

GONZALO CASTRO DE LA MATA  
Chairman  
The Inspection Panel

**IPN REQUEST RQ 17/02**

May 31, 2017

**MEMORANDUM TO THE EXECUTIVE DIRECTORS  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT**

**Request for Inspection**

**SERBIA: Floods Emergency Recovery Project (P152018)**

**Notice of Non-Registration**

**Summary**

1. In accordance with paragraph 17 of the Resolution<sup>1</sup> establishing the Inspection Panel (the “Panel”), I hereby inform you that on January 6, 2017, the Panel received a Request for Inspection (the “Request”) of the Serbia Floods Emergency Recovery Project (the “Project”), financed by an International Bank for Reconstruction and Development (IBRD) loan. The Project supports works in several priority sectors, including energy, agriculture, and flood protection, that were affected by flooding occurring in May 2014.

2. The Panel conducted extensive due diligence in line with its updated Operating Procedures.<sup>2</sup> Based on the information provided in this note, the Panel decided not to register this Request.

**The Project**

3. The Project, supported by an IBRD loan of US\$300 million, was approved on October 3, 2014, and is expected to close on December 31, 2017. The loan was 64.3 percent disbursed at the time of receipt of the Request. It is a Category B Project that triggered the following safeguard policies: Environmental Assessment (OP/BP 4.01); Pest Management (OP/BP 4.09); Involuntary Resettlement (OP/BP 4.12); and Projects on International Waterways (OP/BP 7.50).

---

<sup>1</sup> The World Bank Inspection Panel, International Bank for Reconstruction and Development, Resolution No. IBRD 93-10 (referred to as the “Resolution”).

<sup>2</sup> Available at:

<http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating%20Procedures.pdf>

4. The Project development objectives are to “(i) help restore power system capability to reliably meet domestic demand; (ii) protect livelihoods of farmers in the flood affected areas; (iii) protect people and assets from floods; and (iv) improve the Borrower’s capacity to respond effectively to disasters.”<sup>3</sup> The Project finances works in several priority sectors that were affected by floods in May 2014 through four components, including energy sector support, agricultural sector support, flood protection, and contingent emergency response.

5. The Request specifically concerns works under Component 3 of the Project, which supports the rehabilitation of flood protection and drainage control infrastructure, and “aims to reduce imminent risk of recurring floods by restoring and/or improving the functioning of existing infrastructure.”<sup>4</sup> It includes civil works and supply and installation of electrical and mechanical equipment for the rehabilitation and reconstruction of flood protection and drainage systems, including flood protection dikes/levees and retention systems, cleaning and restoration of drainage canals, and refurbishment of pump stations. It concentrates on areas known to be vulnerable and affected by flooding, in which urgent protection is required in order to reduce the risk of future flooding and further devastating social and economic impacts.

### **The Request**

6. The Panel received an initial complaint regarding the Project from a single complainant on October 28, 2016. The Panel held a phone call on November 4, 2016, to inform the complainant he need to bring the issues to Management’s attention first before submitting a Request for Inspection to the Panel. The Panel referred the complainant to the Grievance Redress Service (GRS), which took on the case and issued its assessment in early December 2016. The complainant found the assessment from GRS unsatisfactory, and on January 6, 2017, the Panel received a Request for Inspection with two signatures.

7. The Request raises concerns regarding the “illegal action of taking over our private properties” in the city of Novi Pazar. The Requesters claim that their lands along the Raska River have been acquired by force for the Project without any financial compensation, and that the authorities started construction activities without informing the residents. The Request states that “many honest people have experienced that their properties be plundered without compensation.” The Requesters also express concern regarding the lack of consultation and the determination of the market value for their properties.

### **Panel’s Observations and Determination**

8. In accordance with its Operating Procedures, after receipt of the Request the Panel issued a Notice of Receipt on January 9, 2017, on its website.<sup>5</sup> The Panel conducted its due diligence by reviewing the information contained in the Request and Project documents. To better understand the Project and the issues raised in the Request, the Panel held several phone calls with the Requesters and met with Management on different occasions. The

---

<sup>3</sup> Project Appraisal Document, para. 21, p. 6.

<sup>4</sup> Project Appraisal Document, para. 24, p. 65.

<sup>5</sup> <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=123>

Panel stayed in close contact with both Requesters over the following weeks, and learned that one of the Requesters was mostly interested in exploring a reasonable settlement.

