

# THE INSPECTION PANEL



## ANNUAL REPORT

July 1, 2006, to June 30, 2007



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# ABBREVIATIONS AND ACRONYMS

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ACUACAR	Aguas de Cartagena, S.A. E.S.P.
APRAP	Assessment of Past Resettlement Activities and Action Plan
BEL	Bujagali Energy Ltd.
CAPBV	Civic Alliance for the Protection of the Bay of Vlora
CDAP	Community Development Action Plans
DNV	National Road Directorate
DRC	Democratic Republic of Congo
DSP	Dam Safety Panel
EA	Environmental Assessment
EESRSP	Emergency Economic and Social Reunification Support Project
EIA	Environmental Impact Assessment
ELPS	Escravos-Lagos Pipeline System
ESMP	Environmental and Social Management Plan
FCMCPP	Forest Concession Management and Control Pilot Project
FoE-Ghana	Friends of the Earth-Ghana
GEF	Global Environmental Facility
GPs	Gram Panchayats
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labour Organization
IPDP	Indigenous Peoples Development Plan
KPOD	Kadhan Pateji Outfall Drain
LBOD	Left Bank Outfall Drain
MIGA	Multilateral Investment Guarantee Agency
MMRDA	Mumbai Metropolitan Regional Development Authority
NAPE	National Association of Professional Environmentalists
NDP	National Drainage Program
NGO	nongovernmental organization
NRM	Natural Resources Management
NSDS	National Surface Drainage System
OFRANEH	Organización Fraternal Negra Honduras
PAD	Project Appraisal Document
PAPs	Project-Affected People
PIC	Project Information Center
PATH	Programa de Administración de Tierras de Honduras
PIU	Project Implementation Unit
PPA	Power Purchase Agreement

PSF	Province of Santa Fe
RAP	Resettlement Action Plan
ROW	Right of Way
TSERO	Transitional Support for Economic Recovery Credit Operation
USOA	United Shop Owners Association

## LETTER OF TRANSMITTAL

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The Annual Report of the Inspection Panel for the period July 1, 2006, to June 30, 2007, has been prepared for the International Bank for Reconstruction and Development and the International Development Association in accordance with the 1993 Resolution establishing the Panel. It is being circulated to the President and to the Executive Directors of these institutions.

The Panel wishes to thank the Executive Directors for their steadfast support for the Panel. The Panel also thanks Mr. Paul Wolfowitz, the President of the World Bank Group, and Senior Management for their continued support of the Panel as an essential element in ensuring accountability and transparency by the World Bank. The Panel is also grateful for the continued support of civil society and for their efforts in promoting accountability and transparency.

Edith Brown Weiss  
*Chairperson*  
*June 30, 2007*



The Inspection Panel consists of three members who are appointed by the Board for non-renewable periods of five years. As provided for in the Resolution that established the Panel, members are selected on the basis of their ability to deal thoroughly and fairly with the Requests brought to them, their integrity, their independence from Bank Management, and their exposure to developmental issues and to living conditions in developing countries. A Panel member is disqualified from participating in the investigation of any Request related to a matter in which he or she has a personal interest or had significant involvement in any capacity. Panel members may be removed from office for cause, only by decision of the Executive Directors.

The Panel's structure and operations further safeguard its independence. It is functionally independent of Bank Management, and reports solely to the Board. In addition, Panel members are prohibited from ever working for the Bank after their term ends.

**Current Members.** The members of the Panel are Edith Brown Weiss (member since September 2002), Tongroj Onchan (member since September 2003), and Werner Kiene (member since November 2004). Panel members are required to select their chairperson annually. The present chairperson is Ms. Edith Brown Weiss. The chairperson of the Panel works full time, while the two other Panel members work on a part-time basis as the need arises.

**Former Members.** Richard Bissell (1994–97), Alvaro Umaña (1994–98), Ernst-Günther Bröder (1994–99), Jim MacNeill (1997–02), Edward Ayensu (1998–03), and Maartje van Putten (1999–04).

**Secretariat.** The Panel has a permanent Secretariat, headed by Executive Secretary Peter L. Lallas, replacing Eduardo Abbott who retired in December 2006. The office also consists of Deputy Executive Secretary Dilek Barlas, who assumed her position in April 2007; Assistant Executive Secretary Anna S. Herken; Operations Officers Serge Selwan and Tatiana Tassoni; Senior Executive Assistant Francine Coscolluela; and Program Assistant Luis Schunk. The Secretariat provides administrative and operational support to the Chairperson and Panel members, and assists the Panel in the processing of Requests, in conducting investigations, as well as in responding to queries from potential Requesters. The Secretariat also organizes and participates in outreach activities, seminars, and other events; disseminates information about the Panel and its activities; and provides general research and logistical support to the members of the Panel.



## MESSAGE FROM THE PANEL

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The Inspection Panel, established in 1993, hears the voices of the poor communities affected by World Bank–financed projects or programs. The Panel provides a forum to which affected people can complain if they believe they have suffered or may suffer harm, because the World Bank has not followed its policies and procedures. It functions as a fact-finding body. Although the Panel is part of the World Bank, it is independent from Management and reports directly to the Board of Executive Directors.

In fiscal year 2007, the Global Accountability Report of One World Trust, which has links to the United Kingdom’s Parliament, ranked the World Bank with its Inspection Panel the highest among the 30 organizations studied for accountability policies on the dimension of complaint and response mechanisms. The multiyear study looked at international intergovernmental organizations, multinational corporations, and international nongovernmental organizations (NGOs). The Report specifically cites the Inspection Panel as “Good Practice.”

Once again, this fiscal year has been the busiest since the Inspection Panel was established in 1993. During the past year, the Panel registered six new Requests for Inspection, completed two investigations, and has been conducting three other investigations, one of which is nearly complete.

### **NEW REQUESTS AND ELIGIBILITY REPORTS**

The six new Requests for Inspection concerned the Brazil Paraná Biodiversity Project; the proposed Santa Fe Road Infrastructure Project in Argentina (two Requests); the Private Power General Project in Uganda; the Uttaranchal Decentralized Watershed Development Project in India; and the Albania Power Sector Generation and Restructuring Project. The Panel submitted Eligibility Reports to the Board of Executive Directors on the first five of these, and the Board approved the Panel’s recommendations on a nonobjection basis. The Panel’s report on the last project in Albania was in process at the end of the fiscal year. In addition, the Panel submitted its Final Eligibility Report concerning the Request from Nigeria relating to the West African Gas Pipeline Project and its Final Eligibility Report concerning the Romania Mine Closure and Social Mitigation Project. All Reports are publicly available on the Panel’s Web site.

The Panel recommendations in its eligibility reports were as follows, in chronological order:

- Romania: Mine Closure and Social Mitigation Project—In its Final Eligibility Report, the Panel informed the Board of Executive Directors that the Requesters sent a letter indicating that they were satisfied with the Bank’s response to their complaint and did not wish to pursue an investigation.
- Argentina: Santa Fe Road Infrastructure Project—The Panel found that the Requesters had not tried to resolve the issues with Bank Management before coming to the Panel and refrained from making a recommendation regarding an investigation at this time.
- West African Gas Pipeline Project (Request from Nigeria)—The Panel recommended an investigation in its Final Eligibility Report. It had deferred making a recommendation in the previous fiscal year. The Board of Executive Directors approved the Panel’s recommendation.
- Brazil: Paraná Biodiversity Project—The Panel declined to recommend an investigation because Management had taken sufficient steps after the complaint was filed to ensure compliance with its policies and procedures.
- Uganda: Private Power Generation Project—The Panel recommended an investigation, which the Board of Executive Directors approved.
- India: Uttaranchal Decentralized Watershed Development Project—The Panel declined to make a recommendation at this time because the Requesters had not adequately tried to resolve the issues with Bank Management before coming to the Panel and the Bank Country Director was engaged with the Requesters in addressing their concerns.

## INVESTIGATIONS

During the past year, the Panel has been engaged in the following five investigations:

- Pakistan: National Drainage Program Project (Sindh province)
- Honduras: Land Administration Project
- Democratic Republic of Congo: forestry component in the Transitional Support for Economic Recovery Credit Operation and the Emergency Economic and Social Reunification Support Project
- West African Gas Pipeline Project (Request from Nigeria)
- Uganda: Private Power Generation Project

Of these five investigations, the Panel completed two this year: that in Sindh province in Pakistan, and that in Honduras. The Panel’s Investigation Report on the forest components in Congo DRC will be delivered to the Board early in the new fiscal year. The status of the completed reports follows.

In the Panel’s Report on the National Drainage Program Project in southern Sindh, which carried forward the earlier Left Bank Outfall Drain Project, the Panel found, for example, that the Bank had not adequately considered the risk to people living at the end



of the drainage system or to the coastal environment, and it highlighted the need to take a holistic view of water and drainage systems. In response to the Panel's findings in its Investigation Report, the Bank developed an Action Plan of immediate and short-term actions, medium-term actions, and long-term outcomes. At the Board meeting, the Board requested that Management provide a progress report within 12 months. As is customary, the Panel returned to Pakistan to convey the results of the Panel's investigation to the Requesters, concerned officials, and other interested parties. The Panel's report has been translated and made available in Sindhi and Urdu.

The Panel's Investigation Report for the Land Administration Project in Honduras is before the Board of Executive Directors. The Report concerns a Request from Garífuna people regarding the Project's impact on collective land titles. After the Board receives Management's Response and Action Plan, it will schedule a meeting to consider the Panel's Report and Management's Response and Action Plan.

During fiscal year 2007, the Panel also reviewed, at the Board's request, Management's Progress report on its Action Plan in response to the Panel's Investigation Report on the Mumbai Urban Transport Project. The Request to the Panel addressed the road and resettlement components of the Project. The Panel's Report and Management's Progress Report are available on the Panel's Web site.

## **OUTREACH ACTIVITIES**

The Panel has continued its outreach efforts to civil society and to communities affected by World Bank-financed projects. In May 2007, the Panel organized a seminar at the CIVICUS World Assembly meeting of NGOs in Glasgow, Scotland, and set up a booth to distribute its publications and answer questions. The Panel also held regular meetings with civil society in various locations, and Panel members and Secretariat staff spoke at universities in Africa, Europe, and North America about accountability and the Inspection Panel. The Panel has continued to update its Web site, to facilitate inquiries in multiple languages, and to make the site easier to use. The Panel's brochures, which provide a succinct introduction to the Panel, have been published in 12 languages and distributed broadly.

In May 2007, the European Bank for Reconstruction and Development hosted in London the fourth annual informal meeting of the accountability and recourse bodies at international financial and related institutions. The Inspection Panel hosted the inaugural meeting of this group at the World Bank in May 2004; the Asian Development Bank hosted the second meeting in Manila, Philippines; and the North American Commission on Environment and Development hosted the third meeting in 2006. At the London meeting, principals from all of the bodies at international financial institutions participated, including the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the European Investment Bank, and the International Finance Corporation. Principals from national export agencies having similar mechanisms in Canada, Japan, and the United States also joined in the meeting.

## APPRECIATION

The Panel is grateful for the strong support of the Board during this past year. Since 1999, the Board has approved all of the Panel recommendations regarding the eligibility of a Request for Inspection for an investigation. The Board has consistently supported the Panel in its investigations and follow-up activities.

The Panel also appreciates the cooperation it has received from Management and staff during Panel eligibility reports and Panel investigations. The country offices deserve special thanks for facilitating Panel field visits.

In all of the Panel activities, the staff members of the Panel's small Secretariat have played a critical role. We are grateful for their superb skills, excellent support, and outstanding dedication to the Panel's activities, including field visits. The Panel particularly appreciates the fine team work among Panel members, Panel experts, and Secretariat staff in the various investigations this last year.

We express special appreciation to Eduardo Abbott, the Executive Secretary of the Inspection Panel from its inception through December 31, 2006, for his important and formative contributions to the Panel, his insights, and his dedication to the Panel's work.

The Panel is especially grateful to members of civil society for their support of the Panel, for the information that they provide to the Panel, and for the concerns that they bring to the Panel. We continue to express our deep appreciation to the people affected by World Bank-financed projects who entrust the Panel with their complaints. We hope that our work will contribute to ensuring sustainable and equitable development, an important goal of the World Bank.

Edith Brown Weiss, Chairperson

Tongroj Onchan

Werner Kiene

*June 30, 2007*

# THE INSPECTION PANEL

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The World Bank created the Inspection Panel in 1993, on the eve of its 50th anniversary, to serve as an independent mechanism to ensure accountability in Bank operations with respect to its policies and procedures.<sup>1</sup> It was an unprecedented act in the history of international financial institutions. Since its inception, the Panel has provided people affected by Bank-financed Projects with direct access to an international forum where their complaints can be addressed. After almost five years of the Panel's operation, in April 1999, the Board confirmed "the importance of the Panel's function, its independence and integrity."<sup>2</sup>

Subject to Board approval, the three-member Panel is empowered to investigate problems that are alleged to have arisen as a result of the Bank having failed to comply with its own operating policies and procedures. As directed by the Resolution that established the Panel, the Executive Directors reviewed the Panel's experience after two years of operations. The review was concluded on October 17, 1996, with the approval of certain Clarifications of the Resolution. In March 1998, the Board launched a second review of the Panel's operations, which ended in April 1999 with the approval of the second Clarifications of the Resolution (see annexes 3, 4, and 5, respectively, for the full texts of the Resolution and the 1996 and 1999 Clarifications).

## PANEL PROCESS

The Panel's process is straightforward. Any two or more individuals or groups of individuals who believe that they or their interests have been or are likely to be harmed by a Bank-financed Project can request that the Panel investigate their complaints. After the Panel receives a Request for Inspection, it is processed as follows:

- The Panel determines whether the Request is barred from Panel consideration.
- If not, the Panel registers the Request—an administrative procedure.

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<sup>1</sup> See Resolution No. IBRD 93-10; Resolution No. IDA 93-6, establishing "The World Bank Inspection Panel." The Panel's 1994 "Operating Procedures" provide detail to the Resolutions. For the purposes of the Inspection Panel, the World Bank comprises both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

<sup>2</sup> *Conclusions of the Board's Second Review of the Inspection Panel* (hereinafter "1999 Clarifications"), IBRD and IDA Board of Executive Directors, April 20, 1999, at paragraph 1.

- The Panel promptly notifies the members of the Board that a Request has been received and sends the Request to them and to Bank Management.
- Bank Management has 21 working days to respond to the allegations of the Requesters.
- Upon receipt of Management's Response, the Panel conducts a review in 21 working days to determine the eligibility of the Requesters and the Request for an Investigation.
- The Panel delivers its Eligibility Report and any recommendation on an Investigation to the Board for its approval on a no-objection basis.
- If the Panel does not recommend an investigation, the Board of Executive Directors may still instruct the Panel to conduct an investigation if warranted.
- After the Board's approval of the Panel's recommendation, the Requesters are notified.
- Shortly after the Board decides whether an investigation should be carried out, the Panel's Report (including the Request for Inspection and Management's Response) is publicly available at the Bank's InfoShop and the respective Bank Country Office, as well as on the Panel's Web site (<http://www.inspectionpanel.org>).
- If the Board approves the Panel's recommendation for an investigation,<sup>3</sup> the Panel undertakes an investigation. The investigation is not time bound.
- When the Panel completes an investigation, it sends its findings on the matters alleged in the Request for Inspection to the Board and to Bank Management for its response to the Panel findings.
- Bank Management then has six weeks to submit its recommendations to the Board on what, if any, actions the Bank intends to take in response to the Panel's findings.
- The Board then takes the final decision on what should be done based on the Panel's findings and Bank Management's recommendations.
- Shortly after the Board's decision, the Panel's Report and Management's Recommendation are publicly available through the Inspection Panel's Web site and Secretariat, the Bank's InfoShop, and the respective Country Office.
- The Panel's Report, Management's Response, and the press release concerning the Board's decision are posted on the Panel's Web site (<http://www.inspectionpanel.org>).

### *Who may submit a Request for Inspection?*

- Any two or more persons directly affected by a Bank-supported Project.
- Local representatives on behalf of directly affected persons with proper proof of authorization.

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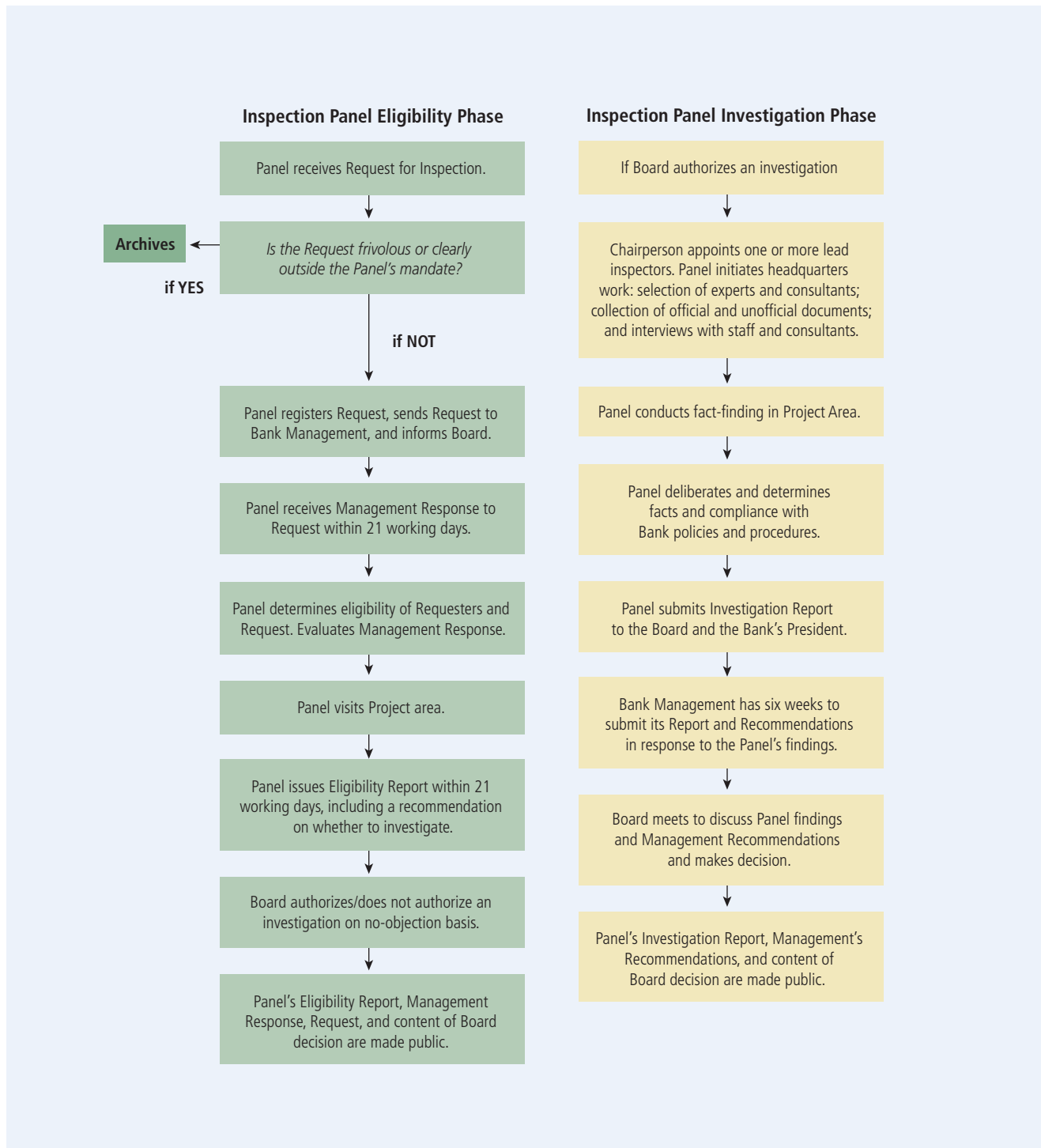
<sup>3</sup> See Conclusions of the Board's Second Review of the Inspection Panel, paragraph 9: "If the Panel so recommends, the Board will authorize an investigation without making judgment on the merits of the claimant's request..." See, 1999 Clarification, available at the Inspection Panel's homepage (<http://www.inspectionpanel.org>) and included in annex 5 of this report.

- Subject to Board approval, a non-local representative (in exceptional circumstances where local representation is not available) may file a claim on behalf of locally affected persons.
- An Executive Director.

*What are the criteria for recommending an Investigation?*

- The affected party consists of any two or more persons in the borrower's territory who have common interests or concerns.
- The Request asserts that a serious violation by the Bank of its operational policies and procedures has, or is likely to have, a material adverse effect on the Requester.
- The Request asserts that its subject matter has been brought to Management's attention and that, in the Requester's view, Management has failed to respond adequately in demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures.
- The matter is not related to procurement.
- The related loan has not been closed or more than 95 percent disbursed.
- The Panel has not previously made a recommendation on the subject matter or, if it has, the Request asserts that there is new evidence or circumstances not known at the time of the previous Request.

**FIGURE 1**  
**INSPECTION PANEL PROCESS**



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REQUESTS RECEIVED IN  
FISCAL YEAR 2007

## Paraná Biodiversity Project

(GEF TF 051007)

### BOX 1. PROJECT INFORMATION AT A GLANCE

Project Name:	Brazil: Paraná Biodiversity Project
Region:	Latin America and Caribbean
Sector:	Natural Resources Management
Environmental Category:	B
GEF Financing:	SDR 6.5 million, approximately US\$8 million (equivalent)
Board Approval Date:	May 21, 2002
Effective Date:	August 27, 2002
Closing Date:	January 31, 2009

### THE REQUEST

The Inspection Panel received a Request for Inspection (the “Request”), dated June 23, 2006, related to the Brazil: Paraná Biodiversity Project (PBP) (the “Project”) on July 10, 2006. The Request was submitted by a nongovernmental organization (NGO) based in the State of Paraná, Brazil, which asked that its name and the names of its members be kept confidential. The Panel registered the Request on July 11, 2006.

The Project is financed under the Global Environmental Facility (GEF Trust Fund 051007) and aims at supporting biodiversity conservation and sustainable natural resource management in the Biodiversity Corridors (the largest planning and administrative units in a targeted ecoregion) in the State of Paraná, Brazil, to protect two highly threatened ecoregions: the Araucária Forest in the State of Paraná and the Inland Atlantic Rainforest.

The Requesters originally supported the Project and its objectives, but later filed a complaint with the Panel because they claimed that, during Project implementation, the activities that were planned under the Project to prevent further destruction of the Araucária Forest were not being implemented, thus deviating from the original Project objectives. According to the Requesters, a review of the Project’s current activities against the performance indicators established during Project preparation would reveal these changes in Project implementation.

In the Requesters’ view, the Project was focusing on restoring degraded areas primarily by planting seedlings on properties no longer containing natural formations and representative biodiversity. This restoration work, they added, would not guarantee that these recovered areas will have significant biodiversity. Meanwhile, by deviating from its



original focus and misdirecting its implementation, the Project may miss the opportunity to reverse or minimize the serious loss of biodiversity rapidly occurring in these ecoregions. The Requesters claimed that these changes in the Project worsened the conditions of the Araucária Forest, thereby intensifying the destruction of its biodiversity.

The Requesters also argued that the Project should work directly with the owners of areas that are crucially important for the conservation of biodiversity. To do otherwise, they claimed, would lead the landowners to seek alternative uses for their properties, which in turn may result in the destruction of the lands and may not achieve the conservation objectives for the biome.

In their correspondence with the Bank, the claimants requested the World Bank to conduct a technical audit to assess the results of the Project with respect to its original objectives. They then submitted a Request to initiate the Panel process to ensure that the Project achieves its original objectives.

The Panel noted, in its Notice of Registration of the Request, that the Request's claims may constitute noncompliance by the Bank with various provisions of the following operational policies and procedures: OP/BP 4.01 (Environmental Assessment); OP/BP 4.04 (Natural Habitats); OP/BP 4.36 (Forests); and OP/BP 13.05 (Project Supervision).

## MANAGEMENT RESPONSE

Management submitted its Response to the Request on August 10, 2006. Management stated that the activities being implemented under the Project were consistent with the Project plan. It acknowledged that Project implementation started with some delays due to procurement issues, but claimed that at the time of the filing of the Request, implementation was reaching the target performance indicators described in the Project Appraisal Document. Management, however, stated that it commissioned a technical audit to evaluate the impacts of the Project on conservation of biodiversity in the Project's targeted ecoregions and the Project's institutional and management arrangements, as also proposed by the Requesters.

Management stated that Project implementation in the corridors created in the Atlantic forest was proceeding according to plan. No complaints were registered and the stakeholder feedback indicated satisfaction with progress toward the project objectives. The Araucária Forest, however, presented a different situation because its protected areas are limited and there is a high level of fragmentation of forest remnants. Thus, Management claimed that the Project worked with landowners, farmers in particular, within microcatchments (basic corridor planning units of roughly 3,000 hectares each comprising a drainage area and generally one or more water-courses in the area) and trained a high number of farmers in biodiversity issues. Management Response also claimed that the State of Paraná was identifying in the Araucária Forest small- and medium-sized properties to help the landowners establish privately owned protected areas under the federal legal framework.

In its Response, Management proposed "next steps" to address the Requesters' concerns, including the above-mentioned technical audit, intensive supervision, and assistance to the state for improving project implementation and for identifying mechanisms for biodiversity conservation in productive areas.



Araucária trees

### **(FIRST) PANEL'S ELIGIBILITY REPORT AND BOARD DECISION**

The Panel submitted its Eligibility Report to the Board of Executive Directors on September 11, 2006. To determine the eligibility of the Request and Requesters, the Panel visited Brazil from August 26 to September 2, 2006. During its visit, the Panel met with the Requesters; with federal government officials in Brasilia; with state and local government officials in Curitiba, Sao Jorge do Patrocinio, and other municipalities in the State of Paraná; and with Bank staff in the Bank office in Brasilia. The Panel also met with other experts and interested persons, including representatives of local NGOs in the State of Paraná, farmers, landowners, and other affected individuals.

The Panel found that the Requesters' concerns about Project implementation activities having shifted their original focus had merit. It noted that it is critical to preserve and protect the last mostly undisturbed remnants of a unique forest ecosystem and that other actions may be irrelevant if the remaining old-growth core is not protected. However, the Panel also noted Management's efforts to try to address the Requesters' concerns by proposing to conduct a technical audit of the Project. In addition, the Panel noted that officials of the state government of Paraná prepared a draft proposal calling for increased focus on actions to conserve the remaining remnants of Araucária forests, to re-

orient strategic directions and activities under the Project. The Panel observed that this draft proposal generated a constructive and potentially fruitful dialogue among government authorities, the Requesters, and Bank staff regarding possible steps to change the direction of Project implementation in a manner that addressed the issues and concerns raised by the Request.

The Panel therefore recommended deferring the decision as to whether to recommend an investigation until further time elapsed, to determine if the issues and concerns raised by the Request can be addressed by the dialogue among the Requesters, government authorities, the Bank, and other interested parties. The Panel expected to be able to make a determination in February 2007 as to whether an investigation was merited.

On October 3, 2006, the Board approved the Panel's recommendation to defer the decision on whether an investigation was warranted.

## FINAL ELIGIBILITY REPORT AND BOARD DECISION

On March 1, 2007, the Panel submitted to the Board its Final Report and Recommendation in which it determined the eligibility of the Request and whether the issues raised in the Request merited an investigation. For this purpose, the Panel visited Brazil a second time, from January 21 to 26, 2007. During this visit, the Panel met with the Requesters, Project officials, national and state government officials, Bank staff in Brasilia, NGOs, and members of civil society. The Panel also had the opportunity to visit areas that the Project Implementation Unit (PIU) deemed relevant to the Project.

The Panel noted that the submission of the Request for Inspection led Bank staff and state authorities to pay close attention to the issues raised in the Request for Inspection and, as a result, to agree on changes to the Project design and implementation and on new actions, to help ensure that the Project could meet its development objectives. The Panel noted that the proposed technical audit had been conducted and the Bank undertook two supervision missions to the Project area to discuss the conclusions and the recommendations of this audit. In addition, as a result of the audit's findings, the government prepared an Action Plan providing for, among other things, the development of additional mechanisms to finance biodiversity conservation. In light of this, the Project Grant Agreement was also amended on February 2, 2007.

