

**International Bank for Reconstruction and Development  
International Development Association**

**PROGRESS REPORT  
TO THE BOARD OF EXECUTIVE DIRECTIONS ON THE  
IMPLEMENTATION OF THE MANAGEMENT ACTION PLAN  
IN RESPONSE TO THE  
INSPECTION PANEL INVESTIGATION REPORT ON THE**

**ALBANIA**

**POWER SECTOR GENERATION AND RESTRUCTURING PROJECT  
(IDA Credit No. 3872-ALB)**

**June 22, 2010**

## **Abbreviations and Acronyms**

BP	Bank Procedures
CEMS	Continuous Emission Monitoring System
CCGT	Combined-Cycle Gas Turbine
EA	Environmental Assessment
ECA	Europe and Central Asia Region
EIA	Environmental Impact Assessment
ICZM	Integrated Coastal Zone Management
IDA	International Development Association
IDF	Institutional Development Fund
IPN	Inspection Panel
KESH	Korporata Elektroenergjitike Shqiptare (Albanian Power Corporation)
MOE	Ministry of Environment, Water Resources and Forests
MW	Megawatt
NGO	Nongovernmental organization
OMS	Operational Manual Statement
OP	Operational Policy
OPN	Operational Policy Note
TPP	Thermal electric power plant
UNECE	United Nations Economic Commission for Europe
USD	United States Dollar

## **List of Operational Policies and Operational Manual Statements**

OMS 2.20	Project Appraisal
OP/BP 4.01	Environmental Assessment
OP/BP 4.04	Natural Habitats
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

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## EXECUTIVE SUMMARY

Albania's economic development has been adversely impacted by shortages in electricity supply. This has consistently been highlighted as a major impediment to business. Albania's electricity needs, furthermore, are supplied almost solely by hydropower, which suffers during drought. In response to this situation, the World Bank along with other International Financial Institutions agreed to finance a 100 MW thermal electric power plant at a site in an industrial zone near Vlora, selected by the Government following a siting study that addressed six alternatives.

The Project was approved by the Board in April 2004 and became effective in January 2005. The World Bank is providing an IDA Credit of USD25 million or just over 20 percent of the USD123.3 million total cost of the Project (with the balance financed by the European Bank for Reconstruction and Development and the European Investment Bank.) Civil works for the Project started in August 2007, and the plant is now in the commissioning stage, with commercial operations expected to commence by early to mid-2011.<sup>1</sup> The Project uses Combined-Cycle Gas Turbine (CCGT) technology for power generation, which achieves significantly higher efficiency than other options and produces very low air emissions.

In May 2007 the Inspection Panel registered a Request for Inspection concerning the Albania Power Sector Generation and Restructuring Project. The Requesters expressed a number of concerns regarding the Bank's compliance with its Operational Policies. After deeming the Request eligible for inspection and conducting an investigation, on August 7, 2009 the Panel issued its report outlining the findings of its investigation. Management considered these findings and issued its Report and Recommendations which, along with the Panel's findings, were discussed at a meeting of the Board on October 22, 2009. Taking into account Executive Directors' comments and staff explanations, a revised set of Management actions was issued on November 19, 2009. This Progress Report meets the Bank's commitment to update the Board on actions taken following Board discussion, and reflects progress through the end of May 2010.

The Report notes good progress in all key action areas: (i) Project oil spill prevention and response equipment and plans are now in place with training ongoing; (ii) a continuous emissions monitoring system is installed and will begin reporting to the public when plant operations commence; (iii) no chance finds of archeological or cultural value have been found since the Board discussion; (iv) the utility company (KESH) has taken solid steps to further engage the public; (v) further assistance is being provided to help Albania meet its commitments for public consultation under the Aarhus Convention; (vi) social assessment in the Europe and Central Asia (ECA) region has been significantly strengthened; (vii) staff awareness of borrower country international obligations has improved with training and guidance; (viii) no Category A project has gone to the Board requesting a waiver of the provisions of OP 4.01 regarding a conflict of interest on the Environmental Impact Assessment since October 22, 2009; (ix) external communications and response by the World Bank office in Tirana has been improved;

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<sup>1</sup> Technical problems have developed, most notably a gap at one of the joints in the cooling water intake pipe which led to significant clogging of the line with sand and debris. To allow further component testing, a temporary bypass pipe for cooling water is now in place, which will function until the main cooling water intake pipe is repaired or replaced. Due to these issues, full commercial operations have been delayed from the end of 2009 projection that was mentioned in the Management Report, although there are no negative consequences on Operational Policy compliance.

and (x) safeguards lessons learned from this Inspection Panel case have been shared with staff. Management believes that satisfactory progress has been made in implementing the Action Plan and a subsequent Progress Report is not necessary.

