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August 2, 2006

Mr. Jeremy Wates

Secretary

Convention on Access to Information, Public Participation in Decision-making and Access to
Justice in Environmental Matters

Environment, Housing and Land Management Division

Bureau 332, Palais des Nations

CH-1211 Geneva 10

Switzerland

*Re: Your Letter of July 27, 2006 regarding Communication to the Aarhus Convention
Compliance Committee concerning a proposed industrial park in Vlora*

Dear Mr. Wates:

We refer to your letter of July 27, 2006 with which you have informed us of the receipt on April 27, 2005 of a communication from an Albanian non-governmental organization regarding access to information and public participation in decision-making on a proposed industrial park and the power station in Vlora, and have asked us to provide any relevant information that would facilitate the process under the Convention's compliance review mechanism.

We note that the Government has already provided the information requested from it in its detailed response sent on June 13, 2006.

We have also noted that the summary of the case in the datasheet (updated June 14, 2006) at www.unece.org/env/pp/compliance/C2005-12/DatasheetC-2005-12v13.06.06.doc states that:

"The communicant alleges that Albanian authorities violated requirements of the Convention to properly and timely notify and consult the public concerned in a decision-making on planning of an industrial park comprising of, inter alia, oil and gas pipelines, installations for the storage of petroleum, three thermal power plants, and a refinery, in the protected area near the lagoon of Narta in Albania. The communicant also maintains the Party failed to make appropriate provisions for public participation in accordance with Art. 7 of the Convention."

First, we would like to clarify that the World Bank is not now, nor has it ever been, involved in the development of a proposed industrial park in Vlora. In fact, the Bank has consistently advised the Authorities that the development of any facility to be located in such a park should be subject to an appropriate environmental assessment. We also note that, in its response to your organization, consistent with the above advice, the Government has stated that "there was no precise idea on what was going to be included within the

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boundaries of the industrial park" and that *"separate EIA were to be presented for each particular installation or facility that will be included within the boundaries of the industrial park"*. We understand that there have also been recent reports in the local press that the industrial park will be shifted to a site much further north.

Regarding the reference in your letter to the power station in Vlore, we wish to inform you that:

- The World Bank, together with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), have agreed to finance the establishment of a thermal power plant at Vlore (85 to 135 MW). Albania is critically short of domestic generation capacity and has to rely heavily on expensive electricity imports. Transmission and financial constraints result in extensive loadshedding. Regional electricity shortages are also emerging and these will be accentuated during dry hydrological cycles. Thus electricity imports will become more expensive and possibly even scarce. Without enhancing domestic generation capacity, Albania's dependence on imports will continue to increase as demand grows and this is likely to lead to recurrent electricity crises in Albania, with significant adverse impacts on both its macroeconomic performance and its poverty alleviation efforts. Given Albania's existing over-dependence on hydropower, addition of domestic thermal generation capacity is a priority requirement.
- The selection of the location of the power plant was based on a comprehensive and rigorous approach. First, consultants financed by the United States Trade and Development Agency carried out a detailed siting study for the power plant, evaluating a number of sites within Albania, both on the coast and inland. The sites were ranked on the basis of a number of factors, and environmental issues were a major consideration. This siting study determined that the Vlore site was the best location. From a technical point of view, it has the significant advantage of providing a sizeable generation source in the South (the major hydropower stations are all in the North). From an environmental point of view, any inland site would have to deal with significant environmental issues linked to an oil pipeline from the coast for delivery of imported oil fuel to the plant. The selected site has been used for many years as an oil terminal and is outside the protected area around the Narta lagoon. The siting study was followed by a feasibility study and the preparation of a full Environmental Assessment (EA) and Environmental Management Plan (EMP), with financing again from the United States Trade and Development Association.
- Several scoping (local consultation) sessions were held in Vlore as part of the EA and these were well attended. A meeting was held in Vlore on October 31, 2002 to introduce the project to the public and begin the public consultation process. A second meeting was held in Vlore on April 2, 2003 to receive public input on the scope of the assessment. Over 100 persons attended the second meeting, representing various Government agencies, universities, nongovernmental organizations and the general public. The meetings were covered by Albanian television stations. A public consultation meeting was held on September 3, 2003 in Vlore to discuss the draft EA. It was attended by representatives of national and local Government agencies, businesses, nongovernmental agencies and the general public. Details of the scoping

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sessions, including minutes of meetings, are available with the (Albanian) National Energy Agency.

- The EA was reviewed by independent Consultants financed by the Canadian International Development Agency. Safeguard experts from the World Bank, EBRD and EIB also reviewed the EA. Reviewers concurred that the environmental impact would be limited and endorsed the mitigation measures specified. The Government and the Albanian Power Corporation KESH have formally agreed to carry out the measures specified in the EMP. The site and the EA were also approved at various levels of the Government (Vlore Municipality, Ministry of Environment, Council for Territorial Adjustment, etc.). The EA was disclosed in Albania and in the World Bank's Infoshop in October 2003. The entire process has been carried out in accordance with Albanian Laws and in compliance with applicable EU and World Bank guidelines.

It is also to be noted that, in response to your query as to whether "the thermal generation facility is an integral component of the industrial park project", the Government has stated that:

"The thermal generation facility is not an integral component of the industrial park project and there is no functional connection between the thermal generation facility and other structures or installations foreseen in the industrial park. Furthermore the procedures for the approval of the construction site of the thermal generation facility and all the other procedures concerning this project started much earlier than the procedures for the industrial park project."

Regarding the query about the Bank's Inspection Panel, we wish to inform you that, to our knowledge, no complaint has been registered with the Inspection Panel on the Vlore project.

We trust that the above information will facilitate the process under the Convention's compliance review mechanism, and remain available to provide any additional information or clarification that may be required.

Sincerely,



Nadir Mohammed
Country Manger, World Bank Office, Tirana

Cc: Permanent Mission of the Republic of Albania to the United Nations and other International Organizations in Geneva
Mr. Romeo Zegali, National Focal Point for the Aarhus Convention, Ministry of Environment, Forests and Water Administration of Albania
Ms. Edith Brown Weiss, the World Bank Inspection Panel

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Mr. Genc Ruli, Minister of Economy, Trade and Energy
Mr. Andi Beli, General Director, KESH
Mr. Alexander Mita, Civil Society Development Center of Vlora, on behalf of the
Alliance for the Protection of the Gulf of Vlora
Mr. Anthony Marsh, Director, Power and Energy Utilities, EBRD
Mr. Romualdo Massa Bernucci, Head of Division, Lending Department, EIB
Ms. Elizabeth Smith, Senior Environmental Advisor, EBRD
Mr. Biagio Bossone, Executive Director, World Bank