The Panel observed that the Requesters did not consider the above-mentioned measures sufficient to attain the original objectives of the Grant. The Requesters also indicated that the activities being carried out under the Project were not harmful in themselves to biodiversity but argued that these actions may not enable the Project to achieve its original objectives.

While the Panel appreciated the continuing concerns of the Requesters, it noted the concrete steps and the amendment to the Grant Agreement taken to ensure that the Project complied with Bank policies and procedures and to further the objectives of the Grant related to the conservation of biodiversity. The Panel therefore did not recommend an investigation.

The Board concurred with the Panel's conclusion on March 14, 2007.

## Santa Fe Road Infrastructure Project

(IBRD LOAN NO. 7429-AR)

### BOX 2. PROJECT INFORMATION AT A GLANCE

Project Name:	Argentina: Santa Fe Road Infrastructure Project
Region:	Latin America and Caribbean
Sector:	Roads and Highways, General Public Administration
Environmental Category:	B
IBRD Loan Amount:	US\$126.7 million
Board Approval Date:	February 13, 2007
Expected Effective Date:	September 10, 2007
Closing Date:	June 30, 2012

### THE REQUESTS

The Inspection Panel received two Requests for Inspection raising issues about the Argentina: Santa Fe Road Infrastructure Project (“the Project”), which was still under preparation and not yet appraised at the time the Requests were filed (August and September 2006).

The Panel received the first Request (the “First Request”) on August 28, 2006. The Request was submitted by residents of the location known as Chateaux Blanc, district of San Agustín, Province of Santa

Fe (PSF) in Argentina. They represented residents and users and owners of shops in Chateaux Blanc. The Panel registered this first Request on September 11, 2007. On September 21, 2006, the Panel received a second Request for Inspection (the “Second Request”), dated September 21, 2006, related to the above-mentioned Project. This Request was submitted by residents of San Jerónimo del Sauce, on their own behalf and on behalf of other people living in San Jerónimo del Sauce, in the Department of Las Colonias, Province of Santa Fe, Argentina. The Panel registered the Second Request on September 27, 2006.

Because both Requests referred to the same Project and issues, the Panel decided to process the two Requests jointly for reasons of economy and efficiency.

The Project, financing for which was approved by the Bank’s Board of Executive Directors on February 13, 2007,<sup>4</sup> aims at improving transport conditions along a strategic

<sup>4</sup> February 13, 2007, refers to the IBRD Executive Director’s approval of financing for the Project. The loan agreement between the Bank and the Province of Santa Fe was signed on June 12, 2007. To date, this agreement is not yet effective.

road corridor in the PSF by upgrading 130 kilometers of National Road No. 19 between the cities of Santo Tome in PSF and San Francisco in the province of Cordoba. The National Road Directorate (DNV) will fund the upgrading of five additional kilometers. Under the Project's Component 1, Road 19 will be widened from the existing two lanes to four lanes (motorway or *autovía*)—two lanes in each direction. These works are planned to be the first stage of a program aimed at eventually converting Road 19 into a limited-access high speed freeway (*autopista*).

The First Requesters stated that they are likely to suffer damages and be prejudiced as a consequence of the deficiencies or omissions of the World Bank in the design and eventual implementation of the Project. The alleged damages and prejudices included loss of jobs and sources of employment, excessive expropriations of agricultural fields and low productivity on the remaining fields, noise and visual pollution, impact on the landscape, lack of communications, dangers from traffic hazards including heavy transport and increased accident-related mortalities, and lack of police protection. According to the Requesters, the Project was designed without consulting the affected people.

The First Requesters complained about an overpass that they claimed was contemplated under the Project. They suggested that a roundabout be constructed instead, because this would allow for expropriating less land, and would thus preserve shops and services. They complained about what they considered excessive expropriations and proposed that only 20 meters be expropriated, while the remaining 70 meters slated to be expropriated under the current design be acquired in the future when the freeway is actually built. In this way farmers would be able to farm their land until construction of the freeway begins. In addition, according to the Requesters, the 70 meters of land needed for the ultimate road design should be expropriated equally from the northern and southern sides of the road.

Similarly, the Second Requesters claimed that the Project is likely to cause significant losses from excessive expropriation of agricultural lands; from diagonal division of dairy farms, making it practically impossible to continue pursuing this activity; and from reduced productivity. The Second Requesters noted that the Project is building on a 40-year-old project that provided for the construction of a provincial motorway parallel to Road 19, in order to improve the area's intercommunication. However, they argued that realities and needs changed in the intervening years and that these factors were not considered in the design and preparation of the proposed Project.

The Second Requesters claimed that more land than the actual 1,000 hectares to be expropriated would be affected by the Project, because additional land could not be used for productive activities. In their view, some fields would be broken

Meeting with community representative on the side of Santa Fe Road





Santa Fe Road

up thereby hindering dairy production activities, and others would end up isolated with no access to the highway.

Both the First and Second Requesters list letters and faxes they sent to the Bank to express their concerns about the Project design.

The Panel noted in its Notice of Registration of the Request that the Request's claims may constitute noncompliance by the Bank with various provisions of the following operational policies and procedures: OP/BP 4.01 (Environmental Assessment); OP/BP 4.12 (Involuntary Resettlement); and World Bank Policy on Disclosure of Information.

## MANAGEMENT RESPONSE

On October 18, 2006, Management submitted its Response to the two Requests for Inspection. The Response referred to both the First and the Second Request. Management initially questioned the eligibility of the Requests on the ground that it did not have adequate time to respond to the concerns of the Requesters before the Requests were submitted to the Panel. Management stated that the First Requesters expressed their concerns to the Bank only five days before submitting the Request, while the Second Requesters brought their concerns to the Bank's attention on the same day they filed the Request.

Management also stated that the consultation process was still ongoing and the design evolving because the Project was still in the preparation phase. It indicated that the relevant Project documents, the Environmental and Social Management Plan (ESMP) and the Resettlement Action Plan (RAP), were presented and discussed with the communities, along with key issues such as the amount of land to be expropriated and the expropriation process. According to Management, some of the Requesters participated in meetings open to the public at large. As to the overpass issue raised by the First Requesters, the Response stated that the problem was already resolved because no overpass would be built, as the Requesters had asked, and that the intersection between National Road 19 and Provincial Road 6 would have a ground-level interchange.

Management claimed that, in order to address the Requesters' concerns regarding land acquisition and resettlement, it asked the PSF to study alternative options to reduce the amount of land to be expropriated. The PSF confirmed that, as planned, it will expropriate lands now to reach the planned 120-meter Right of Way (ROW) for constructing an *autopista* northwards to reduce construction costs in the long term, to avoid potential negative environmental externalities, and to allow for constructing frequent returns to the highway.

With respect to resettlement of residents and businesses, the Response stated that the PSF was preparing a Resettlement Action Plan in accordance with OP 4.12 and that

most of the properties would be only partially affected. According to Management, expropriated land would be compensated in cash, with the amount corresponding to replacement cost at market price. Compensation is to be provided before land acquisition is undertaken.

## THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION

On November 16, 2006, the Panel submitted its Eligibility Report to the Board of Executive Directors. During the eligibility phase, the Panel visited Argentina from November 2 to 10, 2006. During its visit, the Panel met with signatories of both Requests for Inspection and with other affected people in the area near Santa Fe. The Panel also met with national and provincial government officials, local authorities in Santa Fe, the Project Implementation Unit in Santa Fe, and Bank staff in Buenos Aires and Washington.

In its determination of the eligibility of the Request and the Requesters, the Panel found that the Requesters had legitimate concerns as to whether the Project could cause them harm as a result of the Bank's possible noncompliance with its policies and procedures, particularly if the current road design was maintained. The Panel also noted Management's statement in its Response that the proposed Project had caused no harm yet given that it was under preparation and thus did not satisfy the criteria for an investigation. The Panel observed that paragraph 12 of the Resolution establishing the Panel provides that "*the affected party must demonstrate that its rights or interests have been or are likely to be directly affected by an action or omission of the Bank....*" The concept that Requesters may raise their concerns with the Panel about actual and potential harm possibly deriving from a Bank-financed project is restated in the 1999 Clarifications to the Resolution at paragraph 9(b).

The Panel also expressed concern about Management's position that the Panel should determine that the Requests were ineligible because "*Management did not have adequate time to address the concerns raised by the Requesters before the Requests were filed.*" Management's statement was based on the timing of the receipt by the Bank of a formal written complaint and the filing of a complaint with the Inspection Panel. The Panel noted that the Resolution and subsequent Clarifications do not require that potential Requesters/affected people submit a formal written complaint to the Bank in order to meet the criteria for eligibility of the Request. Rather, they require that Requesters have made the Bank aware of their problems and concerns so that the Bank may try to address them and demonstrate that it has complied with Bank policies and procedures.

Management further claimed that the registration of the Requests prevented the Bank from demonstrating that the Project design and appraisal phases were proceeding in a Requester-responsive, policy-compliant manner. The Panel emphasized that the submission of a Request for Inspection does not prevent Management from engaging in a constructive dialogue with the Requesters to try to address their concerns.

The Panel noted that the Requesters and other affected people made several attempts to make their concerns about the Project known, but no one from the Bank approached them. The Panel observed that it was difficult for the Requesters to know about the possibility of bringing their problems to the attention of the Bank and how to do it. However, the Panel found no evidence that Bank staff or their consultants had any contact

with the Requesters and other people contacting the Panel, prior to receiving the formal letters from the Requesters. For this reason, the Panel concluded that while the Requesters were otherwise eligible to submit a Request for Inspection, they did not meet the procedural criterion set forth in paragraph 9(c) of the 1999 Clarifications that “*the subject matter has been brought to Management’s attention.*” The Panel stated that it was therefore not in a position to make a recommendation as to whether an investigation of the matters alleged in the Requests should be carried out.

The Board concurred with the Panel’s conclusion on December 5, 2006.



## Private Power Generation Project

### THE REQUEST

The Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”) related to the Uganda: Private Power Generation Project (the “Project”) on March 5, 2007. The Ugandan National Association of Professional Environmentalists (NAPE) and other local organizations and individuals (the “Requesters”) submitted this Request to the Panel.

The Project is commonly known as the Bujagali Hydropower Project, and it provides for the construction of the Bujagali hydropower plant, with an installed capacity of 250 megawatts, on Dumbbell Island on the Nile River, about 8 kilometers downstream from the existing Nalubaale and Kiira Hydropower Plants. Bujagali Energy Ltd. (BEL) is responsible for financing, constructing, and operating the power plant. The total Project cost is estimated to be around US\$750 million. The World Bank Group supports the Project with an International Development Association (IDA) Guarantee of up to US\$115 million for payment of interest and repayment of the principal amount of a loan to BEL; an International Finance Corporation (IFC) loan; and a Multilateral Investment Guarantee Agency (MIGA) Guarantee. At the time the Request was filed, the Board of Executive Directors had not yet approved the proposed Guarantee. Board approval was given on April 26, 2007.

The Requesters raised various concerns related to the Project: hydrological risks; climate change affecting river flows and Lake Victoria; cumulative impact assessment; Kalagala Falls “offsets”; fisheries; the Project’s economic analysis, options, and affordability assessment; information disclosure, transparency, and openness regarding the Project; dam safety; indigenous peoples; cultural and spiritual issues; and compensation, resettlement, and consultations. They claim that the Bank has not complied with a number of its operational policies and procedures and, as a result of these policies’ violations, the Project will cause harm to the people of Uganda and to the environment.

### BOX 3. PROJECT INFORMATION AT A GLANCE

Project Name:	Uganda: Private Power Generation Project
Region:	Africa
Sector:	Power
Environmental Category:	A
IDA Guarantee:	US\$115 million
Board Approval Date:	April 26, 2007



The “living Bujagali” and wife at Bujagali Falls

The Requesters argue that the Project is based on flawed assumptions and data that have little or no bearing to the current situation. They claim that the Social and Environmental Assessments that BEL prepared do not adequately address the hydrological risks at the Nalubaale, Kiira, and the proposed Bujagali dams and the long-term health of Lake Victoria. The Requesters also claim that the assessments did not address climate change impacts on power production, which may cause lower lake levels and lower downstream river flows, and that the studies are based on outdated data, especially with respect to water quality, climate, and airborne particulate. The Request further argues that the commitment of the government of Uganda (GoU) to establish the Kalagala Falls as an offset for the development of the Bujagali Falls is not binding and thus there is no guarantee that the falls will never be developed for hydropower.

The Requesters state that a comprehensive economic analysis of the Project is lacking and that the economic analysis does not adequately assess alternative energy options to Bujagali. They further argue that the Project is economically risky, especially in view of the changing hydrology. They note that the Project costs have considerably increased

since the original estimate, and the citizens' ability to afford the power has become a contentious issue. According to the Requesters, the Bank refuses to make public the information on the Nile's and Lake Victoria's hydrological conditions. They call for more transparency and openness from the Bank. The Requesters complain that the Power Purchase Agreement (PPA), which is a key Project document, was only recently released and is not readily and easily available.

The Request alleges that the design of the Bujagali dam does not consider the safety issues regarding the Nalubaale dam at Owen Falls upstream and that the proposal to form a dam safety panel is not sufficient. The Request also claims that dam safety should have been addressed as an integral part of the Project design.

With respect to the social issues, the Requesters state that the Basoga people living in the Project area are not considered as indigenous peoples in the Social and Environmental Assessments, which contradicts the fact that they are considered indigenous peoples under the constitution of Uganda. They also believe that the existing compensation and resettlement framework is outdated and does not reflect the current economic conditions. In their view, the social costs and benefits of the compensation and resettlement program should be reassessed in line with current and future realities.

In its Notice of Registration of the Request, the Panel noted that the above claims may constitute noncompliance by the Bank with various provisions of its operational policies and procedures, including the following: OP/BP 4.01 (Environmental Assessment); OP/BP 4.02 (Environmental Action Plans); OP/BP 4.04 (Natural Habitats); OP 4.07 (Water Resource Management); OP/BP 4.10 (Indigenous Peoples); OP/BP 4.11 (Physical Cultural Resources); OP/BP 4.12 (Involuntary Resettlement); OP/BP 4.37 (Safety of Dams); OP/BP 7.50 (Project on International Waterways); OP/BP 10.04 (Economic Evaluations of Investment Operations); OP 1.00 (Poverty Reduction); and World Bank Policy on Disclosure of Information.

This is the second Request concerning the Bujagali power plant received by the Panel. In December 2001, the Board of Executive Directors approved an IDA Guarantee to support an earlier proposal for the Bujagali Hydropower Project, involving the construction of the Bujagali power plant. Before Board approval, in July 2001, NAPE had submitted a Request for Inspection to the Panel in relation to this previous Bujagali project. The Panel conducted an investigation of the issues raised in the 2001 Request. The Bank subsequently cancelled the IDA Guarantee, and Uganda dropped the Project for a number of reasons, including allegations relating to AES Nile Power Limited (AESNP), the private company that was to develop the Project.

## MANAGEMENT RESPONSE

On April 5, 2007, Management submitted its Response to the Request for Inspection. The Response states that in the past three years Uganda has been suffering severe power shortages. As a result, the proposed Project is being developed to provide the needed capacity in a *“least-cost and environmentally and socially sustainable manner.”*

In its Response, Management refers to a previously developed Bujagali Hydropower Project, which was subsequently dropped by the government of Uganda. According to Management, if the Bujagali plant had been constructed and operated in



Panel meeting with affected people

the first attempt, the reduction in Lake Victoria water levels due to over-abstraction may not have occurred.

Management states that the GoU has learned “valuable lessons” from the previous experience, which have shaped “the current proposed project.” Management believes that “*the economic, financial, safeguard, technical, governance, and other required analyses to date are compliant with relevant World Bank Group policies and were undertaken to high professional standards.*” Management claims that the Project preparation followed best practice and took into account the findings of the Inspection Panel investigation of the issues raised in the Request for Inspection submitted to the Panel in 2001. Management believes that environmental and social work carried out thus far have appropriately considered both those issues that

emerged in the earlier Bujagali Project and new issues, through, among other things, a new Social and Environmental Assessment, assessment of the status of the resettlement actions, assessment of the cumulative impacts of multiple dams on the River Nile, and consultations with affected communities.

The Response also argues that the Project analyses considered a wide range of supply options and a wide range of demand scenarios based on the most recent data on the Ugandan economy and the electricity subsector and assessed the impacts of both low and high hydrology scenarios.

With respect to the Kalagala Falls, Management claims that the GoU “*has reiterated the commitment to the Kalagala offset*” made under the earlier Bujagali project and that this commitment will be included as a government obligation in the Project’s IDA Indemnity Agreement. However, as the agreement will be binding “*throughout the life of the Indemnity,*” the Indemnity Agreement also includes a provision that prior to termination, the Bank and the GoU will discuss mechanisms or instruments for the continuation of the GoU obligation.

According to the Response, a Dam Safety Panel (DSP) has been created to provide advice on the design, construction, initial filling, and start-up of the dam, to ensure consistency of the Project with Bank policies.

Management acknowledges the Requesters’ concerns that past resettlement was not completed. In this regard, the Assessment of Past Resettlement Activities and Action Plan (APRAP) and Community Development Action Plans (CDAP) assess the current conditions. In response to the claim that the Basoga people should be considered indigenous peoples under OP/BP 4.10, there is a “*clear demarcation line*” between the Basoga and other African ethnic groups that the Bank has defined as indigenous peoples, and

considering the Basoga as indigenous “*would defeat the intended objectives of OP 4.10.*”

Among the Project benefits, Management notes that providing reliable least-cost power is expected to increase the number of connections of residential users to the national grid, including in rural areas, and will allow industrial and commercial users to increase output, efficiency, and thus profits. Management adds that the proposed Project will also have environmental benefits. Since the Bujagali dam will use the same water already released through the Nalubaale/Kiira dams, the pressure to over-extract water from Lake Victoria will be reduced. According to Management, this will help preserve the lake.

## **ELIGIBILITY REPORT AND BOARD DECISION**

On May 3, 2007, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Request. To determine the eligibility of the Request and the Requesters, the Panel visited Uganda from April 18 to 25, 2007. During their visit, the Panel team met with the Requesters, other members of civil society and locally affected communities, Bank staff, national and local authorities, Project authorities, members of Parliament, and others. The Panel found that the Request and Requesters met the eligibility criteria set forth in the Resolution establishing the Panel. It also noted that the conflicting claims and assertions noted above merited independent review and investigation and recommended that an investigation be carried out.

On May 18, 2007, the Board of Directors approved the Panel’s recommendation. The Panel’s investigation of the issues raised in Request is in process.

## Uttaranchal Decentralized Watershed Development Project

(IDA CREDIT NO. 3907 IN)

### BOX 4. PROJECT INFORMATION AT A GLANCE

Project Name:	India: Uttaranchal Decentralized Watershed Development Project
Region:	South Asia
Sector:	General Agriculture, Fishing and Forestry, Crops, Animal Production
Environmental Category:	B
IDA Credit Amount:	SDR 47.40 million, US\$69.92 million (equivalent)
Board Approval Date:	May 20, 2004
Effective Date:	September 10, 2004
Closing Date:	March 31, 2012

### THE REQUEST

On March 7, 2007, the Inspection Panel received a Request for Inspection related to the Uttaranchal Decentralized Watershed Development Project (“the Project”). The Request was submitted by the President of “Sarvodya,” a nongovernmental organization (NGO), on behalf of the “representatives of Sarvodya.” On March 9, 2007, the Panel received a second letter containing the names and signatures of five persons who are part of the Request and who claim to be from communities in Uttaranchal affected by the Project. The

Request also refers to other “*social workers, community members*” from different districts of Uttaranchal.

The Requesters stated that they are likely to suffer as a result of World Bank omissions in the Project. They were concerned with the “*monitoring and management*” of the Project, and believed that “*poverty alleviation is not monitored properly.*” The Requesters stated that the actual improvement was not taking place in enhancing livelihood opportunities. The Requesters claimed that water-harvesting measures, rejuvenation and development of water sources, treatment of catchment area through watershed treatments, and village development were not taking place per the monitoring plan. The Requesters asserted that the Project’s participatory watershed development and management component is not being implemented as per the original appraisal plans. They claimed that the people in the community are not getting any benefit from the project and “*are likely to suffer.*”

Furthermore, the Requesters alleged that the poorest and vulnerable groups were not allowed to participate in the decision making for development of the watershed plans. According to the Requesters, the watercourses that were constructed only a year ago were damaged because of leakages and cracks. In addition, the Requesters stated that there was no maintenance of watercourses resulting in accumulation of stones and clay.

The Requesters indicated that (i) works relating to water-harvesting structures did not have appropriate irrigation channels, leading to soil erosion; (ii) pipes laid down for transporting water from water tanks were of substandard quality; (iii) construction of water tanks had denied free movement of livestock; (iv) there was little progress on the ground to improve living standards of the people; and (v) Project officials did not visit the field. The Requesters further asserted that access to water channels was not provided on an equitable basis to all the stakeholders. The Requesters stated that there was confusion and lack of information among the local communities regarding the Project and the areas covered under the Project. The Requesters claimed that the selection of watercourses was done on a discriminatory basis.

## MANAGEMENT RESPONSE

On April 23, 2007, Management submitted its Response to the Request. In its Response, Management questioned the eligibility of the Request on the following grounds. First, Management claimed that the Request's subject matter was not brought to Management's attention before the Request was filed. Management stated that it received the Panel's Notice of Registration on March 23, 2007, without having prior knowledge of the complaint raised. Management indicated that they did not have an opportunity to understand or address possible concerns.

Second, Management stated that the Request did not refer explicitly to violations of operational policies and procedures by the Bank. According to Management, the Request did not provide information on villages or individuals that may have been adversely affected by the Project, nor did it provide evidence of harm or wrongdoing that had or was likely to have a material adverse effect on the Requesters. Further, Management asserted that none of the five signatories in the Request resided in the Project area and that it was not clear how they were affected by the Project.

In response to the Requesters' claim that the participatory watershed development and management component were not being implemented in accordance with the original appraisal plans, Management stated that the Project adopted principles of community-driven development. Management added that the Project was being implemented through Gram Panchayats (GPs), which had less experience in implementing such activities. Management indicated that, at present, the Project was working with 340 GPs (three-quarters of the target) and that plans had been completed for 227 of these. Management claimed that concerns about the slow pace of the Project and lack of concrete results on the ground were due to the community-driven development approach used in the Project and to implementing agencies (GPs/communities) that had less experience and required investment in social mobilization and substantial capacity building.

On the monitoring and management issues raised in the Request, the Management Response stated that the Project routinely produced high-quality Project status reports based on regular and detailed field monitoring. Management also questioned the Requesters' claim that the Project had led to a material adverse effect on the Project beneficiaries. Management stated that in May 2006, an independent consultant assessed elements of the planning process of the Project. According to Management, the overall findings were positive in terms of the technical quality of the plans, while some recommendations were made to strengthen the participation of women and the poorest households; these recommendations were received positively by the Watershed Management Directorate and are being acted upon. Management stated that while many communities under the Project might not (yet) be better off, they were no worse off as a result of the Project.

### **THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION**

The Panel submitted its Report and Recommendation to the Board on May 22, 2007. In its Report, the Panel noted that although the Request satisfies the eligibility criteria for an Inspection, it had certain concerns regarding the eligibility criterion stated in paragraph 9(c) of the 1999 Clarifications that the Request *“does assert that the subject matter has been brought to Management's attention and that, in the Requesters' view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures.”*

The Panel noted that the Request for Inspection was received by the Panel on March 7, 2007. The Requesters contacted the Bank on March 9, 2007, by copying the Country Director on their second communication to the Inspection Panel. On March 17, 2007, the Requesters sent an e-mail to the Country Director requesting a meeting. The Requesters received automated out-of-office responses to both the March 9 and the March 17, 2007, communications. The Panel in its Report noted that Management initiated steps to contact the Requesters following the Registration of the Request for Inspection to try to address their concerns. The Panel indicated that it had been particularly impressed with the constructive way in which the Country Director and the Requesters are communicating on the issues raised in the Request.

The Panel noted the Country Director's observations of the difficulty that a regular citizen might have in bringing a complaint to the Project authorities and of confusion among villagers with respect to the Project areas because they are defined based on water-catchment areas. Issues relating to communication about the Project and the handling of complaints were also noted. In its Report, the Panel emphasized the importance of making information available and accessible to local communities regarding the Project and the means by which they may raise their concerns.

In its Report, the Panel noted that although the Requesters originally did not fully satisfy the procedural criterion of paragraph 9(c) of the 1999 Clarifications, the Requesters and Management were engaged in a constructive dialogue about how to deal with the potential negative effects of the Project. The Panel concluded that it did not take a position on whether the Request merited an investigation. In this context, the Panel



recommended to the Board of Executive Directors in its Report that the Panel refrain from issuing a recommendation, at that time, on whether an investigation was warranted in this case, but rather await further developments on the matters raised in the Request for Inspection. On June 5, 2007, the Board of Executive Directors concurred with the Panel's conclusion.

## Power Sector Generation and Restructuring Project

(IDA CREDIT NO. 3872 ALB)

### BOX 5. PROJECT INFORMATION AT A GLANCE

Project Name:	Albania: Power Sector Generation and Restructuring Project
Region:	Europe and Central Asia
Sector:	Power
Environmental Category:	A
IDA Credit Amount:	US\$25 million (equivalent)
Board Approval Date:	March 16, 2004
Effective Date:	January 25, 2005
Closing Date:	January 31, 2008

### THE REQUEST

On April 30, 2007, the Panel received a Request for Inspection related to the Albania Power Sector Generation and Restructuring Project (the “Project”). The Request was submitted by the Civic Alliance for the Protection of the Bay of Vlora (CAPBV), a nongovernmental organization (NGO). On May 2, 2007, the Panel received a second document from eight persons who live in the city of Vlora and who claim to be affected by the Project.

According to the Request, “*if built, the Vlora 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.*” The Requesters have expressed serious concerns about the adequacy of Management’s consideration of other sites than Vlora. Some of the concerns expressed by the Requesters relate to the potential harm to be caused by the thermal power plant emissions both in the water and air which, because of prevailing winds and currents, will affect the enclosed Vlora Bay and contaminate the Vlora city air. They stated that these effects will have a negative impact not only on local population and fishing but also on the tourism industry, which is an important source of employment and income in the area. The Requesters stated that the prospect of economic growth of the area is mostly based precisely on the activities to be harmed by the Project, namely tourism and fishing.

The Requesters claimed that the Environmental Assessment (EA) misrepresents the Project site. They stated their objection to the representation of the site in the EA as a

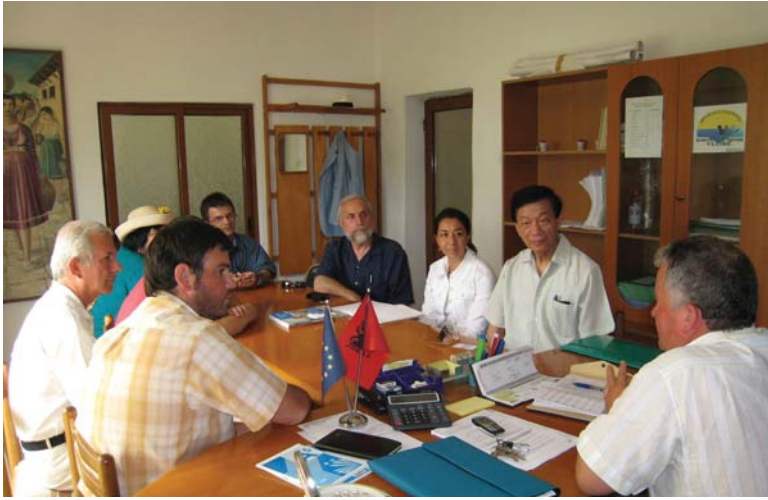
“green field site...relatively barren coastal area with little vegetation or wildlife.” The Requesters noted the proximity of the Project site to the Narta Lagoon, which is a protected area composed of beaches, sand dunes, forests, and wetlands and is home to a number of endangered species. The Requesters asserted that the area is sanctuary to important animals, plants, and coral colonies, which might be significantly harmed by the Project. They alleged that this was not considered during the preparation of the EA. The Requesters further asserted that the Project site is located only 746 meters from the Narta Lagoon, which is a protected area, rather than the 2 kilometers as indicated in the Project documents. The Requesters claimed that the Project will have significant negative impacts on the protected area.