## **I. INTRODUCTION**

1. Albania's economic development has been adversely impacted by shortages in electricity supply. This has consistently been highlighted as a major impediment to business. Albania's electricity needs, furthermore, are supplied almost solely by hydropower, which suffers during drought. With the climate in Albania projected to be significantly warmer and drier in the coming decades, hydropower will likely face further constraints.

2. In response to this situation, the World Bank along with other International Financial Institutions agreed to finance a 100 MW thermal electric power plant at a site in an industrial zone near Vlora, selected by the Government following a siting study that addressed six alternatives. The Project was approved by the Board in April 2004 and became effective in January 2005. The World Bank is providing an IDA Credit of USD25 million or just over 20 percent of the USD123.3 million total cost of the Project (with the balance financed by the European Bank for Reconstruction and Development and the European Investment Bank). Civil works for the Project started in August 2007, and the plant is now in the commissioning stage, with commercial operations expected to commence by early to mid-2011. The Project uses CCGT technology for power generation, which achieves significantly higher efficiency than other options and produces very low air emissions.

3. In May 2007 the Inspection Panel registered a Request for Inspection concerning the Albania Power Sector Generation and Restructuring Project. The Requesters expressed a number of concerns regarding the Bank's compliance with its Operational Policies. After deeming the Request eligible for inspection and conducting an investigation, on August 7, 2009 the Panel issued its report outlining the findings of its investigation. Management considered these findings and issued its Report and Recommendations which, along with the Panel's findings, were discussed at a meeting of the Board on October 22, 2009. Taking into account Executive Directors' comments and staff explanations, a revised set of Management actions was issued on November 19, 2009. This Progress Report meets the Bank's commitment to update the Board on actions taken following Board discussion, and reflects progress through the end of May 2010.

4. The Progress Report addresses the implementation of the Management Action Plan in reference to the Inspection Panel review of the Bank-financed Albania Power Sector Generation and Restructuring Project. The Report provides details on the actions which are subject to monitoring in response to the Board discussion. A summary of the progress on these actions (through May 31, 2010) is included as Annex A.

5. Following an update on the general implementation of the Project, information is provided on progress on ten key topics addressed by the Management Action Plan.<sup>2</sup> The first four are Project-specific issues: (i) finalizing Project oil spill prevention and response measures; (ii) monitoring emissions from plant operations; (iii) continuing management of cultural property after Project appraisal; and (iv) bolstering utility company engagement with the public. Progress on strengthening Albania's engagement with stakeholders more broadly is addressed through: (v) improving compliance with international environmental obligations. Progress on a final set of

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<sup>2</sup> Annex A of this Progress Report provides a summary of progress on the Management Action Plan organized along the main issues presented in Table 1 of the Management Report.

five issues relates to improving Bank operational performance: (vi) strengthening social assessment in the ECA region, (vii) improving staff awareness of borrower country international obligations, (viii) avoiding potential conflict of interest on Environmental Impact Assessment for Category A projects, (ix) improving external communications and response by the World Bank office in Tirana, and (x) sharing safeguards lessons learned from this Inspection Panel case with staff.

## **II. STATUS OF PROJECT IMPLEMENTATION**

6. Commissioning of the plant (i.e., testing of key components) began in summer 2009, prior to the expected full commercial operation which was envisaged in the Management Report to take place by the end of November 2009. Technical problems have developed, most notably a gap at one of the joints in the cooling water intake pipe which led to significant clogging of the line with sand and debris. This prevented critical testing and commissioning of the steam turbine. To allow further component testing, a temporary bypass pipe for cooling water is now in place which will function until the main cooling water intake pipe is repaired or replaced. Consequently, it is now planned that the plant will be fully operational by early to mid 2011. An extension of the closing date of the Project is in process, which will provide continued Bank supervision into the operational stage.

