

THE INSPECTION PANEL



ANNUAL REPORT

July 1, 2005, to June 30, 2006

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ABBREVIATIONS AND ACRONYMS

ACUACAR	Aguas de Cartagena
BP	Bank Procedure
DED	Deutscher Entwicklungsdienst
DRC	Democratic Republic of Congo
EA	Environmental Assessment
EAP	East Asia and Pacific
ECA	Europe Central Asia
EESRSP	Emergency Economic and Social Reunification Support Project
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
FCMCPP	Forest Concession Management and Control Pilot Project
FoE-Ghana	Friends of the Earth-Ghana
GEXSI	Global Exchange for Social Investment
GTZ	Deutsche Gesellschaft fuer Technische Zusammenarbeit, the German Agency for Development Cooperation
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEGDG	Internal Evaluation Group Director-General
IFC	International Finance Corporation
IFIs	International Financial Institutions
ILO	International Labour Organization
INFVP	Infrastructure Vice-Presidency
IPDP	Indigenous Peoples Development Plan
JVLR	Jogeshwari-Vikhroli Link Road
LCR	Latin America and Caribbean Region
MUTP	Mumbai Urban Transport Project
NEXI	Nippon Export and Investment Insurance
NGO	nongovernmental organization
OD	Operational Directive
OFRANEH	Organización Fraternal Negra Honduras
OP	Operational Policy
OPIC	Overseas Private Investment Corporation
OPN	Operational Policy Note
PATH	Programa de Administración de Tierras de Honduras
NRM	Natural Resource Management

RAP	Resettlement Action Plan
R&R	Resettlement and Rehabilitation
SCLR	Santa Cruz-Chembur Link Road
SEA	Strategic Environmental Assessment
SFMP	Sustainable Forest Management Plan
TA	Technical Assistance
TSERO	Transitional Support for Economic Recovery Operation
USOA	United Shop Owners Association
VENRO	Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen e.V.
WAPCo	West African Gas Pipeline Company

UNITS OF MEASURE AND CURRENCIES

km	kilometers
US\$	U.S. dollars

LETTER OF TRANSMITTAL

The Annual Report of the Inspection Panel for the period July 1, 2005, to June 30, 2006, 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, 2006

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 (1997–2002), Edward Ayensu (1998–2003), and Maartje van Putten (1999–2004).

Secretariat. The Panel has a permanent Secretariat, which is headed by Executive Secretary Eduardo G. Abbott. The office also consists of Deputy Executive Secretary Peter L. Lallas; Assistant Executive Secretary Anna S. Herken; Operations Officers Serge Selwan and Tatiana Tassoni; Senior Executive Assistant Francine Coscolluela; and Program Assistants Luis Schunk, who replaced Nimanthi Attapattu earlier this fiscal year. The Secretariat provides administrative and operational support to the chairperson and Panel members, and assists the Panel in processing Requests, conducting investigations, and 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

In accordance with its mandate, the Panel is dedicated to providing an effective forum to which people affected by a World Bank-financed project or program can complain if they have suffered or may suffer harm because the World Bank has not followed its policies and procedures. This year has been the busiest since the Inspection Panel was established in 1993.

During the past year, the Panel registered four new Requests: one each from affected people in the Democratic Republic of Congo (DRC), Honduras, Romania, and Nigeria. The four Requests concern projects with different subject matters: forestry in the DRC; land titling in Honduras; closure of mines in Romania; and the West African Gas Pipeline in Nigeria.

The Panel recommended, and the Board approved, investigations for the first two Requests, which came from the DRC and Honduras. After the Request from Romania had been registered and the Panel had visited the site to determine the eligibility of the Request, the Panel received a letter from the Requesters asking that it defer a decision on whether to recommend an investigation for six months because the problems giving rise to the Request were now being addressed. The Panel recommended such a deferral and the Board approved this recommendation. The Panel has recently received a letter from the Requesters indicating their satisfaction thus far. In the last request from Nigeria, the Panel's report and recommendation were being finalized as of the end of the fiscal year.

During this last year, the Panel has been engaged in five investigations concurrently:

- Mumbai Urban Transport Project (India)
- Cambodia Forest Concession Management and Control Pilot Project (Cambodia)
- National Drainage Program Project (Sindh province, Pakistan)
- Forestry component in the Transitional Support for Economic Recovery Operation and the Emergency Economic and Social Reunification Support Project (DRC), and
- Land Administration Project (Honduras)

A sixth investigation, the Cartagena Water Supply, Sewerage and Environmental Management Project (Colombia), was completed at the end of the previous fiscal year, but considered by the Board during this fiscal year. Of the five concurrent investigations, the Panel completed two this year: the Urban Transport Project in Mumbai, India, and the Forest Concession Pilot Project in Cambodia. The Panel's Investigation Report on

the project in Pakistan will be delivered to the Board at the beginning of the new fiscal year. Investigations of the Requests from DRC and Honduras are under way. The status of the completed reports follows.