The Requesters also asserted that the Bank failed to take into account the future cumulative environment impact of one or more additional thermal power plants that would raise generation capacity at the selected Vlora site to as much as 300 megawatts and the other investments already approved by the government in the vicinity of the Project site. They claimed that the Environmental Impact Assessment for the Project referred to only one thermal power plant of 100 megawatts, while in the decision of the government—which the Bank is or should have been aware of—it is explicitly written that it is agreed to reach a capacity of 300 megawatts in the next phases. The Request further indicated that the government approved a concessional agreement to build a large oil storage deposit in the Vlora Bay, just 1 kilometer from Vlora Thermal Power Plant.

Furthermore, the Requesters claimed that the Bank has failed to ensure public participation and consultation in decision making regarding the Project. According to the



Bird's-eye view of Vlora and Project site



Meeting with civil society

Request, “*The procedures concerning the Vlorë 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 also indicated that the Project site has important archeological and historical significance. The Requesters stated that the Project site is near an ancient Mediterranean port city, Trepot Cape/Aulona, that has archeological significance. The Requesters also stated

that the Project site has historical significance; Sephardic Jews escaping from Spain in 1492 landed and settled in Vlorë. The Requesters expressed strong concern that if the thermal power plant is built, it will destroy the unique historical and cultural significance of the area.

## **MANAGEMENT RESPONSE AND ELIGIBILITY REPORT**

Management submitted its response on July 1, 2007. The Panel team visited Albania and the Project site from June 24 to 30, 2007. The Panel submitted the Eligibility Report to the Board on July 2, 2007 for its consideration (at the time this Report was going to publication). The Report and the decision of the Board will be made public following the Board decision.

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## INVESTIGATIONS COMPLETED

## National Drainage Program Project

(CREDIT NO. 2999-PAK)

### BOX 6. PROJECT INFORMATION AT A GLANCE

Project Name:	Pakistan: National Drainage Program Project
Region:	South Asia
Sector:	Irrigation and Drainage, Central Government Administration, Subnational Government Administration
Environmental Category:	B
IDA Credit Amount:	US\$285 million
Board Approval Date:	November 4, 1997
Effective Date:	February 25, 1998
Closing Date:	December 31, 2004

### THE REQUEST

On September 10, 2004, the Inspection Panel received a Request for Inspection related to the Pakistan: National Drainage Program (NDP) Project, which was partly financed by the International Development Association (IDA). The Request was submitted by Khadim Talpur, Mohammad Ali Shah, Mustafa Talpur, Munawar Hassan Memon, Iqbal Hyder, Mir Mohammad Buledi, and Najma Junejo on their own behalf and on behalf of “*others who live in the area known as district Badin, Sindh, Pakistan*” in the Indus River Basin.

On September 17, 2004, the Panel registered the Request for Inspection.

The Request raised issues related to the NDP and, in particular, to the disposal of saline effluent and the proposed construction of the National Surface Drainage System (NSDS), a northward extension of the existing Left Bank Outfall Drain (LBOD) system in Sindh Province. On December 13, 1984, IDA approved the LBOD Project to address flooding and salinity problems. By December 31, 1997, the closing date of the LBOD Project, some work was yet to be completed and was transferred to the NDP. The IDA approved the NDP on November 4, 1997.

According to the Requesters, the northward extension of drains under the NDP and the use of the disposal system through a tidal link were not sustainable. The Requesters noted that the “*alternate project options or disposal systems, which are historical natural disposal systems, have been ignored.*” The Requesters asserted that more than 50 villages in the district of Badin, Sindh Province, would suffer a permanent threat of flood-

ing from the disposal of upstream saline effluents. They claimed that the “*overflowing, breaches and sea intrusion during [the] 2003 rains*” had already caused 30 people to die, damaged thousands of houses, and destroyed thousands of acres of agricultural crops. The Requesters further alleged that the Project would cause the destruction of two dhands (coastal wetlands)—the Narreri and Jubho lagoons, which they claimed were protected by the Ramsar Convention on Wetlands of International Importance, to which Pakistan is party—and that, hence, the Project disregarded Pakistan’s “*requirements under international environmental treaties and agreements.*”

The Requesters also considered that the majority of the coastal communities are Malahs, a community they classify as “*indigenous people.*” The Requesters stated that these people, who live in more than 60 villages and reach 25,000 in number, will be adversely affected by the Project. The Requesters claimed that the Project is affecting cultural sites such as “*the monuments of saint Shaikh Kirhiyo Bhandari [and] the historical site of Roopa Mari and thari.*” The Requesters feared that, as a result of the Project, remaining portions of important historical sites “*will be destroyed.*” The Requesters finally alleged that the Project’s planning process “*remained non-transparent and hence failed to obtain informed consent or meaningful participation since the inception.*”

The Requesters’ allegations of Bank actions and omissions in the design, appraisal, and implementation of the Project may have constituted violations of various provisions of Bank policies and procedures, including the following: OD 4.01 (Environmental Assessment); OP 4.04 (Natural Habitats); OD 4.20 (Indigenous Peoples); OD 4.30 (Involuntary Resettlement); OPN 11.03 (Management of Cultural Property in Bank-Financed Projects); OD/OP/BP 13.05 (Project Supervision); and BP 17.50 (Disclosure of Information).

## MANAGEMENT RESPONSE

On October 19, 2004, Management submitted its Response to the Request. Management stated that the NDP Project was driven by the thought that the lack of an effective drainage system was a threat to the sustainability of agriculture in the Indus River Basin. Management added that the NDP Project, “*which marked a new concept in project design, was deliberately ‘frontloaded’ with an institutional and policy reform agenda and ‘backloaded’ with an investment program.*” Also, according to Management, the investment program’s subprojects “*are focused on rehabilitation, construction and improvement of on- and off-farm drainage; rehabilitation and modernization of irrigation systems; and operation and maintenance through performance-based contracts awarded to the private sector, including completion of some carryover projects from LBOD Stage I.*”

Management stated that it believed that the NDP Project is in compliance with many of the requirements for OD 4.01 (Environmental Assessment). Nevertheless, Management acknowledged that the Project failed to comply with the disclosure requirements for BP 17.50 (Disclosure of Operational Information) “*since the DSEA [Drainage Sector Environmental Assessment] was not disclosed prior to appraisal at the InfoShop and no records of disclosure in country could be located.*” Management further stated that

OP 4.04 (Natural Habitats), OD 4.20 (Indigenous Peoples), and OPN 11.03 (Management of Cultural Property in Bank-Financed Projects) are not applicable to the Project, adding that because of disagreement with the government of Pakistan (GoP) over the resettlement policy, the IDA did not finance any subprojects involving resettlement and therefore OD 4.30 (Involuntary Resettlement) is not applicable.

Management added that a Bank-fielded Panel of Experts reviewed the 2001–02 prefeasibility study of the NSDS and recommended its deferral. The Bank and the GoP endorsed these recommendations. Management also added in its response that the Bank will take three specific actions regarding the Project: (i) assemble a Panel of Experts to review ecological, hydrological, and water quality monitoring data in the LBOD outfall area and propose a course of action; (ii) conduct a diagnostic study of livelihood improvements in the area to determine the losses suffered and formulate an assistance program; and (iii) assist the GoP with a Country Water Resources Assistance Strategy and a Strategic Country Environmental Assessment.

## **THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION**

The Panel submitted its Report and Recommendation to the Board on November 17, 2004. In this Report, the Panel stated that “*the Request and the Requesters meet the eligibility criteria set forth in the Resolution that established the Inspection Panel and the 1999 Clarifications.*” The Panel also stated that “*the contradictions in the assertions of the Requesters and Management are substantial and bear close relation to the sources and extent of the harm alleged by the Requesters.*” On December 8, 2004, the Board approved on a no-objection basis the Panel’s recommendation to conduct an investigation into claims made by the Requesters. The Request, Management’s Response, and the Panel’s Eligibility Report were made public a few days later and are available on the Inspection Panel’s Web site at <http://www.inspectionpanel.org>.

## **THE PANEL'S INVESTIGATION REPORT**

As part of its investigation, the Panel reviewed relevant Project documents and other materials from the Requesters, Bank staff, the national and local authorities of Pakistan, individuals and communities living in the areas affected by the Project, nongovernmental organizations (NGOs), and other sources. The Panel has interviewed Bank staff in Washington, DC, and in the Bank office in Islamabad. In May 2005, the Panel visited the areas affected by the Project. During its visits, the Panel met with Requesters and other individuals and communities; national, provincial, and local authorities; representatives of NGOs; relevant experts; and other stakeholders. The Panel also gathered considerable data with which to evaluate the Requesters’ claims. On July 6, 2006, the Panel submitted its Investigation Report to the Board of Executive Directors for their consideration. During its investigation the Panel retained four expert consultants specializing respectively in integrated water resources management, tropical ecology, social and cultural aspects of development in South and Southeast Asia, and water management, agricultural water use, and hydraulic construction.



As a result of its investigation, the Panel found that the design of the LBOD project underestimated prevailing conditions and the risk of extreme meteorological events and that the main drain should have been designed with a higher safety margin. According to the Panel, this failure contributed to the breakdown of the LBOD outfall system and the suffering of local people in lower Badin district, and to significant adverse impacts to important fisheries and the dhands. Although the LBOD project had closed in 1997, the Panel found that the NDP included the task of completing the LBOD system and had advanced proposals to expand it significantly. This work depended on the functioning of the LBOD tidal link. As a result, the Panel found that the NDP inherited the task of responding to the environmental and social implications of breakdowns in the tidal link that have occurred during the course of the Project. Concerning the expansion of the LBOD, the Panel found that the NDP Project did not extend the LBOD spinal drain any farther north, and understood that such expansion was no longer planned.

In its investigation Report, the Panel noted Management's acknowledgment that a "Category A" designation of the Project would have been more appropriate than the "Category B" assigned under OD 4.01. The Panel noted a noncompliance with OD 4.01 in that respect. The Panel found the same noncompliance in regards to the Drainage Master Plan, which is likely to have major environmental and social implications for a long time. In regards to the dhands and the Ramsar sites, the Panel found that the Project paid little attention to impacts on, or means to rehabilitate, dhands as a habitat and ecosystem. This was not consistent with OP 4.04. The Panel also found that negative effects on dhands amounted to a "*significant conversion or degradation*" within meaning of OP 4.04. Although it is difficult to separate the impacts of the LBOD system from the NDP Project, evidence indicates that the two, in combination, had contributed to significant adverse impacts on internationally recognized sites.

Concerning claims of the presence of indigenous peoples, the Panel found that the Mallah seem to fit some of the criteria of OD 4.20, and that Management did not initiate a process to determine whether the NDP Project would affect any group of people who would qualify as indigenous peoples under OD 4.20. The Panel considered that the failure to do so does not comply with OD 4.20.

The Panel was not able to substantiate claims of Requesters that the Project has affected cultural property. However, the Panel considered that by not undertaking even a brief reconnaissance survey of cultural heritage in areas potentially affected by the Project, and by assuming no important cultural sites would be adversely affected by the Project, Management did not comply with the requirements of the policy on Management of Cultural Property in Bank-Financed Projects, OPN 11.03.

The Panel observed that the Bank, at appraisal, failed to identify emerging risks that LBOD/tidal link problems could lead to significant harms and even displacement of local people, even though the Project had plans to complete and expand LBOD. The Panel found no evidence, however, of planning for protective resettlement. The Panel found that Management failed to take the necessary actions under OD 4.30 to identify and prepare for the possibility of such displacement and to assess the extent to which it has occurred.

The Panel noted that Management made efforts during NDP Project preparation to try to consult with and solicit the participation of a wide range of stakeholders. The



Meeting with community at Kadham town

Panel identified, however, serious problems with consultation and participation for the people living downstream of LBOD. The Panel found that while the Bank complied with policy provisions on consultation and participation with regard to the direct irrigation beneficiaries under the NDP, it did not comply with the provisions with regard to those adversely affected by the drainage systems investments under the LBOD and the NDP.

Regarding project supervision, the Panel found that the lack of response to the failure of the tidal link did not comply with OD 13.05. Management was slow to visit the site of the tidal link failure and did not have a consistent approach to interacting with the local population to understand and address social and environmental implications of this failure.

### **MANAGEMENT'S REPORT AND RECOMMENDATIONS IN RESPONSE TO THE PANEL'S FINDINGS**

The Panel received Management's Report and Recommendation on September 21, 2006. Management stated in its Report that it was diligent in the application of its policies and

procedures during NDP implementation. It also stated that it endeavored to assist the Borrower in addressing two distinct problems with specific inherent complexities: the technical challenges of an outfall system in southern Sindh presented by LBOD, and the challenges of the national reform process taken up by NDP. Management considered that it had responded to the concerns of the Requesters by incorporating them into its dialogue with the government of Sindh and by formulating a comprehensive Action Plan, which incorporates a set of short-, medium-, and long-term actions.

Management's short-term actions included (i) implementing an US\$18 million program, through the Pakistan poverty alleviation fund, to strengthen livelihoods in the highly vulnerable coastal talukas (local administrative divisions) of Badin and Thatta; (ii) preparing a specific flood management plan for the area of concern to the Requesters; and (iii) conducting a socioeconomic and environmental diagnostic study of the dhands.

As for its medium-term actions, Management proposed to undertake a "*comprehensive flood management master plan for the left bank of the Indus River*" and a "*coastal and Indus Delta development program*." Management stated that it had prepared a background and strategy note for that development program and that particular attention would be given to developing a strategy that would recognize the environmental importance of the region and its considerable economic potential.

Concerning its long-term actions, Management proposed to strengthen and deepen its partnership with Pakistan in the water sector. Management considers that at the heart of many of the issues are poor governance and lack of accountability and transparency in water management organizations and water entitlements, and lack of farmer empowerment. According to Management, reforms will be strengthened and deepened under the ongoing Development Policy Loan in Punjab, and the Sindh Water Sector Improvement Project. Management also states that its long-term partnership with Pakistan in the water sector has recently been strengthened, with the preparation of a Country Water Resources Assistance Strategy.

However, Management raised in its report a set of risks associated with the implementation of the Action Plan. According to Management, the flood management plan for the left bank of the Indus River runs the risk of delays because of the failure to reach consensus and to build sufficient capacity in the planning, design, operations, and management of the plan. Concerning the coastal and Indus Delta development program, Management stated that it would require that downstream release of water below Kotri Barrage meet the environmental flow requirements in the Indus Delta, and that the government of Sindh would be able to decide on a satisfactory plan to utilize the flow. Thirdly, according to Management, the poverty reduction program will present important challenges, since options to alleviate poverty and improve livelihoods are limited.

Management in its Report presented some lessons learned. These lessons included the need for projects to be focused and scaled to fit the capacity of the implementing agency in terms of scope, pace of implementation, and capacity to cope with risks. Governance reforms often take longer than planned. Hence, a realistic assessment of technical and political implementation challenges needs to be reflected in project design, which should exhibit a strong bias toward simplicity.

On October 30, 2006, Management issued its Elaboration of the Short-Term Action Plan. The elaborated short-term plan stated that the Sindh coastal areas development

program, which will target all areas potentially affected by the LBOD, will be implemented through NGOs with extensive rural and community development experience. In its supervision of the Action Plan, Management will monitor and report on the program implementation. Management also stated that the Socioeconomic and Environmental Assessment of the dhands will determine the extent and severity of the adverse impacts on people's livelihoods and the present physical and ecological condition of the dhands. The study will formulate immediate actions to be undertaken. Management further stated that the rapid assessment of existing local government systems for managing flood risk will identify gaps in the systems and formulate a program to fill those gaps with plans, systems, facilities, and equipment as appropriate. According to Management this study will be completed by July 2007.

Concerning the strengthening of the right bank of the LBOD spinal drain and KPOD (Kadhan Pateji Outfall Drain), Management stated that a detailed review of the right embankment of the spinal drain and KPOD will be undertaken to identify vulnerable sections and measures that may be needed to repair breaches and eliminate weaknesses in the embankment. Additionally, a detailed maintenance plan will be prepared by May 2007. As for the processing of the Sindh Water Sector Improvement Project and establishment of the flood management planning program, Management stated that they will include options to improve LBOD and options to meet storm and agricultural drainage needs on the broad flat plain stretching from the Indus River to Badin and the coastal zone. The focus will be on evaluating alternative integrated plans that include both structural and nonstructural options.

## **BOARD MEETING**

On October 31, 2006, the Bank's Executive Directors met to discuss the Panel's Investigation Report and Management Report and Recommendations. The Board thanked the Inspection Panel for its thorough report. It also emphasized the importance of the World Bank's remaining engaged in Pakistan's challenging water sector and managing the risks associated with large, complex projects. The Board endorsed Management's Action Plan and Elaboration of the Short-Term Action Plan. It was also agreed that Management would submit an update to the Board by June 2007 and a Progress Report within 12 months concerning implementation of the plans. The Panel's Investigation Report and Management's Report and Recommendations, including its Action Plan and Elaboration of the Short-Term Action Plan, were made public and are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>, along with a press release about the discussions held at the Board meeting.

Between November 27 and December 1, 2006, a three-person Panel team returned to Islamabad and Karachi, Pakistan, to hold meetings with representatives of the Requesters and provincial and federal government officials. The purpose of the meeting was to convey the results of the Panel investigation and the related meeting of the Board of Executive Directors of the Bank.

## MANAGEMENT PROGRESS REPORT

On July 6, 2007, Management submitted its first Progress Report to the Board and to the Panel. While this Annual Report was being drafted, the Panel had just received Management's Progress Report and was still reviewing it.

## Land Administration Project

(IDA CREDIT NO. 3858-HO)

### BOX 7. PROJECT INFORMATION AT A GLANCE

Project Name:	Honduras: Land Administration Project
Region:	Latin America and Caribbean
Sector:	Rural Development
Environmental Category:	B
IDA Credit Amount:	US\$25 million
Board Approval Date:	February 26, 2004
Effective Date:	December 2, 2004
Closing Date:	April 30, 2008

### THE REQUEST

On January 3, 2006, the Inspection Panel received a Request for Inspection (“the Request”) related to the Honduras: Land Administration Project (“the Project”; in Spanish, Programa de Administración de Tierras de Honduras, PATH).<sup>5</sup> The Request claimed that the Project, as a result of violations of Bank policies and procedures, is harming the Garífuna people and their claims to land and endangering their survival. The Organización Fraternal Ne-

gra Honduras (OFRANEH) submitted the Request on behalf of the indigenous Garífuna population of Honduras. OFRANEH stated that it is a federation whose members are elected every three years by the Garífuna communities as their representatives. The Panel registered the Request on January 10, 2006.

The Request presented an overview of the history of the Garífuna people, which the Requesters believed was useful to understand the magnitude of the damage that the PATH implementation may cause them. The Requesters noted that under the PATH Project, ancestral lands are to be regularized in favor of indigenous and Afro-Honduran populations by recognizing communal or individual land rights, based on the preference of each community, and by registering such rights in the land registry. They also observed that properties and possessions supported by ancestral title or certification can be registered as private property with full ownership rights.

<sup>5</sup> The Project aims to develop a policy framework and a strengthened institutional basis to create and operate a National Property Administration System for the regularization, titling, and registration of lands, including in areas inhabited and claimed by Garífuna communities of Honduras. The Project includes surveys of urban and rural areas to demarcate property boundaries and property rights. It also calls for pilot actions and monitoring and evaluation activities.

The Requesters did not oppose actions to recognize collective rights to their lands. The Requesters feared, however, that the land titling and procedures provided under the Project will ultimately cause the loss of their ancestral lands and the demise of collective property in favor of individual property, which is contrary to the land tenure system they prefer. They also feared that this could give their land, which they consider as their functional habitat, to people outside the Garífuna communities. They worried that the new titling program under the Bank-financed project will cause a “*severe damage to the Garífuna people and a serious violation of their rights*” because these arrangements do not reflect the special legal situation of the Garífuna people or their preferred land tenure options.

The Requesters claimed that in designing and implementing the Project, the Bank did not take into account the rights and interests of the Garífuna communities and, as a result, violated a number of its policies and procedures, such as OD 4.20 (Indigenous People), OP/BP 4.01 (Environmental Assessment), and OP/BP 4.04 (Natural Habitats). The Request also referred to the International Labour Organization (ILO) Convention concerning Indigenous and Tribal Peoples in Independent Countries Convention C169. The Request stated that the convention, ratified by Honduras in 1994, recognized the rights of the peoples with respect to the ownership and tenure of the lands they traditionally occupy, as well as the special protection of the natural resources of these lands.

The Requesters claimed that the Garífuna communities were not properly informed and consulted in the design and planning of PATH, including in the development of the Indigenous Peoples Development Plan (IPDP) and in the selection of the pilot communities where the Project would be implemented first.

The Requesters stated that the conflict resolution method provided for in the IPDP arbitration is not only unconstitutional but also different from the one called for in the Property Law. In any event, the Requesters claimed that both sets of procedures are inadequate because they do not respond to their social and political reality.

The Requesters feared that under the Project, their collective rights would not be recognized. They claimed that, in preparing the IPDP, the Bank did not consider the legal status of the indigenous populations as well as the procedures to issue collective legal titles, as defined in the country’s constitution and legislation. The Requesters also claimed that the IPDP provides for the issuance of regulations to delimit and demarcate indigenous peoples’ lands, but that these regulations were never issued.

The Requesters indicated that the Project led to or supported the creation of the Mesa Regional, which is an institution not recognized by OFRANEH because it “*has been created in spite of the disagreement of the communities, was not elected by the communities, [and] is not an organization that represents them.*” The Requesters believed that the Mesa is composed of people who cannot be considered “*other Garífuna representatives*” as claimed by the Bank and is alien to their own institutions. In their view, conflicts that are decades old cannot be solved through mechanisms such as the Mesa Regional, or conciliation, settlement, and mediation procedures “*where the disparities of the interests represented, power elites on the one hand and indigenous peoples on the other, cannot but lead to completely unfavorable decisions for the indigenous peoples.*” They contend that using the Mesa as the consultation mechanism during implementation has by-passed the existing structures of the Garífuna people and created divisions among the people.



Garifuna Community Guadalupe

## MANAGEMENT RESPONSE

On February 9, 2006, Management submitted its Response to the Request. Management claimed that, as of the date of the Response, no implementation activities involving surveying, demarcation, conflict resolution, or titling have taken place in any Garifuna lands. Management added that, in any event, when these activities occur, appropriate safeguards are built into the Project to protect indigenous peoples' lands.

Management maintained that "*community participation in the Project is voluntary and broad participatory mechanisms are operational.*" The Management Response stated that the Project complied with national legislation, including the

2004 Property Law, as well as with Bank policies. Management also claimed that it has responded to the Requesters' concerns and "*remains committed to ongoing meaningful consultations that include all interested Garifuna stakeholders.*"

The Management Response presented an overview of the history, socioeconomic conditions, representative organizations, and issues involving the Garifuna people. Management stated that the "*Garifuna communities currently face multiple and long-standing unresolved land conflicts*" among community members, with third parties, and with national and local authorities, because, according to Management, different types of ownership coexist in the region and the titling programs that the National Agrarian Institute carried out in the past decades have not been satisfactory to the Garifuna people.

The Response also stated that the Bank has supported research in land issues of indigenous and Afro-Honduran people, including a land tenure study that mapped the territorial claims of 25 communities and which is used by "*many Garifuna organizations...as one of the empirical sources for their land claims.*" In addition, the Response stated that the Bank has supported institution building of Afro-descendant people, including Garifuna, in Latin America and a specific study on indigenous and Afro-Honduran people in Honduras.

Management also emphasized that community participation in the Project is voluntary and thus land demarcation and titling will occur only in those communities willing to participate in the Project. According to Management, the Mesa Regional is a consultation board that "*includes a broad range of Garifuna stakeholders.*" This Mesa was formed in 2005 following invitations sent by the government to "*representatives of a wide range of Garifuna communities and organizations, including OFRANEH, to participate in a meeting to establish an inter-institutional commission to organize the Mesa Regional.*" Management claims that there is "*broad support for the Project,*" although there is also "*diversity of opinions among various Garifuna stakeholders regarding the role of the Project in addressing their land claims.*"



Management emphasized that the government passed the Property Law after the Bank's Board of Directors had approved the Project. However, Management stated that, although the law is not discussed in the Project documents because at the time of Project appraisal and approval it was still uncertain whether the law would be passed, the Project design took it into consideration and provided "*mechanisms for the continuous flexible adaptation of the Project to the new law.*"

In response to the claim that the Project's conflict resolution method, arbitration, is against the new Property Law and generates confusion, Management stated that the arbitration procedures included in the IPDP are consistent with national law in force at the time of Project preparation and are in compliance with OD 4.20. In addition, the Response noted that the Mesa Regional was established as a "*participatory consultation framework*" to "*discuss and provide inputs into the development of land regularization procedures and conflict resolution mechanisms under the Project.*"

The Response stated that the Project was assigned environmental Category B, and the Environmental Assessment identified among the potential impacts "*the possible overlap between existing communities (both indigenous and non-indigenous) and protected areas.*" As a result, communities may be restricted access to resources in demarcated areas. For this reason a Process Framework and Environmental Management Plan was developed. According to Management, to protect indigenous peoples and in compliance with OP 4.04 on Natural Habitats and OD 4.20, the Project establishes that only legally established protected areas are eligible for demarcation; no Project field activities will take place in or near a proposed protected area; and procedures to protect the interests of the people must be in place before demarcation or titling may occur on lands adjacent to ethnic lands.

Management believed that it "*took action to address the Project-specific concerns expressed by the Requesters and notified OFRANEH of these promptly,*" for example with respect to the agreement reached with the government that the communities themselves must decide whether to be part of the Project.

## THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION

The Panel conducted an on-site visit in Honduras to assess the eligibility of the Request for an investigation. In its Eligibility Report, submitted to the Board of Directors on March 20, 2006, the Panel noted that there is disagreement on whether the consultation process established under the Project is bypassing the structures developed over time by the Garifuna communities to represent the interests of their people. Of particular concern to the Inspection Panel is the Requesters' assertion that the Project has a high potential to undermine their claims to ancestral lands before national and international bodies. The Panel also noted that the Requesters claimed that the arbitration proposed as dispute settlement procedures for indigenous peoples' land disputes conflicts with the constitution and laws of Honduras and therefore lacks legitimacy.

Management, as indicated in its Response, believed that the consultation process was open and conducted in accordance with Bank policies. It also contended that the dispute settlement mechanisms envisaged under the Project are consistent with local legislation and enable proper consideration of the views of the Garifuna people.

The Panel found that the Request met the relevant eligibility requirements for an investigation set forth in paragraph 9 of the 1999 Clarification of the Board's Second Review of the Inspection Panel. The Panel noted the need for factual inquiry into the Requesters' claims that the Bank violated its own operational policies and procedures.

## THE INVESTIGATION PROCESS

As authorized by the Board, the Panel carried out an investigation into the matters alleged in the Requests. The Panel conducted a two-part investigation. The first part involved detailed research into Bank records related to the Project, interviews with Bank Staff, and a review of relevant documents and scholarly literature. The second part took the form of two in-country fact-finding visits, in June and October 2006. During its visits, the Panel met with Requesters and other individuals and communities, local and national authorities, representatives of nongovernmental organizations, relevant experts, and others. The Panel visited a number of Garífuna villages and communities along the northern coast of Honduras.

Panel with Requesters



The Panel submitted its Investigation Report to the Board of Executive Directors on June 12, 2007. Within six weeks after receiving the Panel's Investigation Report, Management is obligated to prepare a Report and Recommendations, including an Action Plan, that addresses the issues identified by the Panel during its investigation. Management is currently preparing its Report. The Board of Executive Directors will then meet to discuss both the Panel's and Management's reports and decide on how to proceed with the Project.

The Panel's Investigation Report, Management's Report and Recommendations, and the Board's decision will be available (in English and Spanish) shortly after the above-mentioned Board meeting.