7. While not directly linked to the Project, land use planning issues in the greater Vlora area were a concern of the Requesters. As noted in the Management Report, a number of donors (including the World Bank) provided support to Albania on its Territorial Planning Law, and an update in this regard is of interest. Even before approval of the new Territorial Planning Law, the Government together with the Municipality of Vlora launched the preparation of a Regulatory Plan for the city. The various stages in preparing the plan have been publicized and local stakeholders have been consulted on several occasions, the most recent being early April 2010. The draft plan was completed in May and consultations are ongoing, with the expectation that the planning process will continue (reflecting necessary revisions) towards the approval process in fall 2010.

## **III. STATUS OF IMPLEMENTATION OF MANAGEMENT ACTION PLAN**

### **Project-Specific Issues**

#### *Finalizing Project oil spill prevention and response measures*

8. At the time of the Board discussion, the oil spill prevention and response plans for on-shore operations of the Vlora Thermal Electric Power Plant (TPP), including equipment and containment structures, were in place. The offshore oil spill response plan (including the procurement of offshore oil spill containment equipment) was not yet in place, and the Bank agreed to oversee completion of these crucial items in advance of commercial operation. Sound planning is necessary to ensure protection of offshore waters and the Narta lagoon.

9. Good progress has been made on the above, and the task is almost fully complete. The draft final Oil Spill Contingency Plan focusing on offshore concerns was prepared by OSRP Limited in November 2009. KESH established an inter-ministerial Task Force, which oversaw preparation of an Action Plan for implementation of the oil spill prevention and response

measures, as entities beyond KESH have roles to play. KESH has implemented organizational elements (such as establishing chains of command and communication) as well as physical elements (especially the acquisition of offshore containment equipment). Procurement of the latter – including protective booms, absorbents and portable skimmers – is now complete and the equipment was delivered in late May 2010, with the Plan now considered adopted. Final training of staff by international experts on this set of equipment is currently planned for mid to late July 2010.

10. KESH/Vlora TPP has hired two vessels from local companies as part of prevention and response: one for normal operational assistance during fuel unloading operations, and a second with the ability to deploy the offshore containment equipment in the case of an unexpected release. KESH also now has arrangements in place with the Coast Guard for any more catastrophic accident given its capacity to respond to larger emergencies. Management will continue to oversee the full implementation of oil spill response planning and management measures until Project closure.

#### *Monitoring emissions from plant operations*

11. Emissions to the atmosphere from the Vlora TPP are anticipated to be well below applicable European Union and Albanian standards, and Management agreed to report on progress by KESH with regards to emissions monitoring and corresponding disclosure to the public. A Continuous Emission Monitoring System (CEMS) has been installed to sample stack gases; the principal means for acquiring core data to ensure compliance. As noted earlier, the plant is not operational at this time. Once the plant commences routine operations, emissions information on both air and water quality will be collected and analyzed to spot any deviations in emissions that could negatively impact ambient air quality and marine waters. Emissions data will be made available routinely to the public on the KESH website. As agreed to by KESH, the “Eco Watch” civil society organization will pay special attention to any potential risk by the Vlora TPP on the ambient environment of Vlora.<sup>3</sup> One party to Eco Watch is the Regional Council of Vlora, which has agreed to also inform the public on local television on plant activity and environmental performance and management. The most recent meeting of the Eco Watch group (including KESH and the Vlora TPP) was held in Vlora on March 16, 2010. Furthermore, the Vlora TPP now has a full time staff engineer on site devoted to environmental management, compliance and education.

#### *Continuing management of cultural property after Project appraisal*

12. At the time of the Board discussion, the vast majority of excavation and civil works at the Vlora TPP site had been completed. No chance finds of archaeological or cultural nature relative to OPN 11.03<sup>4</sup> had been encountered to that point, nor had roads, pipelines or transmission lines been located in such a way as to negatively impact known archaeological sites which are located at a distance from the Vlora TPP. The Bank agreed to continue to supervise the Project for any “chance finds” of cultural property assets through Project closing. Management can report that no such chance finds have been found in the intervening time. As the balance of civil works

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<sup>3</sup> It includes local NGOs, the Regional Council of Vlora, the Vlora Chamber of Commerce and University of Vlora.

