

IPN REQUEST RQ07/03

May 2, 2007

NOTICE OF REGISTRATION

**Re: Request for Inspection
Albania: Power Sector Generation and Restructuring Project
(IDA Credit No. 3872 ALB)**

On April 30, 2007, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”), dated April 30, 2007, related to the Power Sector Generation and Restructuring Project (the “Project”) financed by the International Development Association (IDA) (Credit No. 3872 ALB).

The Request was submitted by Mr. Lavdosh Ferruni, on behalf of the Civic Alliance for the Protection of the Bay of Vlora (CAPBV). On May 2, 2007, the Panel received subsequently a second document containing evidence of authority of Mr. Ferruni to represent eight persons who live in the city of Vlore and who claim to be affected by the Project.¹

The development objective of the Project is “*to achieve significant improvement in power system performance through: (a) priority investments to increase domestic thermal generation; and (b) measures to implement sector reforms and institutional strengthening.*”² The objective is to be achieved through two Project components: a combined-cycle power station; and technical assistance and training. The first component includes the “*construction of a combined-cycle power station (Vlore Thermal Power Plant) at a six-hectare Greenfield site about 6 km north of Vlore adjacent to an oil tanker terminal*” and the “*rehabilitation of the adjacent oil tanker terminal, and connection to the transmission network.*” The second component includes the “*provision of technical assistance to the Albanian Power Corporation (KESH) for the implementation of the*

¹ These eight persons, Civic Alliance for the Protection of the Bay of Vlora (CAPBV) and Mr. Ferruni, collectively hereinafter referred to as the “Requesters”.

² Project Appraisal Document on a Proposed Credit in an amount of SDR 16.9 million (US\$ 25 million equivalent) to Albania for the Power Sector Generation and Restructuring Project, dated February 17, 2004, hereinafter “PAD”, pg.2.

Project, improvement of operation of KESH and sector reforms and provision of training to KESH in procurement and environmental management.”³

According to the Request, *“if built, the Vlore Thermal Power Plant will destroy environment, tourism, safe fisheries, natural habitat, ecosystem, coral colonies as well as the unique historical and cultural significance of the entire Vlora Bay and Narta Lagoon.”⁴* The Request states that, *“the Environmental Impact Assessment, in which the Bank has based its loan, refers only to one thermal power plant of 100 MW, while in the decision of the Government No. 610 dated 09/21/2004 - which the Bank is or should have been aware of - it is explicitly written that it is agreed to reach a capacity of 300 MW in next phases.”* The Request further indicates that *“the Government approved (Law No. 9231 dated 05/13/2004) just one km far from Vlore Thermal Power Plant a concessional agreement of building of large oil storage deposit in the Vlora Bay.”*

According to the Request, *“the procedures concerning the Vlore Thermal Power Plant were already found in violation of Article 6 of the Aarhus Convention on Access to Information, Public Participation and Access to Justice, as determined by the Aarhus Convention Compliance Committee in its Draft Finding and Recommendations of March 23, 2007.”*

The Requesters have confirmed that they contacted Bank Management on several occasions.⁵ However they are not satisfied with the answers and explanations provided. The Requesters assert that the Bank Management failed to consider the fact that: *“(a) the Project is based on the material misrepresentation of the site; (b) the Environmental Impact Assessment upon which the Bank’s loan was based was misleading, illegal and wrong; and (c) the Bank’s procedure leading to the Project is in violation of Albania’s laws on environment, public participation, cultural heritage and Environmental Impact Assessment, as well as the EU’s laws and guidelines.”⁶*

The above claims may, *inter alia*, constitute non-compliance by the Bank with various provisions of the following operational Policies and Procedures:

OMS 2.20	Project Appraisal
OP/BP 4.01	Environmental Assessment
OP/BP 4.04	Natural Habitats
OP/BP 4.12	Involuntary Resettlement
OP/BP 10.04	Economic Evaluation of Investment Operations
OPN 11.03	Management of Cultural Property in Bank-Financed Projects
OP/BP 13.05	Project Supervision

³ Development Credit Agreement between Albania and International Development Association for Power Sector Generation and Restructuring Project dated April 6, 2004, pg.14.

⁴ Request for Inspection, letter dated April 30, 2007, para. 3, p.1

⁵ Letter to Orsalia Kalantzopoulos and Nadir Mohammed dated June 20, 2005; letters to Shigeo Katsu during the year of 2006 by Dr. Anna Kohen, Honorary Citizen of Vlora and Honorary Member of Civic Alliance for the Protection of the Vlora Bay; and meetings in Tirana with Orsalia Kalantzopoulos, Nadir Mohammed and Arlene Fleming.

⁶ Request for Inspection, letter dated April 30, 2007, para. 5, p.2

Until further notice, all communications with the Requesters in connection with the Request will be sent to Mr. Lavdosh Ferruni as the representative of the Requesters.

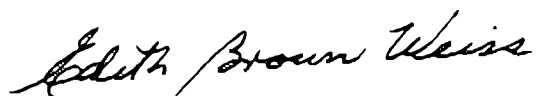
Pursuant to paragraph 17 of the Panel's Operating Procedures (the 'Operating Procedures'), I am notifying you that I have, on May 2, 2007, registered this Request in the Inspection Panel Register.

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 June 1, 2007, 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 RQ07/03

Yours sincerely,

A handwritten signature in cursive script that reads "Edith Brown Weiss".

Mr. Lavdosh Ferruni
Civic Alliance for the
Protection of the Bay of Vlora
Sami Frasheri, p20/10
Tirana
Albania

Mr. Paul D. Wolfowitz
President
International Development Association
Room MC12-750

The Executive Directors and Alternates

International Development Association