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## INVESTIGATIONS IN PROCESS

## Transitional Support for Economic Recovery Credit Operation (TSERO) (IDA Grant No. H 192-DRC) and Emergency Economic and Social Reunification Support Project (EESRSP)

(IDA CREDIT NO. 3824-DRC AND IDA GRANT NO. H 064-DRC)

### BOX 8. PROJECT INFORMATION AT A GLANCE

Project Name: Democratic Republic of Congo: Transitional Support for Economic Recovery Credit Operation (TSERO)/Emergency Economic and Social Reunification Support Project (EESRSP)

	TSERO	EESRSP
Region:	Africa	Africa
Sector:	General Finance	Central Government Administration
Environmental Category:	Not Categorized	B
IDA Credit Amount:	US\$90 million (equivalent)	US\$214 million (equivalent)
Board Approval Date:	December 8, 2005	September 11, 2003
Effective Date:	December 27, 2005	December 5, 2003
Closing Date:	December 31, 2006	September 30, 2008

### THE REQUEST

The Panel received a Request for Inspection on the above-mentioned TSERO and EESRSP Projects on November 19, 2005. The Request, dated October 30, 2005, was submitted by the Organisations Autochtones Pygmées et Accompagnant les Autochtones Pygmées en République Démocratique du Congo (Indigenous Pygmy Organizations and Pygmy Support Organizations in DRC) on their own behalf and on behalf of affected local communities living in the Democratic Republic of Congo (DRC). Representatives of local communities of Kisangani in the Orientale Province, of Béni and Butembo in the Nord-Kivu Province, of Kinshasa/Mbandaka and Lokolama in the Equateur

Province, of Inongo in the Bandundu Province, of Kindu in the Maniema Province, and of Bukavu in the Sud-Kivu Province were signatories to the Request.

The Panel received the Request in French and registered it on December 1, 2005. The Requesters claimed that they have been harmed and will be harmed by the forestry-sector reforms supported by the TSERO and EESRSP Projects. They were concerned mainly with the implementation of a new commercial forest concession system and the approach to preparation of a forest zoning plan for the forests of the Equateur and Ori-

entale Provinces, where the Pygmies have lived for generations. They claimed that if the Projects and these activities are implemented without consulting the indigenous peoples and considering their interests, the Projects may cause irreversible harm and lead to violations of their rights to occupy their ancestral lands, to maintain the integrity of their lands, to access existing resources, to manage their forests and resources according to traditional knowledge and practices, and to protect their cultural and spiritual values. They claimed this would lead to the destruction of their natural living environment and means of subsistence, impose or force change in their way of life, and cause serious social conflict. According to the Requesters, the EESRSP was based on a Forest Code that fails to take their interests into account.

The Requesters contended that, because of the sensitive impacts of the policies to be implemented under the EESRSP on indigenous people and on forests, the Project was erroneously classified as Category B under OP 4.01 (Environmental Assessment) and should have been classified as Category A. The Requesters noted that the Environmental Assessment was still not available. The Requesters stated that the Bank ignored the application of OD 4.20 (Indigenous Peoples) despite the presence of indigenous people in the Project implementation area, noting that the Pygmies were the first inhabitants of the region and have lived and traveled in the forests of the Equateur and the Orientale Provinces for centuries, even millennia. The Requesters alleged that the Bank prepared terms of reference for a pilot zoning plan covering the axis Maringa-Lopori-Wamba and that these terms of reference recognized the presence of Pygmies' indigenous communities in these forests.

The Requesters further stated that Bank activities pertaining to the forestry sector in the DRC are not consistent with OP 4.36 (Forests). According to the Requesters, the EESRSP is based on the Forest Code, which was adopted without the participation of civil society or the involvement of the indigenous population and without implementation of any safeguards. They claimed that activities are being implemented without adequate consultation and do not respond to indigenous peoples' concerns or to the requirements for sustainable management of the Congolese forests and the development of their inhabitants.

The Requesters feared that the EESRSP would lead to the lifting of the moratorium on granting titles for forest exploitation and the granting of new forest concessions, although the zoning plan would not have been prepared. They noted that no regulation related to the rights and interests of local communities or to environmental protection has been adopted. The Requesters argued that the type of lending instrument used resulted in the Bank's bypassing its safeguard policies and procedures related to environment, forestry, and indigenous peoples. The Requesters also expressed concerns about the TSERO, which includes a component on forestry-sector governance.

The Requesters' claims describe actions or omissions that may constitute violations by the Bank of various provisions of the following operational policies and procedures: OP/BP 4.01 (Environmental Assessment), OP 4.12 (Involuntary Resettlement), OD 4.15 (Poverty Reduction), OD 4.20 (Indigenous Peoples), OP/BP 4.36 (Forestry), OP/BP 8.50 (Emergency Recovery Assistance), OPN 11.03 (Cultural Property), OP/BP 13.05 (Project Supervision), and BP 17.50 (Disclosure of Information).

## MANAGEMENT RESPONSE

On January 13, 2005, Management submitted its Response to the Request for Inspection. Management stated in its Response that it believed that the Bank made every effort to apply its policies and procedures. With regard to the environmental categorization of the Project, Management asserted that the EESRSP was classified correctly as Category B and that the “Institutional Strengthening” component of the Project could have been classified as Category C, because it was a technical assistance operation for institutional strengthening. Management stated that Category A would not have been appropriate for this component.

Management challenged the Requesters’ claims regarding the lending instrument (OP 8.50 on Emergency Recovery Assistance) and the direct effect of the delay in implementing OP 4.01 on Environmental Assessment. Management explained that the policy allows the Bank to exempt the Project from its requirements when compliance with any of its provisions would prevent the effective and timely achievement of the objectives of an emergency recovery project. Management emphasized that it did not decide not to implement safeguard policies and that completion of the Environmental Assessment and Environmental and Social Management Framework was delayed because of procurement issues. Management admitted that in this respect it did not comply with OP 4.01 but stated that it intends to be in compliance by February 2006.

Management further explained that OD 4.20 was not triggered because the design of the Project as reviewed at concept stage did not reveal the existence of Pygmy communities in project-affected areas. However, with respect to the EESRSP, Management rec-



Sawmill at concession

ognized that it was not in full compliance with certain processing provisions of OP 4.01, and that OD 4.20 should have been triggered during Project preparation when the pilot forest zoning plan was added (even if the zoning element was subsequently dropped from the Project). Management underscored the fact that the pilot forest zoning plan was dropped from the EESRSP in July 2005.

With regard to the infrastructure component of the Project, Management confirmed the existence of Pygmies in the affected area and stated that an Indigenous Peoples Development Plan will be prepared. Management also noted that the moratorium on allocating new concessions was established to avoid having concessions allocated too quickly and in an inappropriate way. Management claimed that the Bank is trying to introduce good governance in a system that has suffered from corruption and where the majority of the production forests were under some form of logging contract.

Management claimed that its efforts have led to an unprecedented decrease of the areas that are under concessions. Management believes that the Forest Code, which introduces innovations such as traditional users' rights, serves as a good basis for improving forest management.

Management was mainly concerned with the government's capacity to develop and enforce the implementing regulations and stated that many of these regulations are still lacking. Management asserted that the pilot zoning plan does not threaten physical cultural property, that four or five forest technical missions have taken place annually since 2002, and that these missions have focused on deepening the Bank's understanding of forest management in the DRC. With regard to outreach to indigenous peoples, Management claimed that it understood the importance of reaching out to Pygmy groups but stated that its efforts were restricted to policy dialogue and to contacts with stakeholders in Kinshasa because the forest areas were still inaccessible.

According to Management, Bank efforts were hampered by the difficulty in eliciting a unified response from the various interlocutors who claimed to represent the Pygmies. Management stated that it will consider activities to strengthen institutions for other Bank-supported forest activities in the DRC. It will establish a proactive forest information and outreach program and direct lines of communication with indigenous communities, including the Pygmies, ensuring that in future Bank operations they receive social and economic benefits that are culturally appropriate. Additionally, it will ensure that future Bank lending in the forest sector and other initiatives such as the zoning plan include measures that strengthen legal and customary rights and preserve the cultural heritage of indigenous communities, including the Pygmies.

## THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION

The Panel submitted its Report and Recommendation to the Board on February 16, 2006. In this Report, the Panel states that the "*Requesters and the Request meet the eligibility criteria set forth in the Resolution that established the Inspection Panel and the 1999 Clarifications.*" The Panel adds that the "*Request and Management Response contain conflicting assertions and interpretations about the issues, the facts, and compliance with Bank policies and procedures.*" During the Panel's visit, Requesters and other affected people highlighted their great concern regarding the destruction of their liveli-



Village in forest, DRC

hoods, which depend on the forests. Most Requesters claim to be indigenous people with centuries-old ties to the forests. They fear that the Project will destroy their culture and way of life, which rely on the forests.

The Panel noted the importance of the forestry sector for economic development in the DRC. The Panel also noted the importance and difficulties of providing financing for activities in a postconflict reconstruction context. During its visit, the Panel was impressed that the Requesters welcomed World Bank involvement in the forest sector. However, the Requesters

were very concerned about the issues raised in the Request and the Bank's compliance with relevant policies and procedures.

The Board approved the Panel's recommendation to conduct an investigation into claims made by the Requesters on a no-objection basis on February 28, 2006. The Request, Management's Response, and the Panel's Eligibility Report were made public and are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>.

## **THE INVESTIGATION PROCESS**

As authorized by the Board, the Panel is in the process of investigating the matters alleged in the Requests. The Panel's investigation visit was delayed twice due to issues and restrictions relating to security and logistics. As of the end of June 2007, the Inspection Panel was finalizing the Investigation Report.



## West African Gas Pipeline Project

(IDA GUARANTEE NO. B-006-0-GH)

### THE REQUEST

On April 27, 2006, the Panel received a Request for Inspection related to the Ghana: West African Gas Pipeline Project (the “Project”). The Project covers four countries, Benin, Ghana, Nigeria, and Togo. However, the Request was submitted by the Ifesowapo Host Communities Forum of the West African Gas Pipeline Project through their representatives from the Olorunda Local Government Area of Lagos State, Nigeria. The Request was submitted on behalf of 12 communities that will be affected by the Project around the Badagry axis, in Lagos State, southwest Nigeria. These communities are Ajido, Imeke Agemowo, Araromi Ale, Idaghe Iyesi, Ilogbo Eremi and Igbesa, Okoomi, Itori, Oloya/Abiola, Arobieye, Igboliye, and Egushi Benja. The Request included four annexes, including 44 signatures, and two letters of consent from families who support the Request.

On June 9, 2006, the Panel received a letter from Friends of the Earth–Ghana (FoE–Ghana) expressing its support for the above Request and asking to be added to the Request for Inspection. The Requesters believed that the Project, as it now stands, would cause irreparable damage to their land and destroy the livelihoods of their communities. According to the Requesters, the Bank failed to follow its policies and procedures in the preparation of the Environmental Impact Assessment (EIA). They stated that although West African Gas Pipeline Company (WAPCo) periodically consulted landowners, other “stakeholders” were wrongly excluded and “*the overwhelming majority of our people were not consulted during the preparation of the Environmental Impact Assessment.*” The Requesters also asserted that they could not comment on the EIA because it

#### BOX 9. PROJECT INFORMATION AT A GLANCE

Project Name:	Nigeria: West African Gas Pipeline Project
Region:	Africa
Sector:	Oil and Gas
Environmental Category:	A
IDA Credit Amount:	US\$50 million
Board Approval Date:	November 23, 2004
Effective Date:	December 31, 2004
Closing Date:	June 30, 2009



Inspection Panel at the right of way (ROW)

was not available. They added that “*it would have been helpful if relevant portions of the large documents [including the EIA and Resettlement Action Plan (RAP)] had been reproduced in Yoruba...and distributed to impacted communities.*”

The Requesters claimed that the scope of the EIA was too narrow and should have included the existing Escravos-Lagos Pipeline to which the West African Gas Pipeline will be linked. They considered the pipeline to be unsafe because of its history of poor maintenance and accidents. In addition, they stated that they were unaware of the content and adequacy of the emergency response and contingency plan.

The Requesters also claimed that the Bank has not complied with its policy on involuntary resettlement (OP/BP 4.12). They believed that the Project would negatively impact their livelihoods and provide inadequate compensation, despite repeated complaints to the government, WAPCo, and the Bank. They claimed that “*when the compensations were eventually paid, the rates were in most cases less than 4% of the market rate.*” The Requesters indicated that there were no “*binding contractual relations between individual landowners and WAPCo.*” They asserted that the payment of compensation was left to the discretion of the Project sponsors, resulting in compensation paid only for the actual crops on the affected land and

not for the land or loss of future profits from their activities on the land. The Requesters feared not only that they would lose their lands, which are their only means of livelihood, but also that they would have no prospect of alternative long-term employment, only temporary employment during pipeline construction.

The Requesters claimed that many of the stakeholders did not have access to information about the Project and that the members of the communities could not understand the information that was provided. The Requesters believed that relevant information was withheld deliberately to garner community support for the Project. They indicated that the Project and the insufficient information about the amount of compensation paid caused serious social conflicts within families.

The Requesters also questioned the economic evaluation of the Project and asserted that while the Project proponents claim that associated gas (which is normally being flared) will be the source for the pipeline, they have obtained information demonstrating that this assertion is false. The Requesters claimed that without assurance that the Project will use only associated (otherwise flared) gas, rather than less costly nonassociated gas, the Bank will “*set a precedent of looking solely at profit margins, rather than the best development interest of the people of this country.*”

Moreover, the Requesters claimed that Management failed to comply with the Bank’s policies on supervision. They stated that they “*consider the problems with the project sponsors...a result of the World Bank’s failure to adequately supervise the project’s preparation and implementation.*” The Requesters asserted that the Bank did not comply with a number of its policies and procedures, including OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.01 (Environmental Assessment), OP/BP 10.04 (Economic Evaluation of Investment Operations), OP/BP 13.05 (Project Supervision), OP/BP 4.15 (Poverty Reduction), and the World Bank Policy on Disclosure of Information.

The FoE–Ghana Submission supports the original Request for Inspection and raises concerns about consultation, safety, and adverse livelihood consequences for fishermen in Ghana as a result of the construction and operation of the pipeline. One of FoE–Ghana’s main concerns is the Project’s “*lack of transparency.*” The Submission states that Ghana’s Energy Commission has raised concerns about the Project’s long-term economic benefit to Ghana and that FoE–Ghana believes that these concerns have not been taken into account in the consultation process, nor will they be adequately addressed in the future. According to the Submission, although this was initially promised, the economic and financial analysis of the Project was never disclosed.

FoE–Ghana stresses that “*fishing is a critical source of livelihood for a significant proportion of Ghana’s population.*” Recognizing that the planned route of the pipeline does not pass sensitive fisheries ecosystems, FoE–Ghana believes that the Project sponsors should assess the pipeline’s impacts on fisheries and livelihoods, adding that the Bank should ensure that continued impact assessments are conducted to avoid negative Project impacts on fisheries.

## MANAGEMENT RESPONSE

Management submitted its Response on June 6, 2006, addressing the issues raised by the Ifesowapo Host Communities Forum only, and on June 22, 2006, Management submitted its Clarifications to the Panel on the concerns raised by FoE–Ghana. Management, in its initial Response, stated that it has made significant efforts to apply its policies and procedures. It also stated that the Project is well prepared and meets the Bank’s safeguards requirements, adding that further work will be needed on safeguards supervision.

According to Management, the Environmental Assessment (EA) concluded that the Project would cause no major impacts in Nigeria and that impacts would be limited to the Project’s immediate vicinity. Management also claimed that the EA covers pipeline safety issues but did not include the Escravos-Lagos Pipeline System (ELPS) because it was not determined to be part of the Project’s area of influence. Management added that

the ELPS has been in operation since the early 1990s, would not be subject to changes as a result of the implementation of the Project, and is not owned by WAPCo. Management claimed that the environmental audit, which WAPCo conducted in the form of an ELPS Integrity Study and concluded that the ELPS was in overall good condition, is a more appropriate instrument to assess the existing facility.

Management noted in its Response that the Project will acquire small portions of land from 1,557 private landowners and 928 tenants of the total holdings that they own or cultivate. Management stated that estate surveyors contracted by the Project as well as independent surveyors hired by affected people have contacted all affected people. Management also indicated that the principle for compensation agreed upon and applied is the “*replacement value*” for land and assets, considering all future production as required under Bank policies. As for future profits from immovable assets and improvements, Management stated that compensation must take them into account as part of future income. Management indicated its readiness to correct cases where the principle for compensation “*has been applied inconsistently.*” On the valuation methods, Management stated that WAPCo used “*estate valuers*” and that compensation payments had to also consider asset improvements. Furthermore, Management stated that WAPCo did not base compensation rates only on government compensation schedule rates, but instead agreed to different rate increases for land, crops, and buildings. Nevertheless, Management confirmed that it is reviewing the actual payments to ensure that regardless of any markups agreed, “*the principle of replacement value for lost assets was met.*”

Regarding the employment of the local labor force, Management claimed that most landowners have lost only small parts of their land and do not need alternative employment but stated that the EA describes several activities as temporary employment with a few permanent employments for a much smaller group of residents. Furthermore, Management emphasized in its response that WAPCo has instituted community development programs that include new water systems, schools, and health centers.

In its Response, Management did not agree with the Requesters’ claim that consultations about compensation were inadequate. Regarding disclosure of information, Management acknowledged initial difficulties accessing the first draft of the EA for Nigeria in Badagry but claimed that the situation was corrected immediately. Management also indicated that the final drafts of the EA and the RAP were properly disclosed and that the Environmental and Social Management Plan (ESMP) is available on WAPCo’s Web site. Management acknowledged that this disclosure should have been supplemented with translations of summaries of the RAP and ESMP in the local language, Yoruba.

Management claimed that it performed its own economic analysis for the Project and also engaged a consulting firm to perform additional analysis. It believed that the economic analysis considered all alternatives, including the “no project” alternative, and adequately evaluated the sustainability of the Project. Management believed that the Project was by far the most attractive investment and expected that the Project would generate significant economic benefits to participating countries. Management also believed the Project Appraisal Document (PAD) draws a realistic picture of the Project’s contribution to the reduction of gas flaring. Management indicated that gas-flaring reductions are not explicitly mentioned as one of the objectives in the PAD.

With regard to the additional problem of pollution and loss of fisheries in the Badagry area, Management “*sought WAPCo’s cooperation in undertaking an urgent preliminary*

*investigation into the matter,*” which according to Management concluded that it was unlikely that the harm related to WAPCo’s operations. Management also responded to the letter from FoE–Ghana, stating that the results of the economic analysis were disclosed in an open forum in Accra. It also asserts that Bank staff “*conducted a round of consultations in all four countries*” to evaluate WAPCo’s public participation program, and meetings with the communities were held for the preparation of the environmental and social impact assessment. With respect to the emergency response system, Management stated that WAPCo held public meetings with all affected communities to discuss the response plans and to clearly describe the actions that all parties need to take in case of accidents.

## MANAGEMENT-PROPOSED STEPS

Realizing that some issues still needed to be addressed, Management introduced a set of proposed steps or “Action Plan” to resolve the situation. These include the facilitation of community development programs and measures to increase transparency and accountability by conducting two supervision missions per year until Project completion. Additionally, Management states that WAPCo will disseminate nontechnical translations of RAP and ESMP summaries, including explanations of the grievance and monitoring mechanisms.

Moreover, Management expects the appointment of an expert panel to, among other things, review social and environmental issues and assess effectiveness of the grievance procedures. Management also states that it will assess whether compensation rates are sufficient to replace acquired assets and whether the grievance redress process is effective in correcting problems. Additionally, WAPCo will conduct professional surveys based on actual field measurements and ratings to assess the current values of each type of lost asset.

Management also expects that systemwide emergency response plans will be disclosed and detailed site plans developed. Further, a resettlement audit will review the adequacy of compensation to replace lost assets and the status of income restoration.

## THE PANEL’S ELIGIBILITY REPORT AND BOARD DECISION

The Panel submitted its Report and Recommendation to the Board on July 10, 2006. In this Report, the Panel establishes that the Requesters and the Request meet the eligibility criteria set forth in the Resolution establishing the Inspection Panel and the 1999 Clarifications. The Panel adds that “*this Request has special circumstances which affect the Panel’s consideration of whether an Investigation is merited at this time.*” The Panel notes that Management’s Response contains a series of proposed steps to address issues raised. Furthermore, when consulted about these, Requesters with whom the Panel met indicated that they did not want to press for an investigation at this time but rather await further developments and Bank actions regarding their concerns.

In its Report, the Panel states that “*[i]n light of Articles 4 and 5 of the 1999 Clarifications and consistent with prior similar recommendations approved by the Board, the Panel recommends to defer the decision on whether to recommend an investigation or not, until the review of compensation and other actions included in Management’s*



Panel meeting with community Ajido

*Action Plan have been initiated and to see whether the concerns of the Requesters have been met. This will also include that environmental monitoring is in place and that further adequate response to the above-mentioned fishery issue is provided.”* Therefore, the Panel recommended to the Board of Executive Directors that it approve the proposal to refrain from issuing a recommendation on whether an investigation is warranted in this case, but rather await further developments on the matters raised in the Request for Inspection. The Panel expected to be able to make a determination by end of 2006 as to whether to recommend an investigation.

The Board approved the Panel’s recommendation to defer its recommendation on whether an investigation into claims made by the Requesters is warranted, on a no-objection basis on July 27, 2006. The Request, Management’s Response, and the Panel’s Report and Recommendation were made public and are available on the Inspection Panel’s Web site at <http://www.inspectionpanel.org>.

## **FINAL ELIGIBILITY REPORT AND RECOMMENDATION AND BOARD DECISION**

In order to ascertain the need for an investigation, the Panel followed up on the status of the Requesters’ concerns and the status of Management’s progress in addressing them.

The Panel met with Bank staff and consultants responsible for the Project and asked for Management's elaboration on certain issues related to the Requesters' concerns. January 24–30, 2007, the Panel made a follow-up field visit to Nigeria to observe firsthand developments relating to the Requesters' concerns and Management's actions before making its recommendation.

During the visit, the Panel met with WAPCo officials, who provided updated information and noted, however, that they had not been adequately informed by Bank Management regarding the content of the Management's Response and the extent to which it required actions on their part. The Panel also observed that there seemed to be a lack of information regarding the compensation issues raised and apparent disagreement regarding the situation of the fishermen and the cause of pollution. The Panel further noted that affected people repeatedly stated that their situation had remained the same in the past six months and they seemed not to have been informed or consulted about actions set forth in the Management Response.

Furthermore, during this visit, a group of persons from the Escravos area of the western Niger Delta submitted a letter to the Panel to express their support for the Request and to ask that their names be added to it. On February 13, 2007, the Panel informed Management of the letter and requested comments. By the time the Panel issued its Final Eligibility Report and Recommendation, Management had not responded to the letter, although the Panel has been informed that comments will be forthcoming.

The Panel submitted its Final Eligibility Report and Recommendation to the Board on March 1, 2007. The Panel states in the Report that it "*finds conflicting assertions of the Requesters and Management about the interpretation of issues, facts, and the compliance with Bank policies and procedures.*" The Panel adds that the important questions regarding the Management's alleged failure to comply with Bank policies and procedures and the possible harm to the Requesters can only be addressed in the context of an investigation. In light of the foregoing and the facts related to the matters of concern to the Requesters, the Panel "*recommends to the Board of Executive Directors that an investigation be conducted.*"

The Board approved, on a no-objection basis, the Panel's recommendation to conduct an investigation into claims made by the Requesters on March 13, 2007. The Final Eligibility Report and Recommendation is available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>.

## THE INVESTIGATION PROCESS

As authorized by the Board, the Panel started to investigate the matters alleged in the Requests. At the time this Report was drafted, the Panel had hired a social and an environmental specialist, interviewed Bank staff, reviewed part of the Project's documentation, and was preparing for a field visit.

## Private Power Generation Project

### BOX 10. PROJECT INFORMATION AT A GLANCE

Project Name:	Uganda: Private Power Generation Project (proposed)
Region:	Africa
Sector:	Power
Environmental Category:	A
IDA Guarantee:	US\$115 million
Board Approval Date:	April 26, 2007

### THE REQUEST

As described elsewhere in this Report, the Inspection Panel received a Request for Inspection related to the Uganda: Private Power Generation Project, also known as the Bujagali Project, on March 5, 2007. The Ugandan National Association of Professional Environmentalists (NAPE) and other local organizations and individuals submitted this Request to the Panel.

The Requesters raised various sets of concerns related to the Project’s hydrological risks, cumulative impact assessment, and climate change; Kalagala Falls “offsets”; the Project’s economic analysis, options, and affordability assessment; information disclosure, transparency, and openness regarding the Project; dam safety; indigenous peoples, cultural, and spiritual issues; compensation, resettlement, and consultations; and terrestrial and aquatic fauna. On May 3, 2007, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Request.

On May 18, 2007, the Board approved the Panel’s recommendation to conduct an investigation of the issues raised in the Request for Inspection. The Panel’s Eligibility Report, the Request for Inspection, and Management Response to the Request are publicly available on the Inspection Panel’s Web site at <http://www.inspectionpanel.org>. The Panel’s investigation is currently ongoing.



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ACTIONS ON EARLIER REQUESTS  
AND INVESTIGATIONS

## Cartagena Water Supply, Sewerage, and Environmental Management Project

(LOAN NO. 4507-CO)

### BOX 11. PROJECT INFORMATION AT A GLANCE

Project Name:	Colombia: Cartagena Water Supply, Sewerage and Environmental Management Project
Region:	Latin America and Caribbean
Sector:	Sewerage, Sanitation, Water Supply, Subnational Government Administration
Environmental Category:	A
IBRD Loan Amount:	US\$85 million
Board Approval Date:	July 20, 1999
Effective Date:	January 19, 2000
Closing Date:	June 29, 2007

### BACKGROUND

On April 20, 2004, the Inspection Panel received a Request for Inspection dated April 19, 2004, from members of a Colombian nongovernmental organization (NGO), Corporación Cartagena Honesta. The Request was filed on behalf of residents of the communities Punta Canoa, Arroyo de Piedra, and Manzanillo del Mar living in the North Zone of Cartagena, some 20 kilometers north of the city. The Panel registered the Request on April 22, 2004. Management submitted its Response to the Request on May 21, 2004, and the Panel

presented to the Board of Executive Directors its Eligibility Report on June 22, 2004. On July 13, 2004, the Board of Directors approved on a no-objection basis the Panel's recommendation to conduct an investigation into the claims made by the Requesters.

The Panel conducted an investigation into the issues concerning the design and implementation of the Project, which were raised in the Request for Inspection. The Project involved the upgrading and expansion of Cartagena's water and sewerage system, including construction of a 23.85-kilometer pipeline and submarine outfall that would carry the untreated wastewater from the city and discharge it into the Caribbean Sea at a point about 2.85 kilometers from the coastal fishing villages of Punta Canoa, Arroyo de Piedra, and Manzanillo. The Requesters raised concerns about the impact of the Project on their culture and way of life, as well as the impact of pollution on their health. They claimed that the Bank failed to identify affected communities as indigenous and to

safeguard their livelihood, which relied on fishing and farming for a subsistence living. The Request further raised concerns about the Project's Environmental Assessment and the Bank's consultation of locally affected people; about the Bank's scrutiny of the economic investment; and about the Bank's supervision of the Project.

In its Investigation Report, the Panel noted the urgent need for Cartagena to have in place a sustainable system for disposing of its wastes and considered the very significant efforts by Management and staff in the preparation and initial supervision of the Project. With respect to the selected option, the submarine outfall, the Panel noted that it is proven technology offering an acceptable method of disposal of human wastes and that the location chosen for the outfall, Punta Canoa, could be a suitable site for an outfall if necessary precautionary measures are taken. However, in the Panel's judgment, the two-dimensional model on which the outfall design was based to assess the risk of contamination did not address the influence of the wind on near-surface currents in a stratified water column. The Panel also found that the analysis of Project alternatives was not a systematic comparative study of all the alternatives as required by the Bank policy on Environmental Assessment. With respect to diapiirism, the Panel found that the potential for the pipeline to be ruptured or otherwise significantly disturbed by diapiirism appears to be low, but noted that a scan sonar survey of the area would reduce remaining uncertainty. The Panel also found that the Requesters, Afro-Colombian people, could be regarded as indigenous peoples under the applicable Bank policy, and because of this, the Bank would have been well advised to require an Indigenous Peoples Development Plan (IPDP) providing mitigation measures for risks and potential harm. The Panel found that the full Social Impact Assessment did not adequately address the issue of compensation for the affected Afro-Colombian communities in the North Zone for bearing most of the risk of negative impacts from the sewerage component of the Project. The Panel analyzed the economic evaluation of alternatives and found that the Bank should have recalculated the costs of the alternative and reviewed the economic analysis in light of a new licensing requirement providing for primary treatment of wastes, rather than preliminary treatment provided for under the original Project design, in ten years. In addition, in the Panel's judgment, the analysis in the Project's feasibility study should have provided a clear justification for the land prices used in estimating the cost of the project alternatives.

