary as well as the Social and Vulnerability Assessment.</p>	<p>seven families and the selected attorneys. Two of the families are expected to sign agreements shortly. It is expected that the families will file legal action in July.</p> <p>At the March meeting in Vlore, the Requesters reaffirmed their desire for pre-trial valuations of the damages in order to assess the amounts for the proposed law suits. These valuations are also required for computing associated court filing fees (1%) which the Bank will be financing. The Bank independently contracted an accredited valuator selected by the Requesters to undertake this work. The valuator's report has been submitted in the first week of June 2009.</p> <p>Terms of Reference for the Independent Observer of the court proceedings were prepared by LEG, in consultation with the Organization for Security and Cooperation in Europe (OSCE), the European Assistance Mission to the Albanian Justice System (Euralius), and others. LEG has held extensive discussions concerning the modality for independent observation in Albanian courts with OSCE and Euralius, both of which have had relevant experience. OSCE and Euralius have offered to provide advice as the case-by-case review gets underway.</p> <p>A selection committee of Bank staff from LEG and ECA reviewed and ranked candidates who expressed interest in the international consultancy. Management informed the Government about the selected candidate, who was contracted on June 25, 2009. The observer is expected to be fully engaged by the time of the first hearing of the Requesters' cases.</p> <p>The Government has initiated the Social and Vulnerability Assessment to develop criteria for identifying poor and/or vulnerable groups who may be affected by demolitions in the Southern Coast; and to define an assistance package and procedures. The</p>	<p>The international consultant hired for the SVA has piloted the survey instrument in Jale, Livadh, Potam, Vuno, and Himara and has developed a methodology which has been reviewed by the Bank, on a no objection basis, and submitted to and reviewed by the Government. The work of the consultant progressed slower than anticipated and has been delayed by technical and strategic discussions on how the resulting program might be made more broadly applicable in other parts of Albania. The Bank has followed up on a regular basis on the progress of the SVA with the Government of Albania. The Bank staff continues to supervise the progress as part of the overall project supervision</p> <p>The engagement of the Ministry of Labor, Social Affairs and Equal Opportunities in the</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
		<p>Government has also agreed that these criteria and package will be retroactively applied to poor and/or vulnerable families affected by the April 2007 demolitions. In this regard, the Government (i) contracted an international consortium to carry out the Assessment under Bank supervision and on the basis of Bank-approved TORs; (ii) launched the Assessment on March 19; and (iii) appointed the Deputy Minister of Labor, Social Affairs and Equal Opportunity to oversee the Assessment. A survey instrument, acceptable to the Bank, was piloted in Jale, Livadh, Potam, Vuno, and Himara in late April 2009.</p> <p>The full survey will cover a sample of 650 households equally divided between those who have been subject to demolition, owners of structures that are listed as candidates for demolition, and a control group. The pilot and the larger Assessment focus on the relationship between demolition and vulnerability. Given the high rate of emigration in the area, the importance of remittances for household livelihoods and investment, and high prevalence of multi-purpose structures (e.g., residence, seasonal rental and retirement), the study is using the concept of the household as a multi-generational livelihood network, and will assess the impact of demolition on family livelihood strategies. The final report is expected to identify the Jale families who would be eligible for assistance. The final report is expected towards the end of 2009.</p> <p>The Bank is currently reviewing documentation provided by the Government toward identifying individuals impacted by other demolitions within the Project area at the same time as the Jale demolitions. Once identified, these individuals will be informed of their eligibility for Bank support for legal costs if they choose to pursue cases in court. Likewise, based</p>	<p>supervision of the Assessment will ensure a continuous attention to vulnerability issues which may occur from demolitions.</p> <p>The study is expected to be completed before the end of 2010.</p> <p>The Management Action Plan has been well publicized in Albania, including the provisions regarding eligibility of other individuals in the project area. During the ensuing time, the Country Management Unit and the Sector Management Unit have undertaken numerous missions to the Southern Coast to meet with the Requesters and to observe well-attended consultations on some infrastructure investments. The Country Office staff and Project team have been present in the region, on a periodic basis, and have communicated with communities on issues related to the Project. The Government's Project Implementation Unit has also visited several other communities during their routine implementation of the Coastal Village Conservation and Development Program (CVCD). The Bank Country Office has received a number of requests pertaining to eligibility of demolitions in other parts of the country for Bank assistance and responded promptly. There has also been a number of communications from communities and households regarding</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