<sup>4</sup> OPN 11.03 was in force through Project preparation (rather than the current OP 4.11) and thus was the applicable policy on this topic.



remaining is largely offsite, comprising rehabilitation of recently disturbed beach areas, no further finds are anticipated.

*Bolstering utility company engagement with the public*

13. Management agreed that broader consultations with affected stakeholders in the Vlora area following the conclusion of the formal Environmental Impact Assessment (EIA) process would have been helpful to flag and respond to local opposition, and agreed to urge KESH to increase its engagement with the public in the future. Management notes several positive actions in this regard: (i) the tasking of the Eco Watch civil society organization to interface with the public on environmental monitoring questions; (ii) the establishment of an Energy Education Center at the Vlora TPP for public awareness-raising; and (iii) the signing of a collaboration agreement between the Vlora TPP and the Regional Education Directorate of Vlora.

14. The Bank recommended that KESH create a citizens advisory board to provide a vehicle for public response to its operations. KESH's agreement to join Eco Watch is tantamount to forming such a board, and perhaps even more desirable since the organization is independent of KESH. While KESH does not have a full-time outreach specialist at the Vlora TPP, the local manager and the environmental specialist seem to be filling an equivalent function. The Bank's third recommendation – to develop outreach programs such as visits by university students and school children – has been fully satisfied. KESH set aside substantial space for the purpose of receiving visits from local students and has entered into an agreement with the local school district to provide instructional visits to the plant for students. A demonstration photovoltaic array is at the Vlora TPP, and a textbook on energy for students is ready to be printed. Photographs of the Center are included as Annex B. KESH will pay for transport between schools and the plant. It has also held discussions with the University of Vlora and has agreed to provide short-term internships (and possible joint research opportunities) for engineering and environment students. The University of Vlora has around 8,000 students; of whom about 1,000 are in engineering or environmental departments, which could benefit from such interaction.

**Assistance to Albania on Environment**

*Improving compliance with international environmental obligations*

15. Albania is a party to the international Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters; the so-called "Aarhus Convention" administered by the United Nations Economic Commission for Europe (UNECE). Certain deficiencies in Albania's compliance with the Aarhus Convention, and possible implications for the Bank-financed Project, were noted by the Inspection Panel and Management in their respective reports. Management agreed as an action item to continue to support Albania with an Institutional Development Fund (IDF) capacity-building grant called *Strengthening Aarhus Convention Implementation for Albania*.

16. The latter project became effective in December 2009 and is coordinated by a Tirana-based Bank communications specialist supported by an international consultant with considerable experience on infrastructure, consultations, and social development issues. There were some delays in the start of the project but it was formally launched at a press conference

held on March 17, 2010. The Deputy Minister of Environment, Water Resources and Forests opened the session, after which there were discussions in which a number of prominent nongovernmental organization (NGO) activists participated. The Ministry of Environment, Water Resources and Forests (MOE) has appointed a project coordinator who is also the chief environmental licensing officer, which will prevent any internal roadblocks to accessing critical information. The MOE has established three Aarhus Centers in Albania covering the North, Central and Southern regions of the country, respectively in Shkodra, Tirana and Vlore. The project will begin with a needs assessment for strengthening compliance with the Aarhus Convention. The Bank provided suggestions for the terms of reference for this task as well as advice on procurement and other management matters. The Bank also prepared a short, practical primer on consultation methods, which will be translated into Albanian and used in connection with training. Technical support for this project by Bank staff continues through the end of the grant period (December 17, 2012).

## **Improving Bank Operational Performance**

### *Strengthening social assessment in the ECA region*

17. In its Action Plans in response to Board discussions following Inspection Panel reviews of both the Albania Power Sector and Albania Integrated Coastal Zone Management Projects, Management committed to improving the application of social assessments in projects during preparation and implementation.<sup>5</sup> Since October 2009, the ECA social development team has been augmented by three new positions (two junior staff in the field, and one lead staff at headquarters), bringing the total team complement to 21 staff. Country social scientists have also been appointed to help with the identification and inclusion of social aspects at the macro/country level. An additional lead social scientist now assists the ECA safeguards team regarding due diligence on social safeguards. It is also noteworthy that both lead social specialists recently arrived in ECA from other Bank regions, bringing solid and diverse experience on social safeguards and broader social development issues.