On July 29, 2005, Management submitted its Report and Recommendations in response to the Panel's Investigation Report, which included an Action Plan. According to this Action Plan, the Bank requested that its expert prepare a second two-dimensional validation model and rerun the model to incorporate the influence of wind patterns. The Action Plan also included a request that the agency implementing the Project, Aguas de Cartagena, S.A. E.S.P. (ACUACAR), hire an international expert to provide a third and independent opinion on the two-dimensional models contracted under the Project. Management also recommended that ACUACAR undertake a side sonar scan survey to strengthen the assessment of risk of diapiirism. Other actions to which the Bank committed included updating the results of the economic analysis to take into account the additional investments required by the environmental license that would need to be operational in 2015, and adjusting land values used for the study of alternatives. Management further stated that piped water would be delivered to the North Zone community

in the last quarter of 2005, and in-house sanitation and a community center would be delivered in Punta Canoa by April 2006. The Action Plan also provided for improvement of the communication and outreach programs.

On November 8, 2005, the World Bank Board of Executive Directors discussed the findings of the Panel investigation and Management Report and Action Plan. The Executive Directors approved Management's Action Plan but with the caveat that Management and the Panel meet to discuss the modeling approach for assessing the risks of the submarine outfall and to guarantee that the most appropriate project design is considered. It was also agreed that within six months Management would submit a Progress Report to the Board on the execution of the Project and Action Plan.

The Panel's Eligibility and Investigation Reports, the Request for Inspection, Management Response, and Management Report and Recommendations (with Action Plan) in response to the Panel's findings are available in the Panel's Web site at <http://www.inspectionpanel.org>.

## **MANAGEMENT PROGRESS REPORT**

On November 15, 2006, Management submitted its Report on progress in the implementation of the Action Plan. According to the Progress Report, a two-dimensional model was rerun to incorporate the wind patterns. This analysis showed that the wind patterns had a minimal effect and that the original modeling results were valid. Also, the international experts hired by ACUACAR confirmed that the work done was well conceptualized and executed. Management also stated that following a meeting of the Panel, the Project team, and representatives of ACUACAR, it was agreed to conduct a three-dimensional model of the outfall discharge. Management added that a team was assembled, and the model was run as agreed. This effort took five months longer than expected, but its results confirmed the results of the original two-dimensional models and thus the original Project design providing for an outfall to be located 2.85 kilometers off the coast of Punta Canoa.

The Progress Report goes on to state that ACUACAR conducted a side scan sonar survey of the risk of diapirism in the area. Management indicated that as a result of the survey and other consultations, ACUACAR decided to change the route of the outfall to further reduce the risk of diapirism. In addition, the emergency plan for the overall pipeline was updated and posted on ACUACAR's Web site. Public meetings were also held with communities to explain this plan.

The Progress Report states that ACUACAR supported a program to strengthen fishing activities in the communities of the North Zone. In Punta Canoa an association of fishermen was formed, its members received training, and ACUACAR purchased equipment for the association, such as fishing boats, boat motors, and fishing nets. The water supply system for the communities in the North Zone was completed, and these communities have received potable water every day, 24 hours a day, since August 2006. In-house connections in Punta Canoa were provided for free. In-house sanitation units connected to septic tanks were also installed in most houses, and those who originally did not want them changed their minds. Management also stated that the community

center in Manzanillo del Mar was completed, while the one in Punta Canoa was expected to be completed in the first part of 2007. In Punta Canoa a plant nursery was also established and 10 women, united in a cooperative, are running the nursery as a business. According to the Progress Report, ACUACAR also hired two additional social workers who spend their time in the North Zone communities to provide the people with information about the Project, including its implementation progress and its benefits for the communities.

Management stated that it updated the economic analysis of the Project to take into consideration the additional investment required by the environmental license. It stated that even with the additional investment, but considering the decreasing land values, the outfall remains the lowest-cost alternative for Cartagena.

## Mumbai Urban Transport Project

(LOAN NO. 4665-IN; CREDIT NO. 3662-IN)

### BOX 12. PROJECT INFORMATION AT A GLANCE

Project Name:	India: Mumbai Urban Transport Project
Region:	South Asia
Sector:	Railways, Roads and Highways, Other Social Services
Environmental Category:	A
IBRD Loan Amount:	US\$463 million
IDA Credit Amount:	US\$79 million
Board Approval Date:	June 18, 2002
Effective Date:	November 6, 2002
Closing Date:	June 30, 2008

### BACKGROUND

On April 28, 2005, the Inspection Panel received the first of four successive Requests for Inspection related to the India: Mumbai Urban Transport Project. For reasons of economy and efficiency, the Inspection Panel processed all four Requests jointly. Upon the Executive Directors' authorization, the Panel issued its Investigation Report on December 21, 2005.<sup>6</sup> On February 27, 2006, Management submitted to the Board its Report and Action Plan in Response to the Panel's findings.<sup>7</sup>

The Bank suspended disbursement of the road and resettlement component of the Project on March 1, 2006, and the State of Maharashtra agreed to a 10-condition strategy for lifting the suspension of disbursements.

On March 28, 2006, the Board of Executive Directors discussed the Inspection Panel Investigation Report and Management's Report and Recommendation in response to the Inspection Panel Investigation Report. During the Board meeting, the Executive Directors approved both Reports and endorsed the Management Action Plan. It was agreed that Management would submit a Progress Report to the Board within six months and that the Panel would report on progress to the Board.

<sup>6</sup> Investigation Report, India: Mumbai Urban Transport Project (IBRD Loan No. 4665-IN; IDA Credit No. 3662-IN), December 21, 2005, INSP/R2005-0005.

<sup>7</sup> Inspection Panel, India: Mumbai Urban Transport Project, Management Report and Recommendation in Response to the Inspection Panel Investigation Report, dated March 7, 2006, INSP/R2005-0005/4.

On June 29, 2006, the Bank lifted the suspension of disbursement based on the fact that the State of Maharashtra had substantially met the conditions set by IBRD/IDA for lifting the suspension.

## NEW DEVELOPMENTS

On March 1, 2007, Management submitted its Progress Report to the Board of Executive Directors.<sup>8</sup> In its Report, Management stated that progress had been made on many of the actions contained in the Action Plan and that implementation of rehabilitation and resettlement had improved. Management specified that improvements had been made with regard to the institutional capacity of the Mumbai Metropolitan Regional Development Authority (MMRDA) as well as in services for resettled Project-Affected People (PAPs), such as water supply, issuance of building manuals, transfers of interests, and common facilities to the initial housing cooperatives. Management considered that good progress had also been made on consultation and the grievance process. However, Management acknowledged that progress had been slower than anticipated in several areas and that some challenges remain. For example, negotiations with the shopkeepers had been proceeding slowly, and Management also stated that the central issue of income restoration for medium-sized and large shopkeepers still needed to be resolved. Other challenges that Management named were the coordination between civil works and timely implementation of land acquisition, relocation of affected religious and community structures, and the registration process for the housing societies.

In its progress review, the Panel acknowledged Management's efforts since March 2006. However, while the Panel observed that the overall situation at the resettlement sites seemed to have improved, it noted that a number of issues still needed to be resolved and that many of the target dates listed in Management's Action Plan had not been met. More specifically, the Panel noted that the case of the United Shop Owners Association had still not been resolved and that acceptable solutions had not been found for many of the other shopkeepers. While noting certain improvements in MMRDA's institutional capacity, the panel remained concerned that too little capacity was available for important post-resettlement activities. Another issue of major concern that the Panel raised was the lack of an adequate database as a basis for resettlement.

The Panel observed the important role of the Independent Monitoring Panel, which had helped to address a large number of important resettlement issues, and also noted improvements with regard to the grievance redress mechanism. However, it noted PAPs' complaints about the high number of pending grievances and the slow pace of the process.

With regard to income restoration, the Panel observed that PAPs' spending capacity had decreased because of additional costs at the resettlement sites. The Panel expressed concern about the timely transfers of the interest on the maintenance funds, transports costs, and so on.

<sup>8</sup> India: Mumbai Urban Transport Project (Loan No. 4665-IN; Credit No. 3662-IN); Follow-Up to the Meeting of the Executive Directors of the World Bank (March 28, 2006) on the Inspection Panel Investigation Report No. 34725 and Management Report and Recommendation; Progress Report on Implementation of the Action Plan, dated March 1, 2007.

Despite an overall improvement and several actions taken by Management and MM-RDA with regard to post-resettlement, the Panel noted that there was still need for further follow-up action regarding post-resettlement activities to ensure compliance with OD 4.30. The Panel noted the central and crucial role of the housing societies in addressing post-resettlement needs and expressed concerns that the process of registering these societies had been delayed significantly. While the Panel noted that water supply had improved significantly at certain sites, it believed that follow-up activities were needed. Also, the Panel stated that activities with regard to waste management and social services had started.



Meeting with Requesters



## Forest Concession Management and Control Pilot Project

(CREDIT NO. 3365-KH)

### BACKGROUND

On January 28, 2005, the Inspection Panel received a Request for Inspection concerning the Cambodia: Forest Concession Management and Control Pilot Project (FCM CPP) (the “Project”). The NGO Forum on Cambodia submitted the Request on behalf of affected local communities. Management responded to the Request on March 8, 2005, and the Panel submitted its Eligibility Report to the Board on April 4, 2005. On April 14, 2005, the World Bank’s Board of Directors approved on a no-objection basis the Panel’s recommendation to conduct an investigation into the claims made by the Requesters.

The Panel conducted an investigation into the issues concerning the design and implementation of the Project, which were raised in the Request for Inspection. The Project was a technical assistance operation aimed at demonstrating and improving the effectiveness of a comprehensive set of forest management and operational guidelines and control procedures in forest concession areas, and establishing an effective forest crime monitoring and prevention capability. The Request mainly claimed that through this Project the Bank was supporting and promoting a flawed and corrupt forest concession system and the interests of logging concessionaires with track records of illegal logging and human rights abuses. In its Investigation Report, submitted to the Board on March 30, 2006, the Panel noted that the World Bank’s willingness to become involved in the forestry sector in Cambodia, at a time when others would not, was commendable. However, the Panel found that, in Project design, the Bank focused nearly exclusively on reforming forestry concessions, while it put reduced emphasis on compliance with safe-

#### BOX 13. PROJECT INFORMATION AT A GLANCE

Project Name:	Cambodia: Forest Concession Management and Control Pilot Project
Region:	East Asia and Pacific
Sector:	Forestry, Central Government Administration
Environmental Category:	B
IDA Credit Amount:	US\$4.8 million
Board Approval Date:	June 5, 2000
Effective Date:	October 20, 2000
Closing Date:	December 31, 2005



Cleared forest area

guard policies. The Panel found that the Bank did not comply with various provisions of the applicable Bank policies, including the safeguard policies pertaining to the protection of indigenous peoples and the environment in the preparation and implementation of the Project. By choosing to give primary emphasis to the technical and financial aspects of concession reform at the expense of environmental and social aspects, the Bank failed to address the key objective of utilizing forestry resources to reduce poverty.

Management's Action Plan in response to the Panel's investigation findings proposed two sets of actions to be implemented across the Bank and across the East Asia and Pacific Region, and a Natural Resource Management Framework as a way forward to find strategies and options for more sustainable management of forests and other natural resources in Cambodia. As the Credit financing the Project was already closed at the time of the Board meeting held on June 29, 2006, the discussion at the meeting focused on the way forward for sustainable and socially responsible natural resource management. The Executive Directors welcomed the Panel's and Management's reports and approved Management's Action Plan. They also supported the Bank's continued engagement in the Cambodia forestry sector. It was further agreed during the meeting that Management was to report back in six months on progress in the implementation of the Action Plan.

On September 25–27, 2006, a three-person Panel team returned to Cambodia to convey to the Requesters, and to others, the results of the Panel investigation and the related meeting of the Board of Executive Directors of the Bank. The Panel team also met with government officials.

The Panel's Eligibility and Investigation Reports, the Request for Inspection, Management Response, and Management Report and Recommendations (with Action Plan) in response to the Panel's findings are available on the Panel's Web site at <http://www.inspectionpanel.org>.

## MANAGEMENT PROGRESS REPORT

The Management Progress Report notes that three types of actions were devised in the Action Plan: measures to be taken across the Bank, measures for the East Asia and Pacific Region, and an "Approach Moving Forward" based on a Natural Resources Management (NRM) Framework.

With respect to actions to be implemented across the Bank, Management states that the "Guidelines for Environmental Screening and Classification" were updated to give further guidance on the environmental classification of a project and to provide appropriate methods to carry out environmental and social safeguard-related actions in technical assistance projects for natural resources management. In this regard, the Report also highlights the Bank's commitment to promote the use of the Strategic Environmental Assessment tool so as to integrate better environmental concerns into the planning and decision-making process of a Project. In addition, a Bank-wide review on safeguards

implementation is being carried out for forest operations, and its results will be part of the Forest Sector Strategy Implementation Update to be presented to the Board of Executive Directors in 2007. As to actions for the East Asia and Pacific Region, Cambodia in particular, Management indicates that with respect to community consultation, the Bank staff have been following up on this issue with the government, have engaged with NGOs, and have consulted field staff of the Forest Administration. In addition, national consultations were carried out based on the “Community Consultation Guidelines” prepared under FCMCPP and a draft *Policy on Registration and Right to Use of Indigenous Communal Land in Cambodia* has been prepared.

As part of the approach for moving forward, the Bank prepared a draft document entitled “NRM Strategic Partnership Framework” in coordination with other partners. This draft framework addresses important issues such as improving public access to information on land and natural resource concessions, increasing tenure security for poor and landless households, and improving interagency coordination on issues related to land management and land allocation. In general, with respect to this forward-looking approach, Management states that progress has been made in the implementation of the Action Plan, but additional work and dialogue are necessary to achieve consensus on the NRM framework as a whole and on other specific aspects concerning the forestry sector. The Progress Report adds that Cambodia’s situation is challenging, but emphasizes the Bank’s commitment to remain engaged with the government and other stakeholders to address the issues noted above and to promote greater public participation in the NRM planning, monitoring, and decision making.



Meeting with villagers

## Mine Closure and Social Mitigation Project

(IBRD LOAN NO. 4509-RO)

### BOX 14. PROJECT INFORMATION AT A GLANCE

Project Name:	Romania: Mine Closure and Social Mitigation Project
Region:	Europe Central Asia (ECA)
Sector:	Energy and Mining
Environmental Category:	B
IBRD Loan Amount:	US\$44.5 million
Board Approval Date:	August 31, 1999
Effective Date:	January 27, 2000
Closing Date:	October 31, 2006

### THE REQUEST

On January 6, 2006, the Inspection Panel received a Request for Inspection related to the Romania: Mine Closure and Social Mitigation Project (the “Project”). The company SC Ergio Prod SRL (Ergio Prod) submitted the Request on its own behalf and on behalf of 30 inhabitants who live in the area known as Vermesti, Comanesti City in Bacau County, Romania. In their Request, the Requesters claimed that they had been harmed by the Project. They stated that the works related to the environ-

mental reconstruction of the Vermesti Mine area failed to protect adequately the land surrounding the mine area. They identified two major issues: the flooding of their land and problems related to the Vermesti Mine road.

The Requesters claimed that their land had been filled with water because of insufficient provisions for water drainage channels and that as a consequence of failures related to the closure of the Vermesti Mine their land had been flooded. According to the Requesters, the water from the waste dump of the Vermesti Mine had reached their area and damaged the production machines and timber needed for production. They feared that the company would have to close and dismiss its 105 employees. The Requesters believed that the situation caused by the mine closure operations had put them under great risk of being flooded again.

The Requesters also claimed that the flooding had made it impossible for people to cultivate their land. Further, the Requesters claimed that the mine closure operations, in particular massive ground transportation by heavy cars and trucks used for Project works, severely damaged the Vermesti Mines road used by the Requesters. This required

them to repair the road at their own cost. They added that their own cars have suffered damage from the deteriorated condition of the road.

The Panel stated that the claims describe actions or omissions that may constitute violations by the Bank of various provisions of the following operational policies and procedures: OD 4.01 (Environmental Assessment), OD/OP/BP 13.05 (Project Supervision), and the World Bank Policy on Disclosure of Information.

## MANAGEMENT RESPONSE

On February 14, 2006, Management submitted its Response to the Request. Management believed that it had complied with Bank policies and that the Requesters' rights or interests had not been harmed. The Response acknowledged that with regard to the Veresti Mine, Management was aware of problems arising from instability of the waste dump, sewage disposal, a collapsed shaft, and a gas leak, but it claimed that the Bank followed up on these problems appropriately.

However, Management claimed that it had complied with OD 4.01 and stated that the Project had been assigned Category B correctly, because Management expected that overall the Project would have a positive impact on the environment. Management acknowledged that mining activities had changed the hydrology of the area but claimed that the mine closure activities had not aggravated the situation. Management explained that the Ergio Prod factory is situated in a low-lying area with restricted drainage and had experienced several floodings in the past that were not related to mine closure activities. Management indicated that rainfall in the years 2004 and 2005 had occurred on an unprecedented scale, resulting in floods. Management confirmed that runoff from the mine site entered the flood waters but stated that the runoff came primarily from watersheds outside the site. Moreover, Management believed that in this regard the drainage channels prevented failure of the waste dump and thus worked appropriately.

With regard to the stretch of the Vrânceanu brook between the mine site and the railroad, Management stated that Project management had decided to remove sediment from this area and to reprofile the channel. According to Management, this work was carried out in December 2005, and in a meeting with the stakeholders on December 21, 2005, all parties noted that the sediment had already been removed from this part of the Vrânceanu brook and that additional work was envisaged.

Management said that after the Request was registered by the Panel, another stakeholder meeting was held on January 26, 2006, at which the December 21 agreement was extended to also include the removal of sediment from the remaining course of the Vrânceanu brook to its confluence with the Trotus River and the reprofiling of the channel. Management asserted that Ergio Prod agreed to the actions and that the new course of action was then formalized in an action plan approved by the Ministry of Economy and Commerce on February 1, 2006. Management noted that in the future the Municipality would be responsible for the maintenance of the channel. In response to the Requesters' statements regarding the deterioration of the mine site's access road, Management claimed that the road had already deteriorated in 2002 but believed the road to be in a reasonable condition. Further, Management believed that any deterioration of the road was caused not only by mine closure traffic but also by heavy logging traffic from

trucks to the Ergio Prod factory. Management stated that upon completion of the mine closure works, the contractor was required by law to return the road to at least the condition in which it was when the works started.

Regarding disclosure of information, Management claimed that it had complied with Bank policies. Management also stated that consultations had been held. As to supervision, Management believed that it had supervised the Project consistent with Bank policies.

## THE PANEL'S ELIGIBILITY REPORT AND BOARD DECISION

In February-March 2006, the Panel visited Romania and met with the signatories of the Request for Inspection; national, regional, and local government officials; technical experts; and World Bank staff. The Panel visited Bucharest, Bacau, Comanesti, and the area of the Vermesti Mine.

The Panel submitted its report and recommendation to the Board on March 15, 2006. In its Report and Recommendation the Panel recommended to the Board of Executive Directors that it approve the Panel's proposal to refrain from issuing a recommendation on whether an investigation would be warranted, and rather await further developments on the matters raised in the Request for Inspection, as explained below. The Panel noted that since it was not making a recommendation on this issue, the Requesters would still have recourse to the Panel later if they believed that there were serious violations of Bank policies and procedures causing them material adverse effect. The Board approved the Panel recommendation on April 3, 2006, on a nonobjection basis.

The unusual Panel recommendation was based on special circumstances that emerged during the eligibility phase. In a meeting on January 26, 2006, the Requesters; the Bank; and national, local, and Project authorities agreed to undertake a series of actions to address the Requesters' concerns, such as the construction and financing under the Project of new drainage works to address the problems raised in the Request for Inspection and the restoration of the area's mine access road. According to Management, the agreed actions were formalized in an action plan approved by the Ministry of Economy and Commerce on February 1, 2006.

In addition, on March 8, 2006, the Panel received a letter from the Requesters in which they indicated that, in their view, the measures set forth in the minutes of the January 26 meeting would address their concerns in a satisfactory manner. They therefore asked the Panel "*not to initiate a recommendation regarding our request for inspection for a period of 6 months.*" They also stated that "*if these works will not be made in this period of time, however, the harm that we fear may become real and then the Panel Inspection [sic] should initiate an investigation regarding this problem.*"

On June 20, 2006, the representative of the Requesters sent a "letter of contentment" to the Panel in which they expressed their satisfaction with the Bank's efforts to implement the agreed actions. They stated that "*[E]ven though there have been some delays from the initial schedule...we are confident that all works mentioned in the January 26 minutes will be completed properly.*" However, in response to an inquiry from the Panel, the Requesters at that time indicated that they would prefer that the Panel await further developments before closing the Panel's proceeding. The six-month period has now

elapsed. The Panel wrote to the Requesters informing them of the Panel's intention to close the Request. In response, the Requesters indicated that the problems had been satisfactorily resolved. They stated that this was possible due to *“the help of World Bank Management and the professionalism and reliability of the Project Management Unit from Ministry of Economy and Trade for all the duration of work execution.”*

In light of the elapse of the six-month period and the Requesters' contentment with the works in progress, the Panel decided not to proceed to an investigation and informed the Requesters and Management on September 29, 2006.

The Request, Management's Response, and the Panel's Eligibility Report are available on the Inspection Panel's Web site: <http://www.inspectionpanel.org>.

# OUTREACH AND OTHER ACTIVITIES

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## OUTREACH TO WORLD BANK EXECUTIVE DIRECTORS, MANAGEMENT, AND STAFF

### *World Bank Executive Directors' Induction Program, Virginia*

On November 30, 2006, Panel Chairperson Edith Brown Weiss was invited to participate in the “Executive Directors’ Induction Program 2006” held in Lansdowne Resort, Virginia, from November 29 to December 1. One of the objectives of the Induction Program was to provide an inventory of tools available to the Bank’s Executive Directors for them to be effective in the performance of their role. Ms. Brown Weiss was requested to speak on the session covering the Board’s Fiduciary and Oversight Responsibilities. Ms. Brown Weiss gave a brief historical overview of the Panel’s genesis and operation. She highlighted the importance of the safeguards provided by the Panel process in the context of the Board’s fiduciary and oversight responsibilities and described the key elements of the Panel process and the Board’s role in this process.

### *Informal Meeting with Advisors to Executive Directors, Washington, DC*

On January 19, 2007, the Inspection Panel invited all Advisors to the Executive Directors to an informal tea to discuss how the Inspection Panel works and an opportunity for any questions in this regard. Executive Directors and alternates were also invited to attend. The informal tea was held at the Executive Directors’ Lounge in the World Bank.

### *Meeting with World Bank Country Office, Brasilia, Brazil*

On January 20, 2007, a Panel delegation met with staff of the World Bank office in Brasilia, Brazil. The team was headed by Panel Chairperson Edith Brown Weiss, who gave a presentation containing an overview of what the Panel is and how it works. She was accompanied by Tongroj Onchan, Panel Member, Eduardo Abbott, former Panel Executive Secretary and current expert consultant, and Ralph Schmidt, consultant. After the presentation, the Panel delegation took questions from the floor and responded to concerns of the staff. Panel materials were also distributed.



### *Meeting with Staff from Poverty Reduction and Economic Management Network from the Latin American Region*

Panel Operations Officer Tatiana Tassoni introduced the Inspection Panel, its role within the Bank, its process, and examples of Requests for Inspection and Investigations, at the Lunch with Substance Series held on May 23, 2007, periodically organized by a group of Bank staff in the Latin American Region. Staff showed great interest in the Inspection Panel work and asked several questions about procedural and substantive issues concerning the Panel's role in the Bank, as an accountability body but also as a vehicle for people who feel affected by Bank-financed projects to have their voices heard.

## **ACCOUNTABILITY INSTITUTIONS MEETING**

### *Fourth Meeting of Accountability Institutions, London, United Kingdom*

On June 21–22, 2007, the Inspection Panel participated in the Fourth Meeting of Principals of Independent Accountability Mechanisms in IFIs and Related Institutions hosted by the European Bank for Reconstruction and Development at its headquarters in London. Edith Brown Weiss, Panel Chairperson, delivered the opening remarks to participants from the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Financial Corporation, Japan Bank for International Cooperation, Export Development Canada, Nippon Export and Investment Insurance, North American Commission for Environmental Cooperation, and the U.S. Overseas Private Investment Corporation. The Panel was also represented by Panel Members Tongroj Onchan and Werner Kiene, and Executive Secretary Peter Lallas. Mr. Onchan chaired one of the sessions and Mr. Kiene spoke about the Panel's activities during the past year. The annual event gathers principals of accountability mechanisms of IFIs and related institutions for an informal exchange of views on matters of mutual interest. The Inspection Panel hosted the first meeting in 2004. The next meeting is scheduled for mid-2008.

## **OUTREACH MEETINGS**

### *Bank-Fund Annual Meetings, Singapore*

On September 19, 2006, the Inspection Panel conducted a special seminar on “Accountability, Compliance and International Financial Institutions” during the World Bank–International Monetary Fund Annual Meetings Program of Seminars in Singapore. Dr. Emil Salim, Chair of the Extractive Industries Review and former Minister for Development Supervision and Environment of Indonesia, delivered the keynote presentation. Panel Member Tongroj Onchan moderated the seminar, which was in a roundtable format, while Panel Member Werner Kiene and Executive Secretary Eduardo Abbott provided commentary.

*German National Merit Foundation, Koppelsberg  
Presentation at the Institute for the World Economy, Kiel, Germany*

From September 18 to 22, 2006, Assistant Executive Secretary Anna Sophie Herken taught a workshop on “The World Bank and the Inspection Panel” at the Management Academy of the German National Merit Foundation in Koppelsberg, Germany. She also gave a presentation about the Inspection Panel and the Mumbai Urban Transport Project at the Institute for the World Economy in Kiel, Germany.

*United Nations University Conference, Tokyo, Japan*

On October 17, 2006, Panel Chairperson Edith Brown Weiss was invited to speak at a conference on the UN Governance System sponsored by the United Nations University (UNU) in Tokyo, Japan. Ms. Brown Weiss delivered a presentation on the Panel’s role and operations to the conference participants by videoconference. Ms. Brown Weiss, Executive Secretary Peter Lallas, and Assistant Executive Secretary Anna Herken wrote an article on “The World Bank Inspection Panel: Participation and Accountability,” which will form part of a book to be published on the UNU Governance Conference.

*2006 Global Accountability Report Panel Discussion, Washington, DC*

On January 10, 2007, Panel Executive Secretary Peter Lallas joined a panel discussion on the “2006 Global Accountability Report: Holding Power to Account” organized by the World Bank's InfoShop and Civil Society Team, in conjunction with the UK-based CSO One World Trust. The 2006 Global Accountability Report presented the findings of a survey on the accountability policies of 30 global organizations, including the World Bank. The Report considered four dimensions of accountability and described the Inspection Panel as best practice on the dimension of complaint and response mechanism. The panel discussion was chaired by Carolyn Reynolds, Head of the Bank’s Civil Society Team. In addition to Mr. Lallas, the other panelists were Monica Blagescu of One World Trust and Manish Bapna, Director of the Bank Information Center. The event was held at the World Bank headquarters.

*Nigerian Network of NGOs (NNNGO), Lagos, Nigeria*

During an eligibility mission to Nigeria, Panel Member Werner Kiene was invited by the Nigerian Network of NGOs to give a presentation about the Inspection Panel. The meeting took place in Lagos on January 29, 2007, with 40 representatives of Nigerian organizations in attendance. The discussion concentrated on various issues of accountability and on possibilities to strengthen compliance in the development process.