		<p>upon the Social and Vulnerability Assessment, they may be eligible for retroactive application of the resulting assistance package for poor and/or vulnerable.</p>	<p>CVCD investments along the Southern Coast. However, no one from the communities and households in which demolitions took place at the same time as those in Jale, has come forward seeking assistance from the Bank provided for in the Management Action Plan</p>
<b>2. OP/BP 13.05 PROJECT SUPERVISION</b>			
<p><b>Continuing Project supervision</b></p>	<p>1. <u>Option 1</u>. Management cancels the IDA Credit.</p> <p>or</p> <p>2. <u>Option 2</u>. In coordination with other donors, Management will restructure the Project to maintain support for the following activities: (i) clean-up of hazardous waste in Porto Romano; (ii) construction of a landfill and development of a solid waste management system; (iii) construction of a passenger terminal at the Saranda Port; (iv) small-scale water supply and wastewater investments in the city of Saranda and smaller villages in the Southern Coast; (v) community-based investments in coastal villages; and (vi) protected areas management of Butrinti National Park. All land planning activities will be cancelled and the associated funds re-allocated to other activities. The proposed restructuring will be presented to the Board for approval. While the Project is being restructured, the suspension of disbursements will be lifted for all but the land-use planning activities to ensure the continued implementation of important infrastructure investments.</p> <p>NB: Regardless of whether</p>	<p>In light of progress made on the Management Action Plan, Management intends to proceed with project restructuring as defined in <u>Option 2</u>.</p> <p>In coordination with other donors, Management proposes to restructure the Project to maintain support for the following activities: (i) clean-up of hazardous waste in Porto Romano; (ii) construction of a landfill and development of a solid waste management system; (iii) construction of a passenger terminal at the Saranda Port; (iv) small-scale water supply and wastewater investments in the city of Saranda and smaller villages in the Southern Coast; (v) community-based investments in coastal villages; and (vi) protected areas management of Butrinti National Park. All undertakings contained in the Letter Agreement (para 6 of the main text) will be included as covenants in the restructured Development Credit Agreement, and non-compliance would lead the Bank to exercise its remedies, including suspension and cancellation. Bank financing for all land use planning activities will be cancelled and the associated funds re-allocated to other activities. The proposed restructuring will be presented to the Board for approval in the first half of FY10.</p>	<p>In light of the significant progress made on the Management Action Plan, and as requested by the Government of Albania, Management authorized preparation for project restructuring to begin in December 2009. The Government assign high priority to investments in critical environmental infrastructure which support sustainable development of the Albanian South Coast. The project will be restructured in coordination with the donors providing project co-financing. The restructured Project will be submitted to the Board in conjunction with this Progress Report.</p> <p>The restructured Project will support critical infrastructure for improving environmental and sanitary conditions essential for the long term development of the Southern Coast of Albania. The proposed changes will not have major effect on the original implementation arrangements, financial management and procurement. Environmental and social safeguards category of the Project is retained with specific attention on safeguards provisions concerning</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