18. A key part of Management's commitment on this topic is staff training. A new training program was launched in May 2010 for Task Team Leaders and the Regional Management Team on social safeguards and sustainability. This training focuses on the application of safeguards and use of effective consultation as key factors in successful and sustainable projects. It is intended to improve the efficiency and effectiveness of task team work going forward in the wider context of social impacts and risks. The Region's social development specialists have helped ensure a broad-based improvement in the utility and depth of social analysis to be used in new operations as a routine part of social due diligence.

### *Improving staff awareness of borrower country international obligations*

19. As noted earlier, the Bank is following through on its commitment to help Albania improve its compliance with the Aarhus Convention. Management also recognized that staff would need training on how Bank-supported environmental assessment (EA) work intersects with borrower country international obligations. This is not an easy task, as practical guidance

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<sup>5</sup> See, for example, Progress Report No. 2 on the ICZM project (Report No. 53004-AL) dated February 26, 2010.

for international financial institutions is lacking from the UNECE, which administers key Conventions. This matter applies not only to Albania but to the majority of countries in ECA where such Conventions apply. While Aarhus is of prime concern, it is also anticipated that the UNECE-administered “Espoo Convention” on Environmental Impact in a Transboundary Context could also arise in connection with some Bank-financed projects in ECA. Management committed to develop and deliver a training module for Bank staff. The Bank has made good progress; with a session delivered to ECA field staff on May 4, 2010 and draft guidance planned for the end of this fiscal year. Additional sessions will be held, and revised guidance provided to staff in fiscal year 2011.

*Avoiding conflict of interest on Environmental Impact Assessment of Category A projects*

20. An element of the discussion between the Inspection Panel and Management concerned the approach used in the Project’s Category A EIA to ensure independence and quality. It was reiterated in the Board discussion that a separation of consulting firms carrying out EA from those firms carrying out design/feasibility/engineering on Category A projects is the desired norm for compliance with OP 4.01. Management agreed that should a similar “exceptional” situation arise as occurred in the Project, where an alternative form of quality assurance should be considered, a waiver of OP 4.01 will be sought from the Board. No Bank project has gone to the Board requesting such a waiver since October 22, 2009.

*Improving external communications and response by the World Bank office in Tirana*

21. Management recognizes that closer understanding of and response to local opposition to the Vlora TPP during preparation and implementation would have been helpful. As such, Management is implementing a new Communications Strategy in the World Bank Country Office in Tirana which provides proactive and time-bound responses to comments or complaints from communities, civil society and the private sector. The Country Office responds promptly to requests for information, and has increased supervision of government-led consultation processes during project preparation and implementation. The Country Office is preparing to launch a pilot exercise in 2010-2011 under the Governance Partnership Facility to involve civil society partners in monitoring (with the Bank) implementation of Bank-supported projects as a way to increase transparency and public awareness. As noted earlier, an IDF grant to strengthen Albania’s capacity to comply with the Aarhus Convention regarding access to information in decision making that relates to the environment, has begun implementation.

22. Finally, project task teams working in Albania have continued to make better use of external affairs specialist expertise in the management of project communications.

*Sharing safeguards lessons learned from this Inspection Panel case with staff*

23. While the above action items refer to specific topical matters arising from the Board discussion, the Bank committed to sharing lessons learned on this Inspection Panel case with staff as part of briefings, training course, and where appropriate, written guidance. A major briefing on this case was held in late January 2010 for over 200 persons in the Sustainable Development Department of the ECA Region. Discussions have been held with Albania Country Office staff and Task Teams working in Albania. The Second Progress Report on the Integrated

Coastal Zone Management (ICZM) case<sup>6</sup> outlines further ECA-wide training on safeguards that reflects lessons on both Inspection Panel cases in Albania. Broader ECA-specific and Bank-wide training planned for fiscal year 2011 (including E-learning and staff guidance), will reflect experiences from both Albania Inspection Panel cases.