As a result of the Panel's findings in its Investigation Report on the Mumbai Urban Transport Project (India), the Bank suspended disbursements on the road and resettlement components. Management's Response and Action Plan subsequently set forth the need for progress and completion of a suite of actions related to these components. At the Board meeting on March 28, the Board asked the Panel to review Management's progress when it reports to the Board in six months. The Panel returned to Mumbai in early May to convey the results of its investigation and to discuss its findings and the Bank's Action Plan with affected people. One of the Panel's experts was invited to attend subsequent meetings in Mumbai with affected people as an Observer.

In response to the Panel's Investigation Report on the Cambodia Forest Concession Management and Control Pilot Project, Bank Management explained to the Board at its meeting on June 29 how it planned "to use the lessons learned from the Panel Report and the project in its future work in forestry and natural resources management in Cambodia."¹ The Panel intends to return to Cambodia and convey the results of its Investigation Report to the Requesters.

During fiscal year 2006, the Board also considered the Panel's Investigation Report for the Cartagena Water Supply, Sewerage and Environmental Management Project (Colombia). The project calls for the disposal of Cartagena's municipal wastes via pipeline and submarine outfall about 20 kilometers north of the city. Management's Response to the Panel's Investigation Report provides for the villages near the outfall to receive water and sewerage connections and community centers, in association with the Project.

The Panel is encouraged by the Board of Executive Directors approval of the Panel's recommendations regarding whether to conduct an investigation and their endorsement of the Panel Investigation Reports presented this year. It appreciates their implicit unfailing support.

The Panel also appreciates the support of the new Bank Management for the Inspection Panel. President Paul Wolfowitz noted in the Panel's brochure for staff that the Panel is "indispensable to the work and credibility of the World Bank . . . The Panel provides accountability and transparency. The world's poorest citizens can take their concerns about Bank-funded projects to the Panel and know that their voices will be heard. Bank staff have the chance to address these concerns."

A major focus of the Panel's activities this year has been to familiarize Bank staff with the work of the Panel and findings in the Panel reports. The Panel held variations of regional town hall meetings with three regions: East Asia, Latin America, and Africa. The meeting for East Asia was held in Bangkok, with country offices included by video. The Panel Chairperson also spoke at a meeting organized by the Infrastructure Sector to consider its program.

¹ World Bank press release, "Improving management of forests is critical to better livelihoods, economic growth in Cambodia—World Bank Discusses Inspection Panel Investigation of Cambodia Forest Concession Management and Control Pilot Project." June 29, 2006.

The Panel has continued to emphasize outreach efforts to civil society and communities affected by World Bank-financed projects. The Panel held regular meetings with civil society, in various locations, and spoke at various university and other events about accountability and about the Inspection Panel. It has continued to update its Web site, to facilitate inquiries in multiple languages, and to make the site easier to use. The Panel's brochure, which provides a succinct introduction to the Panel, has been published in twelve languages and distributed broadly.

In May 2006, the North American Commission on Environmental Cooperation in Montreal, Canada, hosted the third informal meeting of the accountability and recourse mechanisms at international financial and related institutions. The Inspection Panel hosted the inaugural meeting of this group at the World Bank in May 2004, and the Asian Development Bank hosted the second meeting in Manila, Philippines, the following year. The meeting of principals of these mechanisms has become an annual event. At the Montreal meeting, principals from all of the mechanisms 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, and the International Finance Corporation. Principals from national export agencies with similar mechanisms in Canada, Japan, and the United States also joined in the meeting.

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

The Panel also wishes to express its appreciation to the Board of Executive Directors for their support of the Panel, to Bank Management and staff for their cooperation in responding to inquiries from the Panel, to civil society for its support of the Panel, and to the people affected by World Bank-financed projects who entrust the Panel with their concerns. 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, 2006

THE INSPECTION PANEL

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.² 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 through which 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."³

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 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.

² See Resolution No. IBRD 93-10; Resolution No. IDA 93-6, establishing the World Bank Inspection Panel. The Panel's 1994 Operating Procedures provide details to the Resolutions. For the purposes of the Inspection Panel, the World Bank includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

³ *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, and the Board accepts that recommendation, the case is considered closed.⁴
- 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 (www.inspectionpanel.org).
- If the Board approves the Panel's recommendation for an investigation,⁵ 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 Recommendations 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 (www.inspectionpanel.org).

⁴ The Board could, nevertheless, decide and instruct the Panel to make an investigation.