9. During a meeting with the Panel on February 3, 2017, Management expressed that as a result of the complaint to the Panel, it intended to work with the Government of Serbia to find a solution to the Requesters' concerns. Subsequently, the Municipality initiated a process to renegotiate the compensation amounts for expropriated lands in order to reach in-court settlements with PAPs in Novi Pazar. The Panel continued to receive updates regarding Management's progress with the ongoing discussions between the Municipality and the affected people. The Panel held another meeting with Management on March 15, 2017, and was informed that many PAPs had expressed their intent to settle in-court. Management provided the Panel with a schedule of the court hearings with dates ranging from March to May 2017.

10. On March 21, 2017, the one of the Requesters confirmed his intent to settle the land valuation issues in court during an upcoming hearing. On May 16, 2017, he informed the Panel that he had accepted the in-court settlement and received the agreed compensation amount in his bank account. This Requester expressed satisfaction with the outcome of his case and explained that there was no need to pursue the case with the Panel. He reiterated the importance of a timely settlement in order to protect the PAPs' lands from floods, which according to him, occur every year. He also explained to the Panel that he believed he would benefit from the flood protection measures provided by the Project. During the past weeks, 25 of the 41 PAPs in Novi Pazar have accepted higher compensation offers as a result of renegotiations with the Municipality and have signed in-court settlements. An additional 5 PAPs have agreed to accept the revised offer and are scheduled for in-court settlement.

11. Since one of the two Requesters expressed satisfaction with this outcome and no longer wanted to pursue his case with the Panel, the request lacks the two signatures required under the Panel procedures. In light of the foregoing and in accordance with the Panel Resolution, its Clarifications, and its Operating Procedures, the Panel is not registering the Request for Inspection.

12. The Panel notes that, if new evidence becomes available, the Panel would be in a position to reassess the existence of a plausible link between a Bank-supported project and the alleged harm. Hence, in such a case, the affected people retain their right to re-submit a Request for Inspection concerning the issues raised.

Yours sincerely,



Gonzalo Castro de la Mata  
Chairman

Attachments

Mr. Jim Yong Kim, President  
International Bank for Reconstruction and Development

The Executive Directors and Alternates  
International Bank for Reconstruction and Development

Landowners in the city of Novi Pazar, Serbia



**From:** [REDACTED]  
**Sent:** Friday, January 06, 2017 1:01 PM  
**To:** Inspection Panel <[ipanel@worldbank.org](mailto:ipanel@worldbank.org)>; Birgit Kuba <[bkuba@worldbank.org](mailto:bkuba@worldbank.org)>; Rupes Kumar Dalai <[rdalai@worldbank.org](mailto:rdalai@worldbank.org)>; Dilek Barlas <[dbarlas@worldbank.org](mailto:dbarlas@worldbank.org)>  
**Subject:** Request for Inspection

## **World Bank**

Executive Secretary, The Inspection Panel  
1818 H Street NW, MSN 10-1007  
Washington, DC 20433  
United States of America

### **Request for Inspection**

1. We [REDACTED] and [REDACTED] live in the area known as City of Novi Pazar, Republic of Serbia, Europe. Our addresses are attached below.
2. We have suffered, or are likely to suffer, harm as a result of the World Bank's failures or omissions in the World Bank Project ID 152018, Status: Active, Team Leaders of the P152018: Vasquez Suarez, Claudia Ines, Olivera Jordanovic. Total Project Cost is US\$ 300.00 million, Starting Date: October 3, 2014, located in Serbia, Europe, part of the project is located in the gaza of the river Raska, City of Novi Pazar, Southern Serbia.
3. This letter is to report an illegal action of taking over our private properties by Novi Pazar City Management (Republic of Serbia), failing to follow many Low Acts of Republic of Serbia, and acting by force and behind the corrupted system. The World Bank financial support in this case is not used to pay a fair value of the land property to the owners, however, the same property in questions is acquired by force without any financial compensation. World Bank money goes into the pockets of local authority leaders of the Novi Pazar City, more precisely local criminals who are in power in Novi Pazar and not to the citizens who have properties near the gaza of the river Raska they violently take away. This is a disgrace and great and great debacle for the World Bank. Many honest people have experienced that their properties be plundered without compensation. The local City Council of Novi Pazar, following Low Acts of Republic of Serbia,

