

IPN REQUEST RQ06/2

January 17, 2006

NOTICE OF REGISTRATION

**Re: Request for Inspection
ROMANIA: Mine Closure and Social Mitigation Project
(IBRD Loan No. 4509-RO)**

On January 6, 2006, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”) related to the Romania: Mine Closure and Social Mitigation Project (the “Project”). The company SC Ergio Prod SRL submitted the Request on its own behalf and on behalf of inhabitants that live in the area known as Vermesti, Comanesti City in Bacau County in Romania. SC Ergio Prod SRL is a company specialized in wood processing and is situated at the Vermesti Mines road in Vermesti. The Request for inspection includes 29 pages as annexes, among them a copy of 30 signatures of inhabitants from the area, authorizing SC Ergio Prod SRL to represent them and to act on their behalf.

According to the Project Appraisal Document (PAD), the Project’s objective is to support the Government’s efforts to reduce the burden on the national budget of Romania by closing uneconomic mines in a socially and environmentally sustainable manner, and to provide support to the modernization of the sector’s administrative framework.¹

The Project’s objective is to be achieved through support for three components: (1) the closure of 29 uneconomic mines and the environmental remediation of mine sites; (2) the financing of social mitigation initiatives to help diversify the local economy in support of the Government’s restructuring program for the mining sector; and (3) technical and institutional assistance.

¹ Project Appraisal Document for a Mine Closure and Social Mitigation Project (PAD), August 6, 1999, p. 1.

The Requesters claim that they have been harmed by the Project.² They state that the mine closure operations – in particular massive ground transportation by heavy cars and trucks used for Project works – greatly damaged the Vermesti Mines road, used by the Requesters. This required them to make rearrangements and to repair the road at their own cost. They add that their own cars have suffered damages from the deteriorated condition of the road.

The Requesters assert that the works related to the environmental reconstruction of the Vermesti Mine area failed to protect adequately the land surrounding the mine area. They claim that their land has been filled with water because of insufficient provisions for water drainage channels.

The Requesters state that, as a consequence of the activities related to the closure of the Vermesti mine, massive rains in 2004 and 2005 flooded their area and negatively affected them. According to the Request, sterile material from the waste dump was carried by the rainwater onto the Requesters' area and clogged the Vranceanu brook, thus reducing the brooks capacity to absorb the rainwater. The Requesters claim that the water from the waste dump of the Vermesti mine has reached their area and damaged the production machines of SC Ergio Prod SRL and the timber needed for production. They fear that the company will have to close and dismiss its 105 employees. The Requesters believe that the situation caused by the mine closure operations has put them under a great risk of being flooded again.

The Requesters also claim that the flooding has made it impossible to cultivate the land. According to them, many of the affected landowners are poor.

The Requesters also assert that as a consequence of the above-mentioned problems, the authorities decided not to continue existing permits for water management. The Requesters now fear that if they carry on their activities without the necessary permit they might be subject to legal actions.

The Requesters state that, when they tried to bring their concerns to the attention of the Bank, they faced difficulties in receiving information about whom to contact in the Bank. They contacted the Bank's country office but claim that they did not receive an adequate response. They therefore request that the Panel recommend an investigation to the Board of Executive Directors.

With regard to the Bank's failure to comply with its operational Policies and Procedures, the Requesters state that they are unable to be specific about relevant policies because they have not been able to access Project documents. However, the Requesters

² In the Request, the Requesters refer to the more recent World Bank-financed "Mine Closure, Environmental and Socio-Economic Regeneration Project", which was approved on December 16, 2004 and went into effect on June 27, 2005. According to the PAD, this Project constitutes one of several interrelated elements of the World Bank supported reform process of the Romanian mining sector. After an initial review, the Panel understands that the Request also concerns another Project named the "Mine Closure and Social Mitigation Project", which covers the area in which the Requesters are situated and which, according to the PAD, is another of the interrelated elements of the World Bank-financed reform process (PAD for a Mine Closure, Environmental and Socio-Economic Regeneration Project, November 18, 2004, p.1).

claim that the Bank has failed to ensure that the Project improves the situation of their community and failed to recognize that the Project worsens the community's situation.

The above claims may constitute a failure of the Bank to comply with various provisions of the following operational Policies and Procedures, including:³

OD 4.01 Environmental Assessment
OD/OP/BP 13.05 Project Supervision
World Bank Policy on Disclosure of Information

All communications with the Requesters in connection with the Request will be sent until further notice to Mr. Georgette Merlusca, SC Ergio Prod SRL, Moldovei Str. No. 79, Comanesti, Bacau, Romania, 605200.

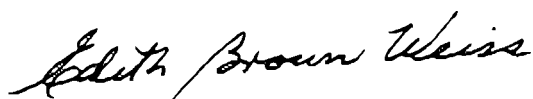
In accordance with paragraph 17 of the Panel's Operating Procedures (the "Operating Procedures"), I am notifying you that I have, on January 17, 2006, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the IDA Resolution that established the Panel ("Resolution"), paragraphs 2 and 8 of the "Conclusions of the Board's Second Review of the Inspection Panel" (the "1999 Clarifications"), and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel, no later than February 15, 2006, with written evidence that it has complied, or intends to comply, with the Bank's relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, "*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*"

The Request has been assigned IPN Request Number RQ06/2.

Yours sincerely,



³ This is not an exhaustive list of Bank Policies and Procedures that might have been violated.

TO:

Mr. Georgel Merlusca
SC Ergio Prod SRL
Moldovei Str. No. 79
Comanesti, Bacau
Romania
605200

Mr. Paul D. Wolfowitz
President
International Bank for Reconstruction and Development
Room MC12-750

[By hand against confirmation]

CC:

The Executive Directors and Alternates
International Bank for Reconstruction and Development