### *University of Ibadan, Ibadan, Nigeria*

Panel Member Werner Kiene presented the work of the Inspection Panel at the University of Ibadan. On January 30, 2007, faculty members and graduate students of various departments were present. The lecture and the discussion dealt with the conceptual foundations of compliance and Panel practices in the field. The questions manifested a particular interest in the fact that the Panel is a truly independent body that achieves its impact through fact finding.

### *Basel Institute on Governance, Basel, Switzerland*

On February 8, 2007, Panel Chairperson Edith Brown Weiss delivered a keynote address to a conference entitled “Non-State Actors as Standard Setters: The Erosion of the Public-Private Divide” sponsored by the Basel Institute on Governance. Speakers included prominent representatives of academia, civil society, and government officials from various countries. The conference attracted a large number of diverse participants from various governments, business organizations, universities, and civil society organizations, including many participants from Africa and South Asia.

### *Belfer Center, Harvard University*

On March 13, 2007, the Belfer Center for Science and International Affairs of the John F. Kennedy School of Government of Harvard University invited Panel Chairperson Edith Brown Weiss to lecture on “Accountability and International Financial Institutions.” Ms. Brown Weiss met with the Belfer Center Board and made two presentations, one to the Board and another to faculty and students of Harvard and other universities in the area.

### *WBAT/ASIL Colloquium, Washington, DC*

On March 27, 2007, Panel Chairperson Edith Brown Weiss, along with World Bank Administrative Tribunal President Jan Paulsson, provided the concluding remarks at a high-level colloquium on international administrative tribunals and the rule of law. The colloquium was organized by the World Bank Administrative Tribunal in conjunction with the American Society of International Law. During the colloquium, top members of international administrative tribunals, international organizations, and the global international administrative bar addressed various international law issues. The colloquium was held at the World Bank’s headquarters in Washington, DC.



*Makerere University Conference,  
Kampala, Uganda*

On April 20, 2007, Edith Brown Weiss, Inspection Panel Chairperson, participated in a conference sponsored by the Makerere University in Kampala, Uganda. Ms. Brown Weiss was invited to make a presentation on “Accountability and Financial Institutions.” Her presentation was well attended by scholars and the academic community of Kampala.

*CIVICUS World Assembly, Glasgow,  
Scotland*

On May 23–27, 2007, the Inspection Panel participated in the CIVICUS World Assembly in Glasgow, Scotland. The team was headed by Chairperson Edith Brown Weiss and assisted by Operations Officer Serge Selwan. On May 24, 2007, the Panel, together with the International Finance Corporation’s Compliance Advisor Ombudsman (CAO) and the Center for International Environmental Law (CIEL), hosted a workshop on “Increasing Accountability at International Financial Institutions: Giving Affected People a Voice.” Presentations were made by Ms. Brown Weiss; Meg Taylor, CAO’s Compliance Advisor/Ombudsman; and Daniel Magraw, CIEL Executive Director. Questions relevant to the Panel ranged from procedural matters to the effectiveness of the Panel. The issues of Panel involvement with youth groups and academia and of Panel efforts to build capacity for accountability were also raised. The Panel had the chance to meet with representatives of NGOs from over 60 countries and with a number of individuals and organizations from the six Bank regions. The Panel also maintained a booth to distribute information concerning the Panel.

*Meeting with the American University Academy on Human Rights  
and Humanitarian Law, Washington, DC*

On June 5 and 14, 2007, the Panel met with a total of 70 international students from the American University Academy on Human Rights and Humanitarian Law. Panel Operations Officers Serge Selwan and Tatiana Tassoni introduced the Panel, its role, operations, procedures, and experience with respect to Requests for Inspection raising human rights issues in World Bank operations. Following the presentation, several students asked questions, in particular about the Panel’s effectiveness and impact on people who resort to the Panel when they feel harmed by a Bank-funded project, and on the Bank’s operations in general.

*Dalhousie University, Halifax, Nova Scotia, Canada*

From June 23 to 27, 2006, Dalhousie University's Faculty of Science and the Elizabeth May Chair in Sustainability and Environmental Health partnered with the Global Ecological Integrity Group to present the Ecological Integrity and a Sustainable Society Conference. The Inspection Panel was invited to give a presentation, and on Tuesday, June 26, Operations Officer Serge Selwan presented "Accountability and Participation—the World Bank Inspection Panel." The conference, which focused on the role that ecological integrity plays in achieving health, global justice, and a sustainable society, brought together some 80 delegates from across North America and around the world. Participants were scholars and researchers from a diversity of disciplines, including ecology, biology, epidemiology, public health, economics, philosophy, and international law.

## **OUTREACH MATERIAL**

### *The Inspection Panel's Web Site*

The Panel's Web site contains information about the Requests for Inspection that the Panel has received since 1994. It also contains the Resolution establishing the Panel and its subsequent Clarifications, as well as the Panel's operating procedures. A copy of the Panel's outreach brochure, available in 12 languages, describing its work and a suggested format for a Request for Inspection, as well as other publications such as "Accountability at the World Bank: The Inspection Panel 10 Years On" in English, French, Spanish, and Portuguese can be found at the Web site. Also available on the site are the Panel's Annual Reports from 1996 to the present. The Panel's Web site address is <http://www.inspectionpanel.org>.



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## ANNEXES

# ANNEX 1

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## PANEL MEMBERS' AND EXECUTIVE SECRETARY'S BIOGRAPHIES



**Ms. Edith Brown Weiss** was appointed to the Panel in September 2002. She has taught and published widely on issues of international law and global policies, including environmental and compliance issues. She is the Francis Cabell Brown Professor of International Law at Georgetown University Law Center, where she has been on the faculty since 1978 and has directed international multidisciplinary research projects. Before Georgetown, she was a professor at Princeton University. Ms. Brown Weiss has won many prizes for her work, including the Elizabeth Haub prize from the Free University of Brussels and the International Union for the Conservation of Nature (IUCN) for international environmental law, and the 2003 American Bar Association Award in recognition of distinguished achievements in environmental law and policy. She has also received many awards for her books and articles. She served as president of the American Society of International Law and as associate general counsel for the U.S. Environmental Protection Agency, where she established the Division of International Law. Ms. Brown Weiss is a member of 10 editorial boards, including those of the *American Journal of International Law* and the *Journal of International Economic Law*. She has been a board member, trustee, or advisor for the Japanese Institute for Global Environmental Strategies, the Cousteau Society, the Center for International Environmental Law, and the National Center for Atmospheric Research, among others. Ms. Brown Weiss has been a special legal advisor to the North American Commission on Environmental Cooperation. She has been a member of the U.S. National Academy of Sciences' Commission on Geosciences, Environment, and Resources; the Water Science and Technology Board; and the Committee on Sustainable Water Supplies in the Middle East. She is an elected member of the American Law Institute, the Council on Foreign Relations, and the IUCN Commission on Environmental Law. Ms. Brown Weiss received a bachelor of arts degree from Stanford University with Great Distinction, an LL.B. (J.D.) from Harvard Law School, a Ph.D. in political science from the University of California at Berkeley, and an Honorary Doctor of Laws from Chicago-Kent College of Law.

**Mr. Tongroj Onchan** was appointed to the Panel in September 2003. He has a Ph.D. in agricultural economics from the University of Illinois. Professor Onchan taught in the Faculty of Economics at Kasetsart University in Thailand for 26 years, including a term as dean. He later served as vice president of Huachiew Chalermprakiat University; then joined the Thailand Environment Institute (TEI) as vice president. In 1998, Mr. Onchan



was appointed president of TEI. He helped establish and was appointed president of the Mekong Environment and Resource Institute (MERI) in 2000. He has served as advisor to the Prime Minister and to the Minister of Science, Technology, and Environment; as member of the National Environmental Board; chairman of the National EIA Committee; chairman of the Committee on the Preparation of the State of the Environment Report for Thailand; member of the National Audit Committee; and member of the National Research Council for economics. Mr. Onchan was on many editorial boards, among them the *Asian Journal of Agricultural Economics* and the *International Review for Environmental Strategies*. He has consulted for a number of international organizations, including the Asian Productivity Organization, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the World Bank, the Asian Development Bank, the Food and Agriculture Organization, the International Labour Organization, USAID, and the Ford Foundation. He has been project director of many research projects and author or coauthor of numerous technical and research papers on rural development, natural resources, and environmental management. Currently, he serves in several capacities: chairman of the Board of Directors of the MERI, and a director of the Institute for Global Environmental Strategies (IGES) based in Japan. In 2002, Mr. Onchan was appointed as eminent person to serve as a member of the Asia and Pacific Forum for Environment and Development (APFED), where he continues to serve.



**Mr. Werner Kiene** was appointed to the Panel in November 2004. He holds a master of science degree and a Ph.D. in agricultural economics from Michigan State University. He has held leadership positions with the Ford Foundation and German Development Assistance. In 1994, Mr. Kiene became the founding director of the Office of Evaluation of the United Nations World Food Programme (UN WFP). He was the World Food Programme country director for Bangladesh from 1998 through 2000 and also served as UN resident coordinator during this period. From 2000 to 2004 he was a representative of the UN WFP in Washington, DC. Mr. Kiene's focus has been on the design, implementation, and assessment of sustainable development initiatives. His professional writings have dealt with issues of rural poverty and social services delivery; food security, agricultural, and regional development; emergency support and humanitarian assistance; international trade; and international relations. Mr. Kiene is involved in professional organizations such as the American Evaluation Association; the Society for International Development; the American Association for the Advancement of Science; and the International Agriculture Economics Association.



**Mr. Peter Louis Lallas** became the Inspection Panel's Executive Secretary on January 1, 2007, following the retirement of the Panel's long-time Executive Secretary Mr. Eduardo Abbott. Mr. Lallas has nearly two decades of experience in the fields of international cooperation and law, working in a variety of institutions, settings, and countries. He has worked as advisor on international law and organizations in the United Nations Food



and Agriculture Organization (FAO) in Rome; as director of the International Environmental Law Office of the U.S. Environmental Protection Agency in Washington, DC; in the Commission of the European Communities in Brussels; and in an active Brussels law practice in international law, trade law, and European Community law. Mr. Lallas served as the Inspection Panel's Deputy Executive Secretary prior to becoming Executive Secretary. He holds a J.D. from Harvard University Law School (1986) and a B.A. in economics with Distinction and Honors from Stanford University (1981). Over the years, Mr. Lallas has taught on international law and policy issues, including as adjunct professor on international environmental policy in the Masters of Science Program of Georgetown University. He has authored and coauthored a number of publications on topics of international law, cooperation, and sustainable development and has been honored many times for his work.



**Mr. Eduardo G. Abbott**, a Chilean national, served as the Inspection Panel's Executive Secretary from April 4, 1994, until his retirement on December 31, 2006. Pursuant to paragraph 11 of the Resolution, the World Bank's President appointed him as Executive Secretary to the Panel on April 4, 1994, after consultation with the Executive Directors. Being head of the Secretariat since the Panel's establishment, Mr. Abbott has been instrumental in the development of the Panel as an institution. He has chaired several conferences related to the Panel's work and has served as an advisor to other institutions during the establishment and review of similar inspection functions. Preceding his assignment with the Inspection Panel, he was Senior Counsel Operational Policy, a position that was redesignated as Principal Counsel, Operational Policy, in 1993. In this position, Mr. Abbott collaborated with the Central Operations Department (now Operational Policy and Country Services Department) in preparing new Operational Directives and in revising older Policy Statements. In addition to his Operational Policy responsibilities, Mr. Abbott has also worked in the Latin America, and Europe and Central Asia divisions of the World Bank's Legal Department. Mr. Abbott joined the Bank in July 1978 as Assistant Counsel and was assigned to the division in charge of Latin America, the Caribbean, and West Africa. A year later, he was promoted to counsel, and in the following year to senior counsel. Prior to his career at the World Bank, Mr. Abbott worked at the U.S. Library of Congress as legal specialist in foreign law. In Chile, he had an active legal practice providing legal advice to a number of trade unions, as well as to industrial and financial institutions. He was assistant professor in the Law School of the University of Chile in Valparaiso; Mr. Abbott also served as a lecturer in the School of Social work of the Catholic University of Valparaiso, Chile, from where he earlier graduated from the law school. After leaving Chile, he pursued his graduate studies at the University of Wisconsin at Madison, where he obtained his master of science degree in legal institutions.

**JOINT STATEMENT ON THE USE OF COUNTRY SYSTEMS**

*Mexico Decentralized Infrastructure Reform and Development Project  
(R2004-0077, 0077/3)*

**CHAIRPERSON OF THE INSPECTION PANEL  
AND  
SENIOR VICE PRESIDENT AND GENERAL COUNSEL**

We are in agreement that the country systems strategy would not change the role of the Inspection Panel as set forth in the 1993 Resolutions establishing the Panel. The Inspection Panel will continue to investigate whether Management is in compliance with its policies and procedures in the design, appraisal, and implementation of projects and programs. This means that if a request were filed with the Inspection Panel in the context of the Mexico Decentralized Infrastructure Reform and Development Loan Project, the Inspection Panel could, with regard to the issues raised, examine Management's assessment of the equivalence of the relevant Bank policies and procedures with the country system (and any additional measures agreed upon to achieve equivalence) in materially achieving the objectives of Bank policies and procedures, as well as Management's supervision of the project. The operational framework for the specific project or program agreed upon with the borrower would be the frame of reference for the borrower's performance and the Bank's supervision.<sup>9</sup>

Edith Brown Weiss  
Chairperson  
The Inspection Panel

Roberto Danino  
Senior Vice President and General Counsel  
The World Bank

*June 8, 2004*

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<sup>9</sup> The Bank would continue to be bound by OP/BP 13.05 on Supervision, and the Inspection Panel would review Bank compliance with OP/BP 13.05. The Borrower will be supervised by the Bank, based on its implementation of the contractual arrangements reflected in the legal agreements.

## ANNEX 3

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September 22, 1993

### **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL DEVELOPMENT ASSOCIATION**

*Resolution No. IBRD 93-10*

*Resolution No. IDA 93-6*

#### **"THE WORLD BANK INSPECTION PANEL"**

The Executive Directors:

Hereby resolve:

1. There is established an independent Inspection Panel (hereinafter called the Panel), which shall have the powers and shall function as stated in this resolution.

#### **COMPOSITION OF THE PANEL**

2. The Panel shall consist of three members of different nationalities from Bank member countries. The President, after consultation with the Executive Directors, shall nominate the members of the Panel to be appointed by the Executive Directors.
3. The first members of the Panel shall be appointed as follows: one for three years, one for four years, and one for five years. Each vacancy thereafter shall be filled for a period of five years, provided that no member may serve for more than one term. The term of appointment of each member of the Panel shall be subject to the continuity of the inspection function established by this Resolution.
4. Members of the Panel shall be selected on the basis of their ability to deal thoroughly and fairly with the requests brought to them, their integrity and their independence from the Bank's Management, and their exposure to developmental issues and to living conditions in developing countries. Knowledge and experience of the Bank's operations will also be desirable.

5. Executive Directors, Alternates, Advisors, and staff members of the Bank Group may not serve on the Panel until two years have elapsed since the end of their service in the Bank Group. For purposes of this Resolution, the term “staff” shall mean all persons holding Bank Group appointments as defined in Staff Rule 4.01, including persons holding consultant and local consultant appointments.
6. A Panel member shall be disqualified from participation in the hearing and investigation of any request related to a matter in which he/she has a personal interest or had significant involvement in any capacity.
7. The Panel member initially appointed for five years shall be the first Chairperson of the Panel, and shall hold such office for one year. Thereafter, the members of the Panel shall elect a Chairperson for a period of one year.
8. Members of the Panel may be removed from office only by decision of the Executive Directors, for cause.
9. With the exception of the Chairperson who shall work on a full-time basis at Bank headquarters, members of the Panel shall be expected to work on a full-time basis only when their workload justifies such an arrangement, as will be decided by the Executive Directors on the recommendation of the Panel.
10. In the performance of their functions, members of the Panel shall be officials of the Bank enjoying the privileges and immunities accorded to Bank officials, and shall be subject to the requirements of the Bank’s Articles of Agreement concerning their exclusive loyalty to the Bank and to the obligations of subparagraphs (c) and (d) of paragraph 3.1 and paragraph 3.2 of the Principles of Staff Employment concerning their conduct as officials of the Bank. Once they begin to work on a full-time basis, they shall receive remuneration at a level to be determined by the Executive Directors upon a recommendation of the President, plus normal benefits available to Bank fixed-term staff. Prior to that time, they shall be remunerated on a *per diem* basis and shall be reimbursed for their expenses on the same basis as the members of the Bank’s Administrative Tribunal. Members of the Panel may not be employed by the Bank Group, following the end of their service on the Panel.
11. The President, after consultation with the Executive Directors, shall assign a staff member to the Panel as Executive Secretary, who need not act on a full-time basis until the workload so justifies. The Panel shall be given such budgetary resources as shall be sufficient to carry out its activities.

## **POWERS OF THE PANEL**

12. The Panel shall receive requests for inspection presented to it by an affected party in the territory of the borrower which is not a single individual (i.e., a community of persons such as an organization, association, society, or other grouping of individuals), or by the local representative of such party or by another representative in the exceptional cases where the party submitting the request contends that appropriate representation is not locally available and the Executive Directors so agree at the

time they consider the request for inspection. Any such representative shall present to the Panel written evidence that he is acting as agent of the party on behalf of which the request is made. The affected party must demonstrate that its rights or interests have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal, and/or implementation of a project financed by the Bank (including situations where the Bank is alleged to have failed in its follow-up on the borrower's obligations under loan agreements with respect to such policies and procedures) provided in all cases that such failure has had, or threatens to have, a material adverse effect. In view of the institutional responsibilities of Executive Directors in the observance by the Bank of its operational policies and procedures, an Executive Director may in special cases of serious alleged violations of such policies and procedures ask the Panel for an investigation, subject to the requirements of paragraphs 13 and 14 below. The Executive Directors, acting as a Board, may at any time instruct the Panel to conduct an investigation. For purposes of this Resolution, "operational policies and procedures" consist of the Bank's Operational Policies, Bank Procedures and Operational Directives, and similar documents issued before these series were started, and does not include Guidelines and Best Practices and similar documents or statements.

13. The Panel shall satisfy itself before a request for inspection is heard that the subject matter of the request has been dealt with by the Management of the Bank and Management has failed to demonstrate that it has followed, or is taking adequate steps to follow, the Bank's policies and procedures. The Panel shall also satisfy itself that the alleged violation of the Bank's policies and procedures is of a serious character.
14. In considering requests under paragraph 12 above, the following requests shall not be heard by the Panel:
  - (a) Complaints with respect to actions which are the responsibility of other parties, such as a borrower, or potential borrower, and which do not involve any action or omission on the part of the Bank.
  - (b) Complaints against procurement decisions by Bank borrowers from suppliers of goods and services financed or expected to be financed by the Bank under a loan agreement, or from losing tenderers for the supply of any such goods and services, which will continue to be addressed by staff under existing procedures.
  - (c) Requests filed after the Closing Date of the loan financing the project with respect to which the request is filed or after the loan financing the project has been substantially disbursed.<sup>10</sup>
  - (d) Requests related to a particular matter or matters over which the Panel has already made its recommendation upon having received a prior request, unless justified by new evidence or circumstances not known at the time of the prior request.

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<sup>10</sup> This will be deemed to be the case when at least 95 percent of the loan proceeds have been disbursed.

15. The Panel shall seek the advice of the Bank's Legal Department on matters related to the Bank's rights and obligations with respect to the request under consideration.

## **PROCEDURES**

16. Requests for inspection shall be in writing and shall state all relevant facts, including, in the case of a request by an affected party, the harm suffered by or threatened to such party or parties by the alleged action or omission of the Bank. All requests shall explain the steps already taken to deal with the issue, as well as the nature of the alleged actions or omissions and shall specify the actions taken to bring the issue to the attention of Management, and Management's response to such action.
17. The Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.
18. Within 21 days of being notified of a request for inspection, the Management of the Bank shall provide the Panel with evidence that it has complied or intends to comply with the Bank's relevant policies and procedures.
19. Within 21 days of receiving the response of the Management as provided in the preceding paragraph, the Panel shall determine whether the request meets the eligibility criteria set out in paragraphs 12 to 14 above and shall make a recommendation to the Executive Directors as to whether the matter should be investigated. The recommendation of the Panel shall be circulated to the Executive Directors for decision within the normal distribution period. In case the request was initiated by an affected party, such party shall be informed of the decision of the Executive Directors within two weeks of the date of such decision.
20. If a decision is made by the Executive Directors to investigate the request, the Chairperson of the Panel shall designate one or more of the Panel's members (Inspectors) who shall have primary responsibility for conducting the inspection. The Inspector(s) shall report his/her (their) findings to the Panel within a period to be determined by the Panel taking into account the nature of each request.
21. In the discharge of their functions, the members of the Panel shall have access to all staff who may contribute information and to all pertinent Bank records and shall consult as needed with the Director General, Operations Evaluation Department, and the Internal Auditor. The borrower and the Executive Director representing the borrowing (or guaranteeing) country shall be consulted on the subject matter both before the Panel's recommendation on whether to proceed with the investigation and during the investigation. Inspection in the territory of such country shall be carried out with its prior consent.
22. The Panel shall submit its report to the Executive Directors and the President. The report of the Panel shall consider all relevant facts, and shall conclude with the Panel's findings on whether the Bank has complied with all relevant Bank policies and procedures.

23. Within six weeks from receiving the Panel's findings, Management will submit to the Executive Directors for their consideration a report indicating its recommendations in response to such findings. The findings of the Panel and the actions completed during project preparation also will be discussed in the Staff Appraisal Report when the project is submitted to the Executive Directors for financing. In all cases of a request made by an affected party, the Bank shall, within two weeks of the Executive Directors' consideration of the matter, inform such party of the results of the investigation and the action taken in its respect, if any.

#### **DECISIONS OF THE PANEL**

24. All decisions of the Panel on procedural matters, its recommendations to the Executive Directors on whether to proceed with the investigation of a request, and its reports pursuant to paragraph 22, shall be reached by consensus and, in the absence of a consensus, the majority and minority views shall be stated.

#### **REPORTS**

25. After the Executive Directors have considered a request for an inspection as set out in paragraph 19, the Bank shall make such request publicly available together with the recommendation of the Panel on whether to proceed with the inspection and the decision of the Executive Directors in this respect. The Bank shall make publicly available the report submitted by the Panel pursuant to paragraph 22 and the Bank's response thereon within two weeks after consideration by the Executive Directors of the report.
26. In addition to the material referred to in paragraph 25, the Panel shall furnish an annual report to the President and the Executive Directors concerning its activities. The annual report shall be published by the Bank.

#### **REVIEW**

27. The Executive Directors shall review the experience of the inspection function established by this Resolution after two years from the date of the appointment of the first members of the Panel.

#### **APPLICATION TO IDA PROJECTS**

28. In this resolution, references to the Bank and to loans include references to the Association and to development credits.



## **REVIEW OF THE RESOLUTION ESTABLISHING THE INSPECTION PANEL 1996 CLARIFICATION OF CERTAIN ASPECTS OF THE RESOLUTION**

The Resolution establishing the Inspection Panel calls for a review after two years from the date of appointment of the first panel members. On October 17, 1996, the Executive Directors of the Bank and IDA completed the review process (except for the question of inspection of World Bank Group private sector projects) by considering and endorsing the clarifications recommended by Management on the basis of the discussions of the Executive Directors' Committee on Development Effectiveness (CODE). The Inspection Panel and Management are requested by the Executive Directors to observe the clarifications in their application of the Resolution. The clarifications are set out below.

### **THE PANEL'S FUNCTION**

Since the Resolution limits the first phase of the inspection process to ascertaining the eligibility of the request, this phase should normally be completed within the 21 days stated in the Resolution. However, in cases where the Inspection Panel believes that it would be appropriate to undertake a "preliminary assessment" of the damages alleged by the requester (in particular when such preliminary assessment could lead to a resolution of the matter without the need for a full investigation), the Panel may undertake the preliminary assessment and indicate to the Board the date on which it would present its findings and recommendations as to the need, if any, for a full investigation. If such a date is expected by the Panel to exceed eight weeks from the date of receipt of Management's comments, the Panel should seek Board approval for the extension, possibly on a "no-objection" basis. What is needed at this preliminary stage is not to establish that a serious violation of the Bank's policy has actually resulted in damages suffered by the affected party, but rather to establish whether the complaint is prima facie justified and warrants a full investigation because it is eligible under the Resolution. Panel investigations will continue to result in "findings" and the Board will continue to act on investigations on the basis of recommendations of Management with respect to such remedial action as may be needed.

## **ELIGIBILITY AND ACCESS**

It is understood that the “affected party” which the Resolution describes as “a community of persons such as an organization, association, society or other grouping of individuals” includes any two or more persons who share some common interests or concerns.

The word “project” as used in the Resolution has the same meaning as it generally has in the Bank’s practice, and includes projects under consideration by Bank management as well as projects already approved by the Executive Directors.

The Panel’s mandate does not extend to reviewing the consistency of the Bank’s practice with *any* of its policies and procedures, but, as stated in the Resolution, is limited to cases of alleged failure by the Bank to follow its operational policies and procedures *with respect to the design, appraisal, and/or implementation of projects*, including cases of alleged failure by the bank to follow up on the borrowers’ obligations under loan agreements, with respect to such policies and procedures.

No procurement action is subject to inspection by the Panel, whether taken by the Bank or by a borrower. A separate mechanism is available for addressing procurement-related complaints.

## **OUTREACH**

Management will make its response to requests for inspection available to the public within three days after the Board has decided on whether to authorize the inspection. Management will also make available to the public opinions of the General Counsel related to Inspection Panel matters promptly after the Executive Directors have dealt with the issues involved, unless the Board decides otherwise in a specific case.

Management will make significant efforts to make the Inspection Panel better known in borrowing countries, but will not provide technical assistance or funding to potential requesters.

## **COMPOSITION OF THE PANEL**

No change in the composition of the Panel is being made at this time.

## **ROLE OF THE BOARD**

The Board will continue to have authority to (i) interpret the Resolution; and (ii) authorize inspections. In applying the Resolution to specific cases, the Panel will apply it as it understands it, subject to the Board’s review. As stated in the Resolution, “[t]he Panel shall seek the advice of the Bank’s Legal Department on matters related to the Bank’s rights and obligations with respect to the request under consideration.”

*October 17, 1996*

### **1999 CLARIFICATION OF THE BOARD'S SECOND REVIEW OF THE INSPECTION PANEL**

The Executive Directors approved today, April 20, 1999, with immediate effect, the report of the Working Group on the Second Review of the Inspection Panel, as revised in light of the extensive consultations that took place after the report was first circulated.

The report confirms the soundness of the Resolution establishing the Inspection Panel (IBRD Resolution No. 93-10, IDA Resolution No. 93-6 of September 22, 1993, hereinafter "the Resolution") and provides clarifications for its application. These clarifications supplement the clarifications issued by the Board on October 17, 1996, and prevail over them in case of conflict. The report's recommendations approved by the Board are as follows:

1. The Board reaffirms the Resolution, the importance of the Panel's function, its independence and integrity.
2. Management will follow the Resolution. It will not communicate with the Board on matters associated with the request for inspection, except as provided for in the Resolution. It will thus direct its response to the request, including any steps it intends to take to address its failures, if any, to the Panel. Management will report to the Board any recommendations it may have, after the Panel completes its inspection and submits its findings, as envisaged in paragraph 23 of the Resolution.
3. In its initial response to the request for inspection, Management will provide evidence that
  - i. it has complied with the relevant Bank operational policies and procedures; or that
  - ii. there are serious failures attributable exclusively to its own actions or omissions in complying, but that it intends to comply with the relevant policies and procedures; or that
  - iii. the serious failures that may exist are exclusively attributable to the borrower or to other factors external to the Bank; or that
  - iv. the serious failures that may exist are attributable both to the Bank's noncompliance with the relevant operational policies and procedures and to the borrower or other external factors.

The Inspection Panel may independently agree or disagree, totally or partially, with Management's position and will proceed accordingly.