⁵ 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 (www.inspectionpanel.org) and included in Annex 5 of this report.

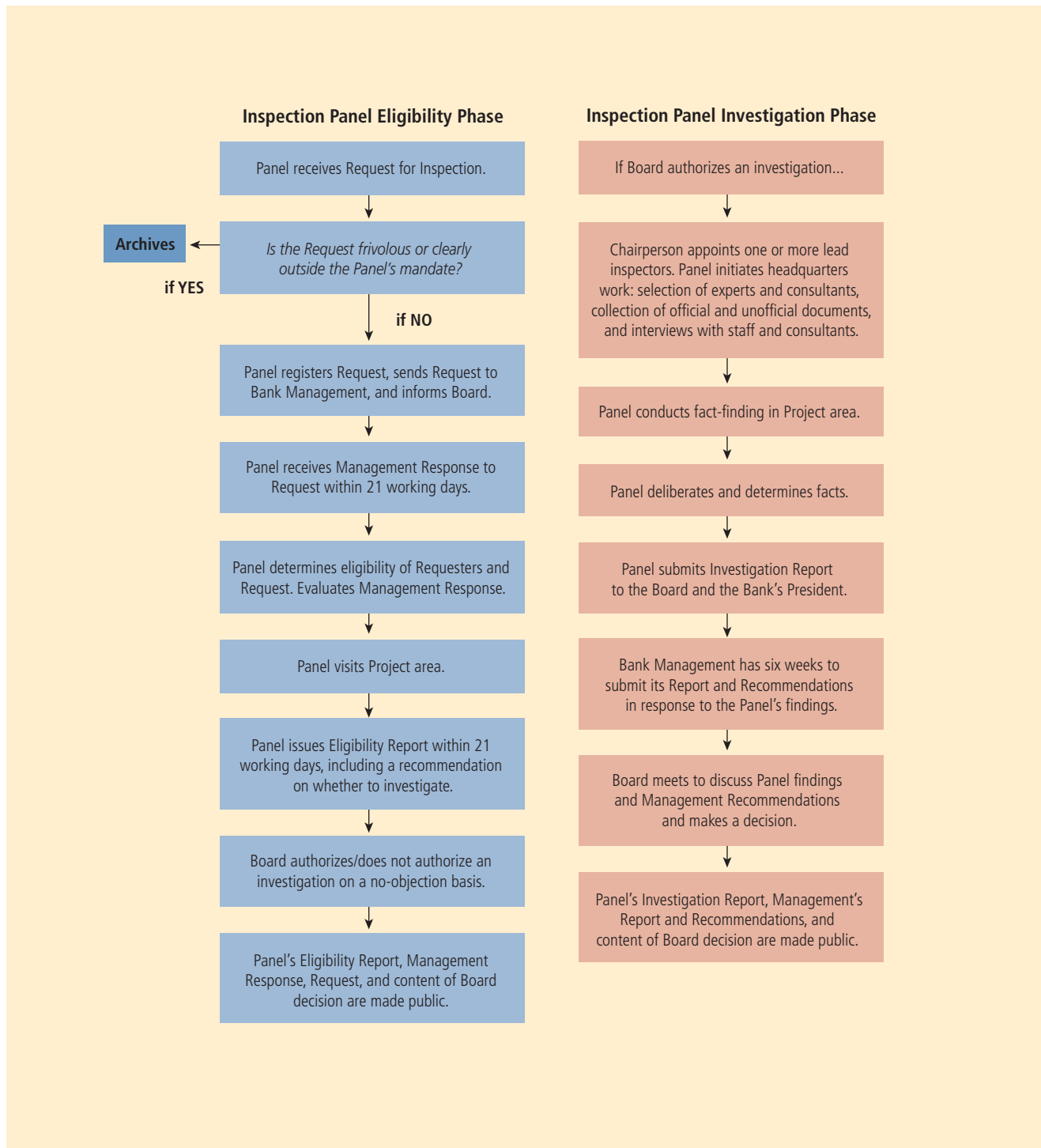
Who may submit a Request for Inspection?