	<p>Option 1 or 2 is decided upon, the Bank intends to provide assistance to the Requesters as set out above.</p>		<p>project investments.</p> <p>The restructured Project will support the following activities: (i) clean-up of the hazardous waste site in Porto Romano; (ii) construction of one municipal landfill to serve the municipality of Saranda and one transfer station in Himare in support to improved solid waste management ; (iii) reconstruction of port facilities in Saranda to allow access of cruise liners in order to facilitate passenger access to the Southern Coast (iv) water supply and wastewater investments in the city of Saranda ; (v) community-based investments in coastal villages; and (vi) protected areas management of Butrint National Park.</p> <p>There are no changes in the original IDA allocation for the Project and the co-financing from the Government of the Netherlands, the PHRD implementation grant from the Government of Japan, GEF and the Austrian Government is retained. All undertakings concerning the case-by-case review Agreement and the completion of the Social Vulnerability Assessment will be included as covenants in the proposed amendments to the Development Credit Agreement.</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
<p><b>Addressing accountability of Management and staff</b></p>	<p>1. In view of the seriousness of the errors identified under the Project, the President of the World Bank asked the Acting General Counsel to undertake a review of the circumstances surrounding the issuance of the Corrigendum in September 2008. Building on this review, the President has asked the World Bank's Department of Institutional Integrity to lead an Accountability Review into alleged misrepresentation to the Inspection Panel and events surrounding Project preparation, Board presentation, and Project supervision.</p>	<p>The Accountability and Performance Review has been completed. Appropriate action has been taken. The Board was informed in an executive session on April 9, 2009.</p>	<p>Actions completed</p>
<p><b>Strengthening communications</b></p>	<p>1. Management will continue to implement the newly revised Communications Strategy in the World Bank Office in Tirana, Albania. The new strategy includes <i>inter alia</i>: (a) a system for proactive and time-bound responses to complaints from communities, civil society and the private sector; (b) annual briefings to the relevant Parliamentary committees on project implementation and policy reform issues; and (c) increased supervision of government-led consultation processes during project preparation and implementation.</p>	<p>Management is continuing to implement the newly revised Communications Strategy in the World Bank Office in Tirana, Albania (see para 18). Since the February 17, 2009 Board meeting, the World Bank Office in Tirana has continued its renewed relationship with Parliament, including specific briefing on the Inspection Panel case and more routine briefings on the recently approved Partial Risk Guarantee and territorial planning law. In addition, the World Bank Office in Tirana continues to respond promptly to both written and informal requests for information and complaints from non-government stakeholders. Finally, the project supervision staff has continued to make better use of EXT expertise in the management of project communications.</p>	<p>The Country Office continues to implement the Communications Strategy in Albania by providing proactive and time-bound responses to complaints from communities, civil society and the private sector. The Country Office responds promptly on requests for information and has increased supervision of government-led consultation processes during project preparation and implementation. The Country Unit is preparing to launch a pilot exercise in 2010-2011 under the Governance Partnership Facility to involve civil society partners in the Bank's supervision of project implementation as a way to increase transparency and public awareness.</p>
<p><b>Strengthening safeguards in the Albania and ECA portfolio</b></p>	<p>1. The World Bank Office in Tirana, Albania will conduct periodic training for project staff and government officials on application of World Bank safeguard policies to projects in the Albania portfolio.</p>	<p>ECA has been providing environmental and social safeguards training for its operational staff. Workshops are being carried out in Bank headquarters and field offices. Field-based training workshops have included Bank staff as well as</p>	<p>ECA Region continues to provide safeguards training for its operational staff. A safeguards training has been organized for the visiting and headquarter staff during the Sustainable Development Network week</p>

RELEVANT OP Issue	PROPOSED ACTION	PREVIOUS PROGRESS (JULY2009)	CURRENT STATUS
	<p>2. ECA Management has launched a series of regional safeguards workshops to build staff capacity regarding identification of social risks in project design and supervision as well as social safeguards.</p>	<p>project-financed personnel. Safeguards training was also provided to the members of the ECA Communications Team. Additional ECA training will take place after issuance of the Guidance Notes mentioned in paragraph 4 of the main text. Targeted training for staff in all Regions will be provided by OPCS and LEG to support application of these Guidance Notes.</p> <p>In addition to the above, the Operational Policy and Country Services (OPCS) Vice Presidency, Legal Department (LEG), and ECA Safeguards carried out a specific training mission for the World Bank Office in Tirana in May 2009 addressing the application of environmental and social safeguards in the Albania portfolio. A second round of training will be conducted with government officials in Albania in FY10. In preparation for this training, an updated review of Albanian laws and practices relevant to these safeguards was initiated.</p>	<p>in mid-January 2010. A general Safeguards training is planned for March 2010 in Bosnia and Herzegovina. The training will include officials from the neighboring countries and Albania. This will also cover a presentation on the Guidance Notes on OP 4.12. The training for the government officials in Albania will be carried out by the end of current fiscal year using a review of Albanian laws and practices relevant to the Bank's safeguards which was completed in 2009.</p>