4. When Management responds, admitting serious failures that are attributable exclusively or partly to the Bank, it will provide evidence that it has complied or intends to comply with the relevant operating policies and procedures. This response will contain only those actions that the Bank has implemented or can implement by itself.
5. The Inspection Panel will satisfy itself as to whether the Bank's compliance or evidence of intention to comply is adequate, and reflect this assessment in its reporting to the Board.
6. The Panel will determine the eligibility of a request for inspection independently of any views that may be expressed by Management. With respect to matters relating to the Bank's rights and obligations with respect to the request under consideration, the Panel will seek the advice of the Bank's Legal Department as required by the Resolution.
7. For its recommendation on whether an investigation should be carried out, the Panel will satisfy itself that all the eligibility criteria provided for in the Resolution have been met. It will base its recommendation on the information presented in the request, in the Management response, and on other documentary evidence. The Panel may decide to visit the project country if it believes that this is necessary to establish the eligibility of the request. In respect of such field visits, the Panel will not report on the Bank's failure to comply with its policies and procedures or its resulting material adverse effect; any definitive assessment of a serious failure of the Bank that has caused material adverse effect will be done after the Panel has completed its investigation.
8. The original time limit, set forth in the Resolution for both Management's response to the request and the Panel's recommendation, will be strictly observed except for reasons of force majeure, i.e., reasons that are clearly beyond Management's or the Panel's control, respectively, as may be approved by the Board on a no-objection basis.
9. If the Panel so recommends, the Board will authorize an investigation without making a judgment on the merits of the claimants' request, and without discussion except with respect to the following technical eligibility criteria:
  - a. The affected party consists of any two or more persons with common interests or concerns and who are in the borrower's territory (Resolution para. 12).
  - b. The request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester (Resolution paras. 12 and 14a).
  - c. The request does assert that its subject matter has been brought to Management's attention and that, in the requester's view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures (Resolution para. 13).

- d. The matter is not related to procurement (Resolution para. 14b).
  - e. The related loan has not been closed or substantially disbursed (Resolution para. 14c).
  - f. The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request (Resolution para. 14d).
10. Issues of interpretation of the Resolution will be cleared with the Board.
  11. The “preliminary assessment” concept, as described in the October 1996 Clarification, is no longer needed. The paragraph entitled “The Panel’s Function” in the October 1996 “Clarifications” is thus deleted.
  12. The profile of Panel activities, in-country, during the course of an investigation, should be kept as low as possible in keeping with its role as a fact-finding body on behalf of the Board. The Panel’s methods of investigation should not create the impression that it is investigating the borrower’s performance. However, the Board, acknowledging the important role of the Panel in contacting the requesters and in fact-finding on behalf of the Board, welcomes the Panel’s efforts to gather information through consultations with affected people. Given the need to conduct such work in an independent and low-profile manner, the Panel—and Management—should decline media contacts while an investigation is pending or under way. Under those circumstances in which, in the judgment of the Panel or Management, it is necessary to respond to the media, comments should be limited to the process. They will make it clear that the Panel’s role is to investigate the Bank and not the borrower.
  13. As required by the Resolution, the Panel’s report to the Board will focus on whether there is a serious Bank failure to observe its operational policies and procedures with respect to project design, appraisal, and/or implementation. The report will include all relevant facts that are needed to understand fully the context and basis for the panel’s findings and conclusions. The Panel will discuss in its written report only those material adverse effects, alleged in the request, that have totally or partially resulted from serious Bank failure of compliance with its policies and procedures. If the request alleges a material adverse effect and the Panel finds that it is not totally or partially caused by Bank failure, the Panel’s report will so state without entering into analysis of the material adverse effect itself or its causes.
  14. For assessing material adverse effect, the without-project situation should be used as the base case for comparison, taking into account what baseline information may be available. Non-accomplishments and unfulfilled expectations that do not generate a material deterioration compared to the without-project situation will not be considered as a material adverse effect for this purpose. As the assessment of material adverse effect in the context of the complex reality of a specific project can be difficult, the Panel will have to exercise carefully its judgment on these matters, and be guided by Bank policies and procedures where relevant.

15. A distinction has to be made between Management's report to the Board (Resolution para. 23), which addresses Bank failure and possible Bank remedial efforts, and "action plans," agreed between the borrower and the Bank, in consultation with the requesters, that seek to improve project implementation. The latter "action plans" are outside the purview of the Resolution, its 1996 clarification, and these clarifications. In the event of agreement by the Bank and borrower on an action plan for the project, Management will communicate to the Panel the nature and outcomes of consultations with affected parties on the action plan. Such an action plan, if warranted, will normally be considered by the Board in conjunction with the Management's report, submitted under Resolution para. 23.
16. The Panel may submit to the Executive Directors for their consideration a report on their view of the adequacy of consultations with affected parties in the preparation of the action plans. The Board should not ask the Panel for its view on other aspects of the action plans nor would it ask the Panel to monitor the implementation of the action plans. The Panel's view on consultation with affected parties will be based on the information available to it by all means, but additional country visits will take place only by government invitation.
17. The Board underlines the need for Management to make significant efforts to make the Inspection Panel better known in borrowing countries, as specified in the 1996 "Clarifications."
18. The Board emphasizes the importance of prompt disclosure of information to claimants and the public, as stipulated in the Resolution (paras. 23 and 25) and in its 1996 Clarifications. The Board requires that such information be provided by Management to claimants in their language, to the extent possible.
19. The Board recognizes that enhancing the effectiveness of the Inspection Panel process through the above clarifications assumes adherence to them by all parties in good faith. It also assumes the borrowers' consent for field visits envisaged in the Resolution. If these assumptions prove to be incorrect, the Board will revisit the above conclusions.

# ANNEX 6

## OPERATING PROCEDURES

AS ADOPTED BY THE PANEL ON AUGUST 19, 1994

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## INTRODUCTION

The Inspection Panel (the “Panel”) is an independent forum established by the Executive Directors of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) by IBRD Resolution No. 93-10 and the identical IDA Resolution No. 93-6 both adopted by the Executive Directors of the respective institutions on September 22, 1993 (collectively the “Resolution”). The text of the Resolution is in Annex 1. References in these procedures to the “Bank” include the IBRD and IDA.

The Panel’s authority is dictated by the Resolution: within that framework, these Operating Procedures are adopted by the Panel to provide detail to the operational provisions. The text is based on the Resolution and takes into account suggestions from outside sources.

In view of the unprecedented nature of the new inspection function the current procedures are provisional: the Panel will review them within 12 months and, in light of experience and comments received, will revise them if necessary; and will recommend to the Executive Directors (“Executive Directors”) amendments to the Resolution that would allow a more effective role for the Panel.

### *Composition*

The Panel consists of three Inspectors. At the outset, one Inspector, the Chairperson, will work on a full-time basis: the other two will work part-time. This arrangement is provisional. The Panel’s workload will be dictated by the number and nature of requests received. If necessary, the Panel will recommend alternative arrangements to the Executive Directors.

### *Purpose*

The Panel has been established for the purpose of providing people directly and adversely affected by a Bank-financed project with an independent forum through which they can request the Bank to act in accordance with its own policies and procedures. It follows that this forum is available when adversely affected people believe the Bank itself has failed, or has failed to require others, to comply with its policies and procedures, and only after efforts have been made to ask the Bank Management (“Management”) itself to deal with the problem.

### *Functions*

The role of the Panel is to carry out independent investigations. Its function, which will be triggered when it receives a request for inspection, is to inquire and recommend: it will make a preliminary review of a request for inspection and the response of Management, independently assess the information and then recommend to the Board of Executive Directors whether or not the matters complained of should be investigated. If the Board decides that a request shall be investigated, the Panel will collect information and provide its findings, independent assessment and conclusions to the Board. On the basis of the Panel’s findings and Management’s recommendations, the Executive Directors will consider the actions, if any, to be taken by the Bank.

### *Participants*

During the preliminary review period—up to the time the Panel makes a recommendation to the Board on whether or not the matter should be investigated—the Panel will accept statements or evidence from (a) the Requester, i.e., either the affected people and/or their duly appointed representative, or an Executive Director; (b) Management; and, (c) any other individual or entity invited by the Panel to present information or comments.

During an investigation, any person who is either a party to the investigation or who provides the designated Inspector(s) with satisfactory evidence that he/she has an interest, apart from any interest in common with the public, will be entitled to submit information or evidence relevant to the investigation.

### *Administration*

The Panel has approved separate Administrative Procedures which are available from the Office of The Inspection Panel.

*Please note that all headings are for ease of reference only. They do not form part of these procedures and do not constitute an interpretation thereof.*

## **SUBJECT MATTER OF REQUESTS**

### *Scope*

1. The Panel is authorized to accept requests for inspection (“Request(s)”) which claim that an actual or threatened material adverse effect on the affected party’s rights or interests arises directly out of an action or omission of the Bank as a result of a failure by the Bank to follow its own operational policies and procedures during the design, appraisal and/or implementation of a Bank-financed project. Before submitting a Request steps must have already been taken (or efforts made) to bring the matter to the attention of Management with a result unsatisfactory to the Requester.

### *Limitations*

2. The Panel is not authorized to deal with the following:
  - (a) complaints with respect to actions which are the responsibility of other parties, such as the borrower, or potential borrower, and which do not involve any action or omission on the part of the Bank;
  - (b) complaints against procurement decisions by Bank borrowers from suppliers of goods and services financed or expected to be financed by the Bank under a loan/credit agreement, or from losing tenderers for the supply of any such goods and services, which will continue to be addressed by Bank staff under existing procedures;
  - (c) Requests filed after the Closing Date of the loan/credit financing the project with respect to which the Request is filed or when 95% or more of the loan/credit proceeds have been disbursed; or

- (d) Requests related to a particular matter or matters over which the Panel has already made its recommendation after having received a prior Request, unless justified by new evidence or circumstances not known at the time of the prior Request.

## PREPARATION OF A REQUEST

3. The Panel's operational proceedings begin when a Request is received. This section of the procedures is primarily designed to give further guidance to potential Requesters on what facts and explanations they should provide.

### *A. Who Can File a Request*

- 4. The Panel has authority to receive Requests which complain of a violation of the Bank's policies and procedures from the following people or entities:
  - (a) any group of two or more people in the country where the Bank-financed project is located who believe that as a result of the Bank's violation their rights or interests have been, or are likely to be adversely affected in a direct and material way. They may be an organization, association, society or other grouping of individuals; or
  - (b) a duly appointed local representative acting on explicit instructions as the agent of adversely affected people; or
  - (c) in exceptional cases, referred to in paragraph 11 below, a foreign representative acting as agent of adversely affected people; or
  - (d) an Executive Director of the Bank in special cases of serious alleged violations of the Bank's policies and procedures.

### *B. Contents of a Request*

- 5. In accordance with the Resolution, Requests should contain the following information:
  - (a) a description of the project, stating all the relevant facts including the harm suffered by or threatened to the affected party;
  - (b) an explanation of how Bank policies, procedures or contractual documents were seriously violated;
  - (c) a description of how the act or omission on the part of the Bank has led or may lead to a violation of the specific provision;
  - (d) a description of how the party was, or is likely to be, materially and adversely affected by the Bank's act or omission and what rights or interests of the claimant were directly affected;
  - (e) a description of the steps taken by the affected party to resolve the violations with Bank staff, and explanation of why the Bank's response was inadequate;
  - (f) in Requests relating to matters previously submitted to the Panel, a statement specifying what new evidence or changed circumstances justify the Panel revisiting the issue; and
  - (g) if some of the information cannot be provided, an explanation should be included.

### ***C. Form of Request***

#### **Written**

6. All Requests must be submitted in writing, dated and signed by the Requester, and contain his/her name and contact address.

#### **Format**

7. No specific form is necessary: a letter will suffice. A Requester may wish to refer to the guidance and use the model form specifying required information. (Included at the end of this annex, "Guidance on How to Prepare a Request for Inspection.")

#### **Language**

8. The working language of the Panel is English. Requests submitted directly by affected people themselves may be in their local language if they are unable to obtain a translation. If requests are not in English, the time needed to translate and ensure an accurate and agreed translation may delay acceptance and consideration by the Panel.

#### **Representatives**

9. If the Requester is a directly affected person or entity representing affected people, written signed proof that the representative has authority to act on their behalf must be attached.
10. If the Request is submitted by a non-affected representative, he/she must provide evidence of representational authority and the names and contact address of the party must be provided. Proof of representational authority, which shall consist of the original signed copy of the affected party's explicit instructions and authorization, must be attached.
11. In addition, in the cases of non-local representation, the Panel will require clear evidence that there is no adequate or appropriate representation in the country where the project is located.

#### **Documents**

12. The following documents should be attached:
  - (a) all correspondence with Bank staff;
  - (b) notes of meetings with Bank staff;
  - (c) a map or diagram, if relevant, showing the location of the affected party or area affected by the project; and
  - (d) any other evidence supporting the complaint.
13. If all the information listed cannot be provided an explanation should be included.

### ***D. Delivery of Request***

14. Requests must be sent by registered or certified mail or delivered by hand in a sealed envelope against receipt to the Office of The Inspection Panel at 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. or to the Bank's resident representative in the country where the project is located. In the latter case, the resident representative

shall, after issuing a receipt to the Requester, forward the Request to the Panel through the next pouch.

#### ***E. Advice on Preparation***

15. People or entities seeking advice on how to prepare and submit a Request may contact the Office of The Inspection Panel, which will provide information or may meet and discuss the requirements with potential requesters.

### **PROCEDURES ON RECEIPT OF A REQUEST**

16. When the Panel receives a Request the Chairperson, on the basis of the information contained in the Request, shall either promptly register the Request, or ask for additional information, or find the Request outside the Panel's mandate.

#### ***A. Register***

17. If the request, appears to contain sufficient required information the chairperson shall register the Request in the Panel Register; promptly notify the Requester, the Executive Directors and the Bank President ("President") of the registration; and transmit to the President a copy of the Request with the accompanying documentation, if any.

#### **Contents of Notice**

18. The notice of registration shall:
  - (a) record that the Request is registered and indicate the date of the registration and dispatch of that notice;
  - (b) the notice will include the name of the project, the country where the project is located, the name of the Requester unless anonymity is requested, and a brief description of the Request;
  - (c) notify the Requester that all communications in connection with the Request will be sent to the address stated in the Request, unless another address is indicated to the Panel Secretariat; and
  - (d) request Management to provide the Panel, within 21 days after receipt of the notice and Request, with written evidence that it has complied, or intends to comply with the Bank's relevant policies and procedures. The notice shall specify the due date of the response.

#### ***B. Request Additional Information***

19. If the chairperson finds the contents of the Request or documentation on representation insufficient, he/she may ask the Requester to supply further information.
20. Upon receipt of a Request, the chairperson shall send a written acknowledgement to the Requester, and will specify what additional information is required.
21. The Chairperson may refuse to register a Request until all necessary information and documentation is filed.

### *C. Outside Scope*

22. If the chairperson finds, that the matter is without doubt manifestly outside the Panel's mandate, he/she will notify the Requesters, of his/her refusal to register the Request and of the reasons therefore; this will include but not be limited to the following types of communications:
- (a) Requests which are clearly outside the Panel's mandate including those listed above at paragraph 2;
  - (b) Requests which do not show the steps taken or effort made to resolve the matter with Management;
  - (c) Requests from an individual or from a non-authorized representative of an affected party;
  - (d) any correspondence, including but not limited to letters, memoranda, opinions, submissions or requests on any matter within the Panel's mandate which are not requests for an inspection; and
  - (e) Requests that are manifestly frivolous, absurd or anonymous.

### **Records**

23. The number of such Requests and communications received shall be noted in the Register on a quarterly basis and the yearly total included in the Annual Report.

### *D. Need for Review*

24. In cases where additional information is required, or where it is not clear whether a Request is manifestly outside the Panel's mandate, the Chairperson shall designate a Panel member to review the Request.

### *E. Revised Request*

25. If the Requester receives significant new evidence or information at any time after the initial Request was submitted, he/she may consider whether or not it is serious enough to justify the submission of a revised Request.
26. If a revised Request is submitted, the time periods for Management's response and the Panel recommendation will begin again from the time such Request is registered.

## **MANAGEMENT'S RESPONSE**

27. Within 21 days after being notified of a Request, Management shall provide the Panel with evidence that it has complied, or intends to comply with the Bank's relevant policies and procedures. After the Panel receives Management's response, it shall promptly enter the date of receipt in the Panel Register.
28. If there is no response from Management within 21 days, the Panel shall notify the President and the Executive Directors and send a copy to the Requester.

### *Clarification*

29. In order to make an informed recommendation, the Panel may request clarification from Management; in the light of Management's response, request more information from the Requester; and provide relevant portions of Management's response for comment. A time limit for receipt of the information requested shall be specified; and
- (a) whether or not such clarification or information is received within the time limit, make its recommendation to the Executive Directors within 21 days after receipt of Management's response; or
  - (b) in the event it is not possible for the Requester to provide the information quickly, the Panel may advise the Requester to submit an amended Request; the Executive Directors and Bank management will be notified that the process will begin again when the amended Request is received.

### **PANEL RECOMMENDATION**

30. Within 21 days after receiving Management's response, the Panel shall make a recommendation to the Executive Directors as to whether the matter should be investigated.

#### ***A. Basis***

31. The Panel shall prepare its recommendation to the Board on the basis of the information contained in:
- (a) the Request;
  - (b) Management's response;
  - (c) any further information the Panel may have requested and received from the Requester and/or Management and/or third parties; and
  - (d) any findings of the Panel during this stage.

#### ***B. Required Criteria***

32. If, on the basis of the information contained in the Request, it has not already been established that the Request meets the following three conditions required by the Resolution, the Chairperson, in consultation with the other Panel members may, if necessary, designate a Panel member to conduct a preliminary review to determine whether the Request:
- (a) was filed by an eligible party;
  - (b) is not timebarred; and
  - (c) relates to a matter falling within the Panel's mandate.

#### **Criteria for Satisfactory Response**

33. The Panel may proceed to recommend that there should not be an investigation, if, on the basis of the information contained in the Request and Management's response, the Panel is satisfied that Management has done the following:

- (a) dealt appropriately with the subject matter of the Request; and
- (b) demonstrated clearly that it has followed the required policies and procedures; or
- (c) admitted that it has failed to follow the required policies and procedures but has provided a statement of specific remedial actions and a timetable for implementing them, which will, in the judgment of the Panel, adequately correct the failure and any adverse effects such failure has already caused.

#### **Preliminary Review**

- 34. If, on the basis of the information contained in Management's response and any clarifications provided, the Panel is satisfied that Management has failed to demonstrate that it has followed, or is taking adequate steps to follow the Bank's policies and procedures, the Panel will conduct a preliminary review in order to determine whether conditions required by provisions of the Resolution exist.
- 35. Although it may not investigate Management's actions in depth at this stage, it will determine whether Management's failure to comply with the Bank's policies and procedures meets the following three conditions:
  - (a) whether such failure has had, or threatens to have, a material adverse effect;
  - (b) whether, the alleged violation of the Bank's policies and procedures are, in the judgment of the Panel, of a serious character; and
  - (c) whether remedial actions proposed by Management do not appear adequate to meet the concerns of the Requester as to the application of the Bank's policies and procedures.

#### **Initial Study**

- 36. If the Chairperson considers, after the preliminary review and consultation with the other Panel members, that more factual data not already provided by the Requester, Management or any other source is required to make an informed recommendation to the Executive Directors, he/she may designate a Panel member to undertake a preliminary study. The study may include, but need not be limited to, a desk study and/or a visit to the project site.

#### **C. Contents**

- 37. On the basis of the review, the Panel shall make its recommendation to the Board as to whether the matter should be investigated. Every recommendation shall include a clear explanation setting forth reasons for the recommendation and be accompanied by:
  - (a) the text of the Request and, where applicable, any other relevant information provided by the Requester;
  - (b) the text of Management's response and, where applicable, any clarifications provided;
  - (c) the text of any advice received from the Bank's Legal Department;
  - (d) any other relevant documents or information received; and



- (e) statements of the majority and minority views in the absence of a consensus by the Panel.

#### ***D. Submission***

- 38. The recommendation shall be circulated by the Executive Secretary of the Panel to the Executive Directors for decision. The Panel will notify the Requester that a recommendation has been sent to the Executive Directors.

### **BOARD DECISION AND PUBLIC RELEASE**

- 39. The Board decides whether or not to accept or reject the Panel's recommendation; and, if the Requester is a nonlocal representative, whether exceptional circumstances exist and suitable local representation is not available.

#### **Notification**

- 40. The Panel shall promptly inform the Requester of the Board's decision on whether or not to investigate the Request and shall send the Requester a copy of the Panel's recommendation.

#### **Public Information**

- 41. After the Executive Directors have considered a Request the Bank shall make such Request publicly available together with the Panel's recommendation on whether to proceed with the inspection and the decision of the Executive Directors in this respect.

### **AN INVESTIGATION**

#### ***A. Initial Procedures***

- 42. When a decision to investigate a Request is made by the Board, or the Board itself requests an investigation, the Chairperson shall promptly:
  - (a) designate one or more of the Panel's members (Inspector(s)) to take primary responsibility for the investigation;
  - (b) arrange for the Panel members to consult, taking into account the nature of the particular Request, on:
    - (i) the methods of investigation that at the outset appear the most appropriate;
    - (ii) an initial schedule for the conduct of the investigation;
    - (iii) when the Inspector(s) shall report his/her (their) findings to the Panel, including any interim findings; and
    - (iv) any additional procedures for the conduct of the investigation.
- 43. The designated Inspector(s) shall, as needed, arrange for a meeting with the Requester and schedule discussions with directly affected people.
- 44. The name of the Inspector(s) and an initial work plan shall be made public as soon as possible.

### ***B. Methods of Investigation***

45. The Panel may, taking into account the nature of the particular Request, use a variety of investigatory methods, including but not limited to:
- (a) meetings with the Requester, affected people, Bank staff, government officials and project authorities of the country where the project is located, representatives of local and international non-governmental organizations;
  - (b) holding public hearings in the project area;
  - (c) visiting project sites;
  - (d) requesting written or oral submissions on specific issues from the Requester, affected people, independent experts, government or project officials, Bank staff, or local or international non-governmental organizations;
  - (e) hiring independent consultants to research specific issues relating to a Request;
  - (f) researching Bank files; and
  - (g) any other reasonable methods the Inspector(s) consider appropriate to the specific investigation.

### **Consent Required**

46. In accordance with the Resolution, physical inspection in the country where the project is located will be carried out with prior consent. The Chairperson shall request the Executive Director representing such country to provide written consent.

### ***C. Participation of Requester***

47. During the course of the investigation, in addition to any information requested by the Inspector(s), the Requester (and affected people if the Requester is a non-affected Representative or an Executive Director) or Bank staff may provide the Inspector(s) either directly or through the Executive Secretary with supplemental information that they believe is relevant to evaluating the Request.
48. The Inspector(s) may notify the Requester of any new material facts provided by Bank staff or by the Executive Director for, or authorities in the country where the project is located.
49. To facilitate understanding of specific points, the Panel may discuss its preliminary findings of fact with the Requester.

### ***D. Participation of Third Parties***

50. During the course of the investigation, in addition to any information requested by the Inspector(s), any member of the public may provide the Inspector(s), either directly or through the Executive Secretary, with supplemental information that they believe is relevant to evaluating the Request.
51. Information should not exceed ten pages and include a one-page summary. Supporting documentation may be listed and attached. The Inspector(s) may request more details if necessary.

## PANEL REPORT

### *Contents*

52. The report of the Panel (the “Report”) shall include the following:
- (a) a summary discussion of the relevant facts and of the steps taken to conduct the investigation;
  - (b) a conclusion showing the Panel’s findings on whether the Bank has complied with relevant Bank policies and procedures;
  - (c) a list of supporting documents which will be available on request from the Office of The Inspection Panel; and
  - (d) statements of the majority and minority views in the absence of a consensus by the Panel.

### *Submission*

53. Upon completion of the Report, the Panel shall submit it to:
- (a) the Executive Directors: accompanied by notification that the Report is being submitted to the President on the same date; and
  - (b) the President: accompanied by a notice against receipt that within 6 weeks of receipt of the Report, Management must submit to the Executive Directors for their consideration a report indicating Management’s recommendations in response to the Panel’s findings.

## MANAGEMENT’S RECOMMENDATIONS

54. Within 6 weeks after receiving the Panel’s findings, Management will submit to the Executive Directors for their consideration a report indicating its recommendations in response to the Panel’s findings. Upon receipt of a copy of the report, the Panel will notify the Requester.

## BOARD DECISION AND PUBLIC RELEASE

55. Within 2 weeks after the Executive Directors consider the Panel’s Report and the Management’s response, the Bank shall inform the Requester of the results of the investigation and the action decided by the Board, if any.
56. After the Bank has informed the Requester, the Bank shall make publicly available:
- (a) the Panel’s Report;
  - (b) Management’s recommendations; and
  - (c) the Board’s decision.

These documents will also be available at the Office of The Inspection Panel.

57. The Panel will seek to enhance public awareness of the results of investigations through all available information sources.

## **GENERAL**

### **Business Days**

58. “Days” under these procedures means days on which the Bank is open for business in Washington, D.C.

### **Copies**

59. Consideration of Requests and other documents submitted throughout the process will be expedited if an original and two copies are filed. When any document contains extensive supporting documentation the Panel may ask for additional copies.

### **Consultations**

60. The borrower and the Executive Director representing the borrowing (or guaranteeing) country shall be consulted on the subject matter before the Panel’s recommendation and during an investigation.

### **Access to Bank Staff and Information**

61. Pursuant to the Resolution and in discharge of their functions, the members of the Panel shall have access to all Bank staff who may contribute information and to all pertinent Bank records and shall consult as needed with the Director General, Operations Evaluation Department, and the Internal Auditor.

### **Legal Advice**

62. The Panel shall seek, through the Vice President and General Counsel of the Bank, the written advice of the Bank’s Legal Department on matters related to the Bank’s rights and obligations with respect to the Request under consideration. Any such advice will be included as an attachment to the Panel’s recommendation and/or Report to the Executive Directors.

### **Confidentiality**

63. Documents, or portions of documents of a confidential nature will not be released by the Panel without the express written consent of the party concerned.

### **Information to Requester and Public**

64. The Executive Secretary shall record in the Register all actions taken in connection with the processing of the Request, the dates thereof, and the dates on which any document or notification under these procedures is received in or sent from the Office of The Inspection Panel. The Requester shall be informed promptly. The Register will be publicly available.

65. A notice that a Request has been registered and all other notices or documents issued by the Panel will be available to the public through the Bank’s PIC in Washington, D.C.; at the Bank’s Resident Mission in the country where the project is located or at the relevant regional office; at the Bank’s Paris, London, and Tokyo offices; or on request from the Executive Secretary of the Panel.

## **GUIDANCE ON HOW TO PREPARE A REQUEST FOR INSPECTION**

The Inspection Panel needs some basic information in order to process a Request for Inspection:

1. Name, contact address, and telephone number of the group or people making the request.
2. Name and description of the Bank-financed project.
3. Adverse effects of the Bank project.
4. If you are a representative of affected people attach explicit written instructions from them authorizing you to act on their behalf.

These key questions must be answered:

1. Can you elaborate on the nature and importance of the damage caused by the project to you or those you represent?
2. What aspect of the project has or may affect you adversely? How did you determine this?
3. Are you familiar with Bank policies and procedures that apply to this type of project? How do you believe the Bank may have violated them?
4. Have you contacted or attempted to contact Bank staff about the project? Please provide information about all contacts, and the responses, if any, you received from the Bank. You must have done this *before* you can file a request.
5. Have you tried to resolve your problem through any other means?
6. If you know that the Panel has dealt with this matter before, do you have new facts or evidence to submit?

Please provide a summary of the information in no more than a few pages. Attach as much other information as you think necessary as separate documents. Please note and identify attachments in your summary.

**You may wish to use the accompanying model form.**

**MODEL FORM:  
REQUEST FOR INSPECTION**

To: Executive Secretary, The Inspection Panel  
1818 H Street NW, MSN 10-1007, Washington, DC 20433, USA  
Fax No. 202-522-0916;  
or c/o the appropriate World Bank Country Office

1. We [insert names] live and/or represent others who live in the area known as [insert name of area].  
Our addresses are attached.
2. We have suffered, or are likely to suffer, harm as a result of the World Bank's failures or omissions in the [insert name and/or brief description of the project or program] located in [insert location/country].
3. [Describe the damage or harm you are suffering or are likely to suffer from the project or program]
4. [List (if known) the World Bank's operational policies you believe have not been observed]
5. We have complained to World Bank staff on the following occasions [list dates] by [explain how the complaint was made]. We have received no response, [or] we have received a response and we are not satisfied that the explanations and answers solve our problems for the following reasons:
6. We request the Inspection Panel recommend to the World Bank's Executive Directors that an investigation of these matters be carried out.