#### **IV. CONCLUDING REMARKS**

24. Management believes that satisfactory progress has been made in implementing the Action Plan and a subsequent Progress Report is not necessary.

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<sup>6</sup> See earlier footnotes.

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

ISSUE	ACTION PLAN	PROGRESS (as of May 31, 2010)
Marine Environment – Oil Spill Response	<i>As the final offshore Oil Spill Response Plan is not yet fully in place, the Bank will oversee the completion of the Plan in advance of routine facility operation (estimated at present to be early November 2009), as required by the Credit Agreement.</i>	<p>Good progress has been made on the above, and the task is almost fully complete. The draft final Oil Spill Contingency Plan focusing on offshore concerns was prepared by OSRP Limited in November 2009. KESH also established an inter-ministerial Task Force which oversaw preparation of an Action Plan for implementation of the oil spill prevention and response measures, as entities beyond KESH have roles to play.</p> <p>KESH has implemented organizational elements (such as establishing chains of command and communication) as well as physical elements (especially the acquisition of offshore containment equipment). Procurement of the latter – including protective booms, absorbents and portable skimmers – is now complete and the equipment was delivered in late May 2010, with the Plan now considered adopted. Final training of staff by international experts on this set of equipment is currently planned for mid to late July 2010.</p> <p>KESH/Vlora TPP has hired two vessels from local companies as part of prevention and response: one for normal operational assistance during fuel unloading operations, and a second with the ability to deploy the offshore containment equipment in the case of an unexpected release. KESH now has arrangements in place with the Coast Guard for any more catastrophic accident given its capacity to respond to larger emergencies. Management will continue to oversee the full implementation of oil spill response planning and management measures until Project closure.</p>
Air and water quality	<i>Management will report on progress by KESH regarding regular monitoring of environmental parameters associated with Project operations, along with corresponding disclosure of monitoring data.</i>	<p>A CEMS has been installed to sample stack gases; the principal means for acquiring core data to ensure compliance. Once the plant commences routine operations (i.e., by early to mid 2011), emissions information on both air and water quality will be collected and analyzed to spot any deviations in emissions that could negatively impact ambient air quality and marine waters. Emissions data will be made available routinely to the public on the KESH website. As agreed to by KESH, the “Eco Watch” civil society organization will pay special attention to any potential risk by the Vlora TPP on the ambient environment of Vlora. One party to Eco Watch is the Regional Council of Vlora, which has agreed to also inform the public on local television on plant activity and environmental performance and management. The Vlora TPP now has a full time staff engineer on site devoted to environmental management, compliance and education.</p>
Social Analysis	<i>Management will urge KESH to increase engagement with</i>	Management notes several positive actions on this topic: (i) the tasking of the Eco