<b>3. OP/BP 10.00 INVESTMENT LENDING: IDENTIFICATION TO BOARD PRESENTATION</b>			
<b>Strengthening quality control of Project preparation</b>	<p>1. Regional Management has carried out a comprehensive review of the Europe and Central Asia Region's portfolio of 302 projects to address concerns raised with respect to the quality and accuracy of Project Appraisal Documents to ensure that they: (a) appropriately reflect agreements reached with the Borrower; (b) give an accurate impression of a proposed project's reality and prospects; and/or (c) include critical information. Management commits to take all appropriate actions within its authority to address these issues by June 30, 2009.</p>	<p>The ECA Region concluded a complete review of the PADs and legal documentation of the operations in the ECA portfolio in November and December 2008. An initial review identified 57 operations out of a total of 302 operations for which follow-up action was needed (i) to eliminate discrepancies in project documentation and account for implementation changes that had not been properly recorded; (ii) to inform the Board about completed second-order restructurings; and (iii) to take other required measures to ensure a proper institutional record of the originally approved operation and any changes since Board approval.</p> <p>A more thorough review of the 57 projects mentioned above concluded that 14 of these projects</p>	<p>As discussed in the July 2009 Progress Report, ECA concluded a review of Project Documents and legal documentation of operations in the regional portfolio in November and December 2008. The review identified 57 operations out of a total of 302 operations for which follow-up action were needed to eliminate discrepancies in project documentation and account for implementation changes that had not been properly recorded. Upon further review, several operations were determined to need no further action. For the remainder, appropriate remedial actions on all but two projects were</p>

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	<p>2. World Bank Senior Management extended this review to approximately 1,550 projects in the portfolio, and to the quality control arrangements in all Regions. The full results of this Review and proposed actions to strengthen quality control arrangements and operational training for Task Team Leaders will be reported to the Board at the time of the discussion of this Management Response.</p>	<p>did not need any form of restructuring. Rather, issues highlighted on these projects were those typically encountered during the course of implementation and follow-up action is underway as a normal part of project supervision. Twenty-seven projects have now completed remedial action. Eight of them involve RVP restructuring for which documentation was not sent to the Board at the time of the restructuring, and was therefore circulated in June 2009. Actions to address issues are underway in 16 projects. Appropriate actions for the remaining two projects are still being identified, in discussion with clients. ECA has also organized eight training events on project restructuring which were attended by more than 100 operational staff, most of whom are field-based. Management anticipates that remaining actions within the control of the Bank will be taken in due course; however, Management notes that a small number of cases will need concurrence from counterparts that could take longer to finalize.</p> <p>OPCS completed a Bank-wide review of 1,550 PADs focusing on the quality and accuracy of PADs as well as the consistency of PAD with legal documents. The review provided considerable reassurance about the accuracy of the PAD process as a whole, but revealed a significant number of projects that require correction and the need for some specific improvements in the project preparation and supervision process. The report, "Review of Project Appraisal Documents" dated April 29, 2009 was discussed with the Executive Directors on May 14, 2009.</p>	<p>completed as of January 2010. The two<sup>6</sup> remaining projects involve Board-approved restructuring, and planned to be submitted to the Board by end of March 2010. One of these is the Albania Integrated Coastal Zone Management and Cleanup Project.</p>

<sup>6</sup> Albania Education Excellence and Equity Project (P078933) and Albania Integrated Coastal Zone Management and Clean-Up Project (P086807)