Signatures:

Date:

Contact address, telephone number, fax number, and email address:

List of attachments

We [do/do not] authorize you to disclose our identities

**TABLE 1**

**SUMMARY OF REQUESTS FOR INSPECTION<sup>1</sup>**

JUNE 30, 2007

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
1. <b>Nepal:</b> Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	October 24, 1994	Yes	Investigation	Yes	Eligibility Report and Investigation Report
2. <b>Ethiopia:</b> Compensation for Expropriation and Extension of IDA Credits to Ethiopia	May 2, 1995	No	—	—	—
3. <b>Tanzania:</b> Power VI Project	May 16, 1995	Yes	No investigation	Yes	Eligibility Report
4. <b>Brazil:</b> Rondônia Natural Resources Management Project	June 16, 1995	Yes	Investigation	No	Eligibility Report, Additional Review report, and Review of Progress in Implementation
5. <b>Chile:</b> Financing of Hydroelectric Dams in the Bio-Bio River	November 17, 1995	No	—	—	—
6. <b>Bangladesh:</b> Jamuna Multipurpose Bridge Project	August 23, 1996	Yes	No investigation	Yes	Eligibility Report, and Report on Progress on Implementation of Action Plan
7. <b>Argentina/Paraguay:</b> Yacyretá Hydroelectric Project (1996)	September 30, 1996	Yes	Investigation	No	Eligibility Report and Review of Present Project Problems and Assessment of Action Plans
8. <b>Bangladesh:</b> Jute Sector Adjustment Credit	November 13, 1996	Yes	No investigation	Yes	Eligibility Report

*continued*

<sup>1</sup> Normally, the Panel advises the Executive Directors and the President when it receives a Request for Inspection that it cannot process (as it did in the Requests regarding Chile: Bio-Bio River, India: NTPC, Second Request, Cameroon: Pipeline Project, Second Request and Burundi: Public Works and Employment Creation Project). The Inspection Panel received a letter, dated August 27, 1999, also addressed to the President and the Executive Directors of the World Bank, requesting for the second time the “installation of an Inspection Panel” to investigate the Itaparica Resettlement and Irrigation Project in Brazil. Since the Bank’s loans for this project were then long closed, the Panel was precluded from processing this Request. Furthermore, as the Request had been already addressed to the President and Executive Directors, no action on the part of the Panel was necessary. However, some regard this extemporaneous request as a formal Request for Inspection that should be added to the Panel’s records.

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
9. <b>Brazil:</b> Itaparica Resettlement and Irrigation Project	March 12, 1997	Yes	Investigation	No	Eligibility Report and Action Plan review
10. <b>India:</b> NTPC Power Generation Project	May 1, 1997	Yes	Investigation	Yes	Eligibility Report and Report on Desk Investigation
11. <b>India:</b> Ecodevelopment Project	April 2, 1998	Yes	Investigation	No	Eligibility Report
12. <b>Lesotho/South Africa:</b> Phase 1B of Lesotho Highlands Water Project (1998)	May 6, 1998	Yes	No investigation	Yes	Eligibility Report
13. <b>Nigeria:</b> Lagos Drainage and Sanitation Project	June 17, 1998	Yes	No investigation	Yes	Eligibility Report
14. <b>Brazil:</b> Land Reform Poverty Alleviation Project	December 14, 1998	Yes	No investigation	Yes	Eligibility Report
15. <b>Lesotho:</b> Highlands Water Project (1999)	April 26, 1999	Yes	No investigation	Yes	Eligibility Report
16. <b>China:</b> Western Poverty Reduction Project	June 18, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
17. <b>Argentina:</b> Special Structural Adjustment Loan	July 26, 1999	Yes	No investigation	Yes	Eligibility Report
18. <b>Brazil:</b> Land Reform Poverty Alleviation Project, Second Request	September 14, 1999	Yes	No investigation	Yes	Eligibility Report
19. <b>Kenya:</b> Lake Victoria Environmental Management Project	October 12, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
20. <b>Ecuador:</b> Mining Development and Environmental Control Technical Assistance Project	December 13, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
21. <b>India:</b> NTPC Power Generation Project, Second Request	November 27, 2000	No	—	—	—
22. <b>Chad:</b> Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity-Building Project	March 22, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report

*continued*



REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
23. <b>India:</b> Coal Sector Environmental and Social Mitigation Project and Coal Sector Rehabilitation Project	June 21, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
24. <b>Uganda:</b> Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	July 27, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
25. <b>Papua New Guinea:</b> Governance Promotion Adjustment Loan	December 6, 2001	Yes	No investigation	Yes	Eligibility Report
26. <b>Paraguay/Argentina:</b> Reform Project for the Water and Telecommunication Sectors, SEGBA V Power Distribution Project (Yacyretá 2002)	May 17, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
27. <b>Cameroon:</b> Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	September 25, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
28. <b>Philippines:</b> Manila Second Sewerage Project (MSSP)	September 26, 2003	Yes	No recommendation, as the Requesters failed to satisfy a procedural criterion, that the Requesters had brought the subject matter to Management's attention and that, in the Requester's view, Management failed to respond adequately.	Yes	Eligibility Report
29. <b>Cameroon:</b> Petroleum Development and Pipeline Project (not registered)	November 26, 2003	No	—	—	—
30. <b>Mexico:</b> Indigenous and Community Biodiversity Project (COINBIO)	January 26, 2004	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report

*continued*

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
31. <b>Colombia:</b> Cartagena Water Supply, Sewerage, and Environmental Management Project	April 20, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
32. <b>India:</b> Mumbai Urban & Transport Project	April 28, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
33. <b>India:</b> Mumbai Urban Transport Project—Gazi Nagar	June 29, 2004	Yes			
34. <b>Pakistan:</b> National Drainage Program Project	September 10, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
35. <b>Burundi:</b> Public Works and Employment Creation Project	September 17, 2004	No	—	—	—
36. <b>Cambodia:</b> Forest Concession Management and Control Pilot Project	January 28, 2005	Yes	Investigation	Yes	Eligibility Report and Investigation Report
37. <b>Democratic Republic of Congo:</b> Transitional Support for Economic Recovery Credit Operation (TSERO) and Emergency Economic and Social Reunification Support Project (EESRSP)	November 19, 2005	Yes	Investigation	Yes	Investigation Ongoing
38. <b>Honduras:</b> Land Administration Project	January 3, 2006	Yes	Investigation	Yes	Investigation Report
39. <b>Romania:</b> Mine Closure and Social Mitigation Project	January 6, 2006	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
40. <b>Nigeria:</b> West African Gas Pipeline Project	April 27, 2006	Yes	Investigation	Yes	(First) Eligibility Report and Final Eligibility Report; Investigation Ongoing
41. <b>Brazil:</b> Paraná Biodiversity Project	July 10, 2006	Yes	No investigation	Yes	(First) Eligibility Report and Final Eligibility Report
42. <b>Argentina:</b> Santa Fe Infrastructure Project	August 28, 2006	Yes	No recommendation, as the Requesters failed to satisfy a procedural criterion, that the Requesters had brought the subject matter to Management's attention and that, in the Requester's view, Management failed to respond adequately.	Yes	Eligibility Report
43. <b>Argentina:</b> Provincial Road Infrastructure Project	September 21, 2006	Yes			

*continued*

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
44. <b>Uganda:</b> Private Power Generation Project	March 5, 2007	Yes	Investigation	Yes	Eligibility Report; Investigation Ongoing
45. <b>India:</b> Uttaranchal Decentralized Watershed Development Project	March 7, 2007	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
46. <b>Albania:</b> Power Sector Generation and Restructuring Project	April 30, 2007	Yes			

## TABLE 2

### ALLEGED VIOLATIONS OF POLICIES AND PROCEDURES PER REQUEST

JUNE 30, 2007

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
1. 10/24/1994	<b>Nepal:</b> Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	Economic evaluation of investment operations (OP/BP 10.04) Disclosure of operational information (BP 17.50) Outline for a project information document (BP 10.00, Annex A) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20)
2. 5/2/1995	<b>Ethiopia:</b> Compensation for Expropriation and Extension of IDA Credits to Ethiopia (not registered)	Dispute over defaults on external debt, expropriation, and breach of contract (OMS 1.28)
3. 5/16/1995	<b>Tanzania:</b> Power VI Project	Article V Section 1(c), IDA Articles of Agreement Article V Section 1(d), IDA Articles of Agreement Article V Section 1(g), IDA Articles of Agreement Environmental aspects of Bank work (OMS 236) Environmental assessment (OD 4.01)
4. 6/16/1995	<b>Brazil:</b> Rondônia Natural Resources Management Project	Project supervision (OD 13.05) Forestry policy (OP 4.36) Wildlands policy (OP 11.02) Indigenous peoples (OD 4.20) Involvement of NGOs in Bank-supported activities (OD 14.70) Project monitoring and evaluation (OD 10.70) Investment lending—identification to the Board presentation (BP 10.00) Suspension of disbursements (OD 13.40) Accounting, financial reporting, and auditing (OD 10.60) Procurement (OD 11.00) Use of consultants (OD 11.10) Borrower compliance with audit covenants (OD 13.10)
5. 11/17/1995	<b>Chile:</b> Financing of Hydroelectric Dams in the Bío-Bío River (not registered)	Environmental policy for dam and reservoir project, Annex B (OD 4.00) Indigenous peoples (OD 4.20) Wildlands (OPN 11.02) Management of cultural property in Bank-financed projects (OPN 11.03) Involuntary resettlement (OD 4.30) Project supervision (OD 13.05)

*continued*

	DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
6.	8/23/1996	<b>Bangladesh:</b> Jamuna Multipurpose Bridge Project	Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Involvement of NGOs in Bank-supported activities (OD 14.70)
7.	9/30/1996	<b>Argentina/Paraguay:</b> Yacretá Hydroelectric Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Project monitoring and evaluation (OD 10.70) Project supervision (OD 13.05) Wildlands (OPN 11.02) Management of cultural property in Bank-financed projects (OPN 11.03) Environmental aspects of Bank work (OMS 2.36) Suspension of disbursements (OD 13.40)
8.	11/13/1996	<b>Bangladesh:</b> Jute Sector Adjustment Credit	Adjustment lending policy (OD 8.60) Project supervision (OP 13.05) Suspension of disbursements (OP 13.40)
9.	3/12/1997	<b>Brazil:</b> Itaparica Resettlement and Irrigation Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
10.	5/1/1997	<b>India:</b> NTPC Power Generation Project	Economic evaluation of investment operations (OD 10.04) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
11.	4/2/1998	<b>India:</b> Ecodevelopment Project	Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Forestry (OP 4.36)
12.	5/6/1998	<b>Lesotho/South Africa:</b> Phase 1B of Lesotho Highlands Water Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Economic evaluation of investment operations (OD 10.04) Poverty alleviation (OD 4.15) Water resources and management (OP 4.07)
13.	6/17/1998	<b>Nigeria:</b> Lagos Drainage and Sanitation Project	Involuntary resettlement (OD 4.30) Poverty alleviation (OD 4.15) Gender dimensions of development (OD 4.20) Project monitoring and evaluation (OD 10.70) Economic evaluation of investment operations (OP/BP 10.04) Article V, Section 1(g), IDA Articles of Agreement
14.	12/14/1998	<b>Brazil:</b> Land Reform Poverty Alleviation Project	Poverty alleviation (OD 4.15) Disclosure of operational information (BP 17.50) Environmental assessment (OD 4.01) Involving NGOs in Bank operations (GP 14.70)
15.	4/26/1999	<b>Lesotho:</b> Highlands Water Project	Disputes over defaults on external debt, expropriation, and breach of contract (OP/BP 7.40) Disclosure of operational information (BP 17.50)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
16. 6/18/1999	<b>China:</b> Western Poverty Reduction Project	Disclosure of operational information (BP 17.50) Involuntary resettlement (OD 4.30) Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Pest management (OP 4.09) Safety dams (OP/BP 4.37) Retroactive financing (OD 12.10) Investment lending (OD 10.00)
17. 7/26/1999	<b>Argentina:</b> Special Structural Adjustment Loan	Project supervision (OD 13.05) Poverty alleviation (OD 4.15) Project monitoring and evaluation (OP/BP 10.70) Suspension of disbursements (OP/BP 13.40) Disclosure of operational information (BP 17.50)
18. 9/14/1999	<b>Brazil:</b> Land Reform Poverty Alleviation Project, Second Request	Poverty alleviation (OD 4.15) Project supervision (OD 13.50) Disclosure of operational information (BP 17.50)
19. 10/12/1999	<b>Kenya:</b> Lake Victoria Environmental Management Project	Environmental assessment (OD 4.01) Poverty alleviation (OD 4.15) Economic evaluation of investment projects (OP 10.04) Project supervision (OD 13.05)
20. 12/13/1999	<b>Ecuador:</b> Mining Development and Environmental Control Technical Assistance Project	Environmental assessment (OD 4.01) Wildlands (OPN 11.02) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
21. 11/27/2000	<b>India:</b> NTPC Power Generation Project, Second Request (not registered)	Involuntary resettlement (OD 4.30) Project supervision (OD 13.05) Environmental assessment (OD 4.01)
22. 3/22/2001	<b>Chad:</b> Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity-Building Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Pest management (OP 4.09) Poverty alleviation (OD 4.15) Indigenous peoples (OD 4.20) Forestry (OP 4.36) Disclosure of operational information (BP 17.50) Economic evaluation of investment operations (OP 10.04) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OD 13.05)
23. 6/21/2001	<b>India:</b> Coal Sector Environmental and Social Mitigation Project and Coal Sector Rehabilitation Project	Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Disclosure of operational information (BP 17.50) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OD 13.05)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
24. 7/27/2001	<b>Uganda:</b> Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	Environmental assessment (OD/OP 4.01) Natural habitats (OP 4.04) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Safety of dams (OP 4.37) Management of cultural property of Bank- financed projects (OPN 11.03) Economic evaluation of investment operations (OP 10.04) Poverty alleviation (OD 4.15) Disclosure of operational information (BP 17.50) Project monitoring and evaluation (OD 10.70) Project supervision (OD 13.05)
25. 12/6/2001	<b>Papua New Guinea:</b> Governance Promotion Adjustment Loan	Forestry (OP 4.36) Adjustment lending policy (OD 8.60) Project supervision (OD/OP/BP 13.05)
26. 5/17/2002	<b>Paraguay:</b> Reform Project for the Water and Telecommunication Sectors <b>Argentina:</b> SEGBA V Power Distribution Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Project supervision (OD/OP/BP 13.05) Project monitoring and evaluation (OD 10.70) Suspension of disbursements (OD 13.40)
27. 9/25/2002	<b>Cameroon:</b> Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	Environmental assessment (OD 4.01) Natural habitat (OP/BP 4.04) Poverty reduction (OD 4.15) Indigenous people (OD 4.20) Involuntary resettlement (OD 4.30) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
28. 9/26/2003	<b>Philippines:</b> Manila Second Sewerage Project	Environmental assessment (OD 4.01) Economic evaluation of investment operations (OP 10.04) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
29. 11/26/2003	<b>Cameroon:</b> Petroleum Development and Pipeline Project (not registered)	Involuntary resettlement (OD 4.30)
30. 01/26/2004	<b>Mexico:</b> Indigenous and Community Biodiversity Project (COINBIO)	Indigenous people (OD 4.20) Project supervision (OD/OP/BP 13.05)
31. 04/20/2004	<b>Colombia:</b> Cartagena Water Supply, Sewerage, and Environmental Management Project	Environmental assessment (OD 4.01) Natural habitat (OP/BP 4.04) Water resources management (OD 4.07) Poverty reduction (OD 4.15) Indigenous people (OD 4.20) Financial management (OD 10.02) Economic evaluation of investment operations (OP 10.04) Project supervision (OD/OP/BP 13.05)
32. 04/28/2004	<b>India:</b> Mumbai Urban Transport Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of information (January 2002) Project supervision (OP/BP 13.05)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
33. 06/29/2004	<b>India:</b> Mumbai Urban Transport Project—Gazi Nagar	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of information (January 2002) Project supervision (OP/BP 13.05)
34. 09/10/2004	<b>Pakistan:</b> National Drainage Program Project	Environmental assessment (OD 4.01) Natural habitats (OP 4.04) Indigenous people (OD 4.20) Involuntary resettlement (OD 4.30) Management of cultural property in Bank-financed projects (OPN 11.03)
35. 09/17/2004	<b>Burundi:</b> Public Works and Employment Creation Project (not registered)	Project supervision (OP/BP 13.05) Procurement (OP/BP 11.00)
36. 01/28/2005	<b>Cambodia:</b> Forest Concession Management and Control Pilot Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Management of cultural property in Bank-financed projects (OPN 11.03) Indigenous people (OD 4.20) Forestry (OP/BP 4.36) Technical assistance (OP/BP 8.40) Project supervision (OP/BP 13.05) Disclosure of operational information (BP 17.50)
37. 11/19/2005	<b>Democratic Republic of Congo:</b> Transitional Support for Economic Recovery Credit Operation and Emergency Economic and Social Reunification Support Project	Environmental assessment (OP/BP 4.01) Poverty reduction (OD 4.15) Indigenous people (OD 4.20) Forestry (OP/BP 4.36) Emergency recovery assistance (OP/BP 8.50) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OP/BP 13.05) Disclosure of information (January 2002)
38. 01/03/2006	<b>Honduras:</b> Land Administration Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Tribal people in Bank-financed projects (OMS 2.34) Indigenous people (OD 4.20) Indigenous people (OP/BP 4.10) Disclosure of operational information (BP 17.50)
39. 01/06/2006	<b>Romania:</b> Mine Closure and Social Mitigation Project	Environmental assessment (OD 4.01) Project supervision (OD/OP/BP 13.05) Disclosure of information (January 2002)
40. 04/27/2006	<b>Nigeria:</b> West African Gas Pipeline Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Poverty reduction (OD 4.15) Economic evaluation of investment operations (OP/BP 10.04) Project supervision (OP/BP 13.05) Disclosure of information (January 2002)
41. 07/10/2006	<b>Brazil:</b> Paraná Biodiversity Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Forestry (1993) (OP/BP 4.36) Project supervision (OP/BP 13.05)

*continued*

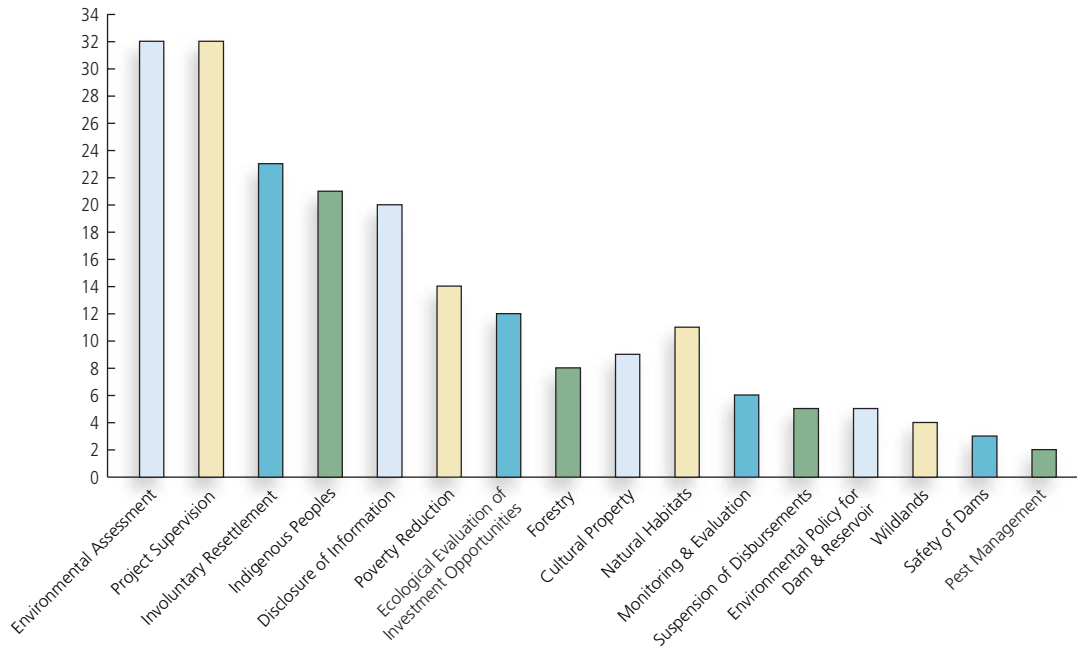


	DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
42.	08/28/2006	<b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Disclosure of information (January 2002)
&			
43.	09/21/2006		Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12)
44.	03/05/2007	<b>Uganda:</b> Private Power Generation Project (proposed)	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Environmental action plans (OP 4.02) Water resource management (OP 4.07) Indigenous people (OP/BP 4.10) Physical cultural resources (OP/BP 4.11) Involuntary resettlement (OP/BP 4.12) Safety of dams (OP 4.37) Projects on international waterways (OP/BP 7.50) Economic evaluation of investment operations (OP/BP 10.04) Poverty reduction (OP 1.00) World Bank Policy on disclosure of information
45.	03/07/2007	<b>India:</b> Uttaranchal Decentralized Watershed Development Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Poverty reduction (OD 4.15) Forests (OP/BP 4.36) Project supervision (OP/BP 13.05)
46.	04/30/2007	<b>Albania:</b> Power Sector Generation and Restructuring Project	Project appraisal (OMS 2.20) Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Involuntary resettlement (OP/BP 4.12) Economic evaluation of investment operations (OP/BP 10.04) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OP/BP 13.05)

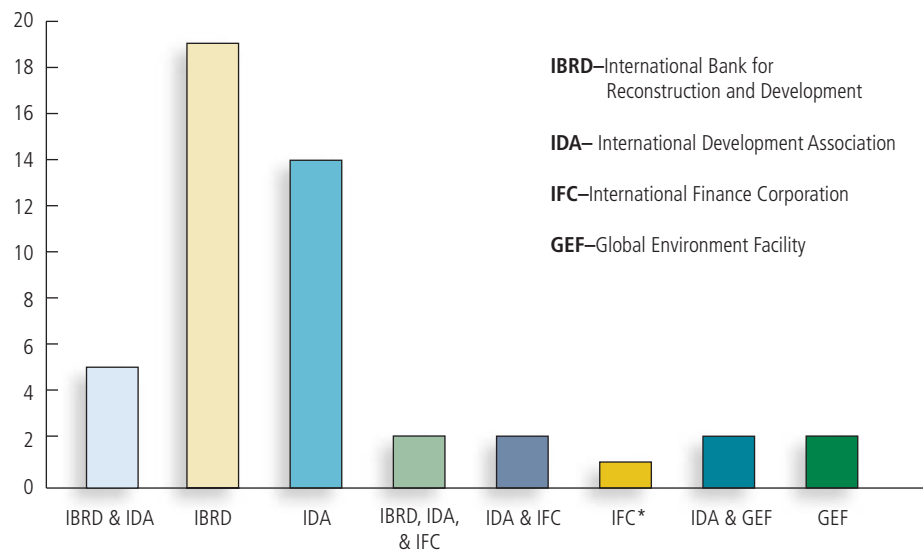
Source: Inspection Panel

Note: BP = Bank Procedure; OD = Operational Directive; OMS = Operational Manual Statement; OP = Operational Policy; OPN = Operational Policy Note.

**FIGURE 2**  
**POLICIES MOST OFTEN RAISED IN REQUESTS**  
**AS OF JUNE 30, 2007**

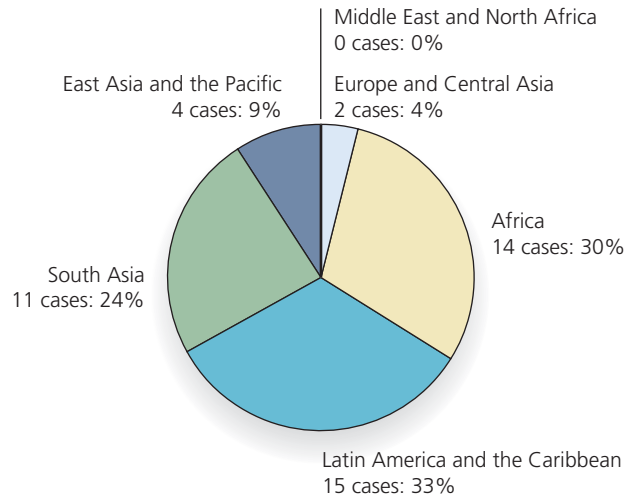


**FIGURE 3**  
**FINANCING FOR PROJECTS SUBJECT TO REQUESTS**  
**JUNE 30, 2007**

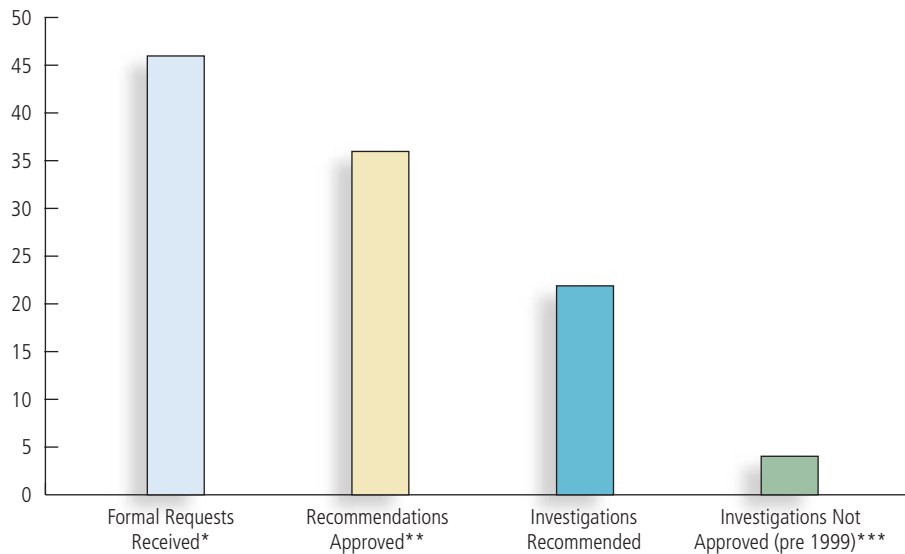


\* The Panel's mandate does not cover IFC. However, in November 1995, the Panel received a Request regarding a project financed by IFC, and it forwarded the Request to the Bank's president. Thereafter, in 1999, the Bank established IFC's Compliance Advisor Ombudsman.

**FIGURE 4**  
**PERCENTAGE OF REQUESTS RECEIVED PER REGION**  
**JUNE 30, 2007**



**FIGURE 5**  
**PANEL'S REQUEST RECORD**  
**AS OF JUNE 30, 2007**



\* Includes the Request received concerning the Albania: Power Sector Generation and Restructuring Project, which was still being processed at the time of draft of the Annual Report.

\*\* Includes several single Recommendations relating to different Requests concerning one same Project and processed simultaneously. Also includes several Recommendations relating to a single Request.

\*\*\* Since the 1999 Board Clarifications of the Resolution establishing the Panel, all recommendations for investigations have been approved.

# GEOGRAPHICAL DISTRIBUTION OF REQUESTS FOR INSPECTION



MAY 08, 2007



IBRD 32336R1 1

## ANNEX 7

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### THE INSPECTION PANEL BUDGET

JULY 1, 2006–JUNE 30, 2007

	(THOUSANDS OF U.S. DOLLARS)
Consultants*	673.9
Salaries**	999.2
Temporaries	40.4
Publications	49.7
Travel	477.0
Benefits	497.7
Communications & IT Services	105.1
Equipment & Building Services	6.9
Representation & Hospitality	15.8
Contractual Services	27.9
Other Expenses	7.6
Office Occupancy	167.0
<b>Total Expenses</b>	<b>3,068.2</b>
<b>Current Budget</b>	<b>3,083.8</b>

*Note:* Numbers may not add to totals because of rounding.

\* Includes Panel Members' fees.

\*\* Includes Chairperson's salary.



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