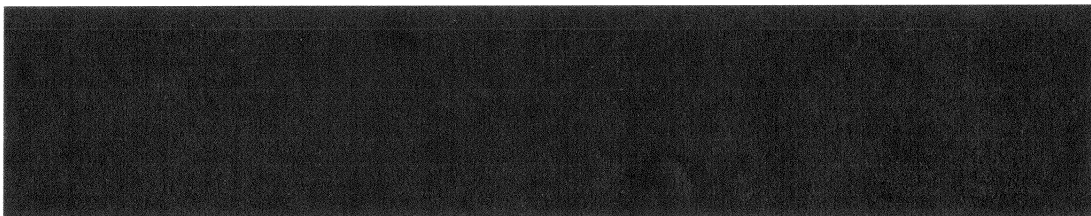
should've proceed in the following manner: vote and make a decision to expropriate the property, and after public hearing and notifications sent to the property owners, pay a fair market value of the land properties, and then start with construction work. However, they chose to start a construction activities, without any notice and by force, instead.

5. We have complained to World Bank staff on the following occasions at the end of October 2016 and beginig of November 2016 at first to the Inspection Panel and after that the case has taken by GRS. We believe that the response which we received from GRS is not satisfactory as it does not answer or solve our problems for the following reasons: The Report of Grievance Redress Service (GRS) based on our complaint is biased, inaccurate, and based on the information given by the City of Novi Pazar, the Ministry of Agriculture of Serbia and we beleive by Serbian citizens who works for World Bank. It is unilateral interpretation in favor of the City of Novi Pazar on our damage. The construction work are continued without paying forcibly confiscated property, World Bank money went into the pockets of local authority leaders of the Novi Pazar City. We were deprived of our assets and nothing we have not been paid.

6. We request the Inspection Panel recommend to the World Bank's Executive Directors that an investigation of these matters be carried out.

In Novi Pazar City, 6. 1. 2016

Sincerely,

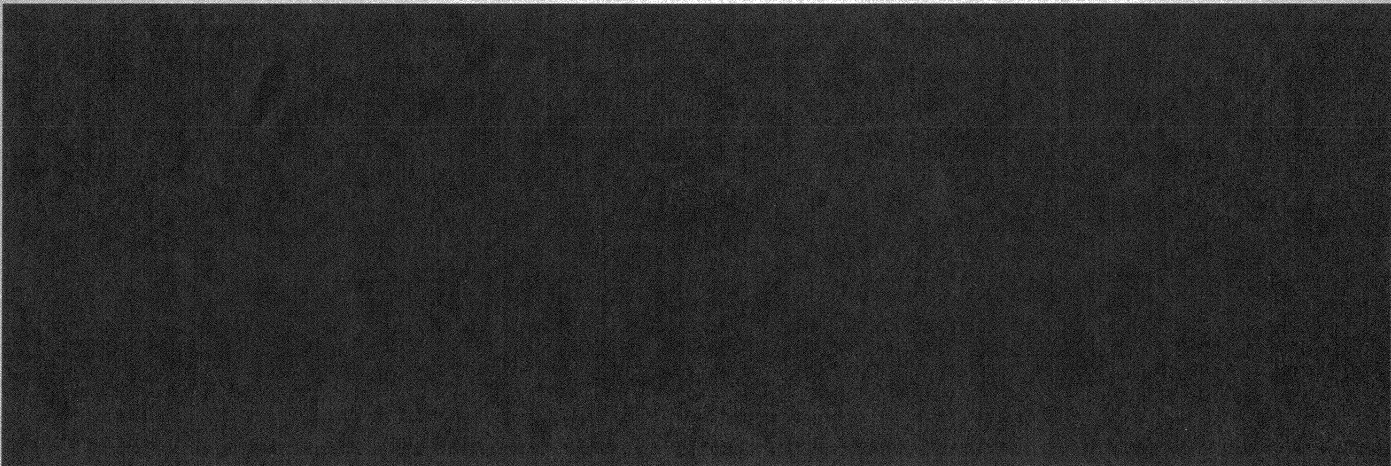
A large black rectangular redaction box covering the signature area.

In attachment: signatures

THE WORLD BANK

FOR INSPECTION PANEL

THIS IS OFFICAL REQUEST  
FOR INSPECTION SITUATION  
IN GASA OF RIVER RASUN,  
NOVI PAZAR CITY, PROJECT  
ID P152018



SIGNATURE

SIGNATURE