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

ISSUE	ACTION PLAN	PROGRESS (as of May 31, 2010)
	<p><i>the residents of Vlora. Activities could include: (i) establishment of a citizens advisory board; (ii) hiring of a full time outreach specialist; (iii) development of outreach programs such as visits to the plant by university students and school children. A draft engagement plan is expected by October 30, 2009, with a final plan expected by December 30, 2009.</i></p> <p><i>Management is committed to strengthening the assessment of social and cultural aspects of investments through application of the EA policy as well as related social and operational policies. Going forward, Management will seek to ensure that: (i) salient social impacts are identified early in the Bank's due diligence; (ii) negative impacts are managed and social opportunities are developed; and (iii) the Bank supervises these aspects throughout the project cycle. To this end, Management is clarifying the division of labor and responsibilities of social and environmental technical staff with respect to due diligence and supervision. This is expected to be completed by March 2010. With respect to consultation and disclosure, social specialists will be tasked to ensure that the quality, scope and frequency of public consultation are adequate and that they are well documented. Social development staff will receive regular training in this regard starting in the next two months.</i></p>	<p>Watch civil society organization to interface with the public on environmental monitoring questions, (ii) the establishment of an Energy Education Center at the Vlora TPP for public awareness-raising, and (iii) the signing of a collaboration agreement between the Vlora TPP and the Regional Education Directorate of Vlora.</p> <p>The ECA social development team has been augmented by three new positions and Country social scientists have also been appointed to help with the identification and inclusion of social aspects at the macro / country level. An additional lead social scientist now assists the ECA safeguards unit regarding due diligence on social safeguards. It is also noteworthy that both lead social specialists recently arrived in ECA from other Bank regions, bringing solid and diverse experience on social safeguards and broader social development issues. A new training program was launched in May 2010 for Task Team Leaders and the Regional Management Team on social safeguards and sustainability. This training focuses on the application of safeguards and use of effective consultation as key factors in successful and sustainable projects. It is intended to improve the efficiency and effectiveness of task team work going forward in the wider context of social impacts and risks. The Region's social development specialists have helped ensure a broad-based improvement in the utility and depth of social analysis to be used in new operations as a routine part of social due diligence.</p>
<p>International Environmental Obligations under OP 4.01</p>	<p><i>The Bank will continue to support the Government of Albania on the IDF-supported Strengthening Aarhus Convention Implementation capacity building project, which will extend through fiscal year 2011.</i></p> <p><i>The Bank will develop and deliver in spring 2010 a training module for Bank staff on assisting partner governments in meeting their international treaty obligations, including practical implementation (with</i></p>	<p>The IDF project became effective in December 2009 and is coordinated by a Tirana-based Bank communications specialist supported by an international consultant with considerable experience on infrastructure, consultations, and social development issues. It was formally launched on March 17, 2010 at a press conference in which a number of prominent NGO activists participated. The MOE has appointed a project coordinator who is also the chief environmental licensing officer, which will prevent any internal roadblocks to accessing critical information. The MOE has established three Aarhus Centers in Albania covering the North, Central and Southern regions of the country, respectively in Shkodra, Tirana and Vlora. A needs assessment will be the</p>

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

ISSUE	ACTION PLAN	PROGRESS (as of May 31, 2010)
	<p><i>written guidance) of two UNECE Conventions (Aarhus and Espoo).</i></p>	<p>first step in the project. The Bank also prepared a short, practical primer on consultation methods which will be translated into Albanian and used in connection with training. Technical support for this project by Bank staff continues through the end of the grant period (December 17, 2012).</p> <p>The Bank has prepared the training module and delivered the first session for ECA field staff on May 4, 2010. Draft guidance is planned for the end of this fiscal year. Additional sessions will be held, and revised guidance provided to staff in fiscal year 2011.</p>
<p>Cultural Property</p>	<p><i>The Bank will continue to supervise the Project for any chance finds of cultural property assets through Project closing.</i></p>	<p>No chance finds have been encountered in the intervening time.</p>
<p>Implementation of Public Consultations throughout Project Implementation</p>	<p><i>Management notes that improvement in the assessment of social impacts of projects is an Action Item for the ECA Region following the Board review of the Inspection Panel Report for the Albania ICZM Project. Management will ensure that institutional strengthening in this regard will also apply to major infrastructure and energy projects to enhance their quality and sustainability (action ongoing).</i></p> <p><i>Beginning in October 2009, Management will implement a newly revised Communications Strategy in the World Bank Office in Tirana, Albania. The new strategy includes inter alia: (i) a system for proactive and time-bound responses to complaints from communities, civil society and the private sector; (ii) increased supervision of government-led consultation processes during project preparation and implementation; and (iii) annual briefings to the relevant Parliamentary committees on project implementation and policy reform issues.</i></p>	<p>In regard to improvement in assessment of social impacts, see item on Social Analysis, above.</p> <p>Regarding communications, the Country Office responds promptly to requests for information, and has increased supervision of government-led consultation processes during project preparation and implementation. The Country Office is preparing to launch a pilot exercise in 2010-2011 under the Governance Partnership Facility to involve civil society partners in monitoring (with the Bank) implementation of Bank-supported projects as a way to increase transparency and public awareness. As noted earlier, an IDF grant to strengthen Albania’s capacity to comply with the Aarhus Convention regarding access to information in decision making that relates to the environment, has begun implementation. Finally, project task teams working in Albania have continued to make better use of external affairs specialist expertise in the management of project communications.</p>

## Annex B Energy and Environmental Training Center Vlora Thermal Power Plant (March 2010)