- 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.
- 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 or credit 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



REQUESTS RECEIVED IN
FISCAL YEAR 2006

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 1. DEMOCRATIC REPUBLIC OF CONGO PROJECT INFORMATION AT A GLANCE

Project Name: Transitional Support for Economic Recovery Country Project (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*” 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 reform activities supported by the TSERO and EESRSP Projects. They were concerned mainly with the implementation of a new commercial forest concession system and the preparation of a forest zoning plan for the forests of the Equateur and

Oriental Provinces, where the Pygmies have lived for generations. They claimed that if the Projects are implemented without consulting the indigenous peoples and considering their interests, it 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, it would impose or force change in their way of life, and it would 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 on Environmental Assessment (EA) and should have been classified as Category A. The Requesters noted that the EA was still not available. The Requesters stated that the Bank ignored the application of OD 4.20 on 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 Oriental 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 DRC are not consistent with OP 4.36 on 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 will lead to the lifting of the moratorium on granting titles for forest exploitation and will result in granting 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 bypassing its safeguard policies and procedures related to environment, forestry, and indigenous peoples. The Requesters also

Panel meets with
Pygmy villagers





Timber harvesting, Province Orientale

expressed concerns with regard to 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 on Environmental Assessment, OP 4.12 on Involuntary Resettlement, OD 4.15 on Poverty Reduction, OD 4.20 on Indigenous Peoples, OP/BP 4.36 on Forestry, OP/BP 8.50 on Emergency Recovery Assistance, OPN 11.03 on Cultural Property, OP/BP 13.05 on Project Supervision, and BP 17.50 on Disclosure of Information.

MANAGEMENT RESPONSE

On January 13, 2005, Management submitted its Response to the Request for Inspection. Management states in its Response that it believes 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 Cate-

gory 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 recognized 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 is of the opinion 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 states that many of these regulations are still lacking. Management finally asserted that the pilot zoning plan does not threaten physical cultural property, that four to five forest technical mis-

Impact of logging





sions have taken place annually since 2002, and that these missions have focused on deepening the Bank's understanding of forest management in 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 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 ELIGIBILITY REPORT/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 livelihoods, 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 Bank 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 started to investigate the matters alleged in the Requests. As of the end of June 2006, the investigation was ongoing.



Panel and local community

Land Administration Project

(IDA CREDIT NO. 3858-HO)

BOX 2. HONDURAS PROJECT INFORMATION AT A GLANCE

Project Name:	Land Administration Project (IDA Credit No. 3858-HO)
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.¹ The Request was submitted by the Organización Fraternal Negra Honduras (OFRANEH) 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 Request claimed that the Project, as a result of violations of Bank policies and procedures, is harming the Garífuna people and their land claims and will endanger their survival. 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 to them. The Requesters noted that, under PATH, 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

¹ The Project aims to develop a policy framework and 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 carrying out monitoring and evaluation activities.

properties and possessions supported by ancestral title or certification can be registered as private property and enjoy full ownership rights.

The Requesters feared, however, that the land titling and procedures provided under the Project ultimately would cause the demise of collective property in favor of individual property, which is contrary to the land tenure system they prefer, and could give their land, which they consider as their functional habitat, to people outside the Garífuna communities. They feared that the new titling program under the Bank-financed project would cause “*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. They stated that the demise of their collective titles would result in the loss of their ancestral lands, culture, and traditions.

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 on Indigenous Peoples, OP/BP 4.01 on Environmental Assessment, and OP/BP 4.04 on Natural Habitats. The Request also referred to the International Labour Organization (ILO) Convention Concerning Indigenous and Tribal Peoples in Independent Countries Convention C169, and 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 did not oppose actions to recognize collective rights to their ancestral lands. They had significant concerns, however, about the design and implementation of this Project in the way it affects their claims to their these lands. The Requesters claimed that the Garífuna communities were not properly 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.

According to the Request, Bank staff did not consult with affected people prior to preparing the Indigenous Peoples Development Plan (IPDP), and did not distribute Project background material. The Requesters stated that the conflict resolution method provided for in the IPDP arbitration not only is unconstitutional but also is different from the one called for in the Property Law. In either case, 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 will 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 claimed that the IPDP provides for the issuance of regulations to delimit and demarcate indigenous peoples’ lands, but these 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 representa-*

tives,” 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.”

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 and titling have taken place in any Garífuna lands. Management added that, when these activities do occur, appropriate safeguards are built into the Project to protect indigenous people’s 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 Garífuna stakeholders.*”

The Management response presented an overview of the history, socioeconomic conditions, representative organizations, and issues involving the Garífuna people. Management stated that the “*Garífuna 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 Garífuna people.

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

Management 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 Garífuna stakeholders.*” This Mesa was formed in 2005 following invitations sent by the government to “*representatives of a wide range of Garífuna 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 Garífuna stakeholders regarding the role of the Project in addressing their land claims.*”

Management also emphasized that the government passed the Property Law after the Bank Board of Directors had approved the Project. Management stated that Property

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, Management further stated that 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 among the people, 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 that 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 in their 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 the following: (1) only legally established protected areas are eligible for demarcation; (2) no Project field activities will take place in or near a proposed protected area; and (3) procedures to protect the interests of the people must be in place before demarcation or titling occurs on lands adjacent ethnic lands.



Panel meets with Requesters



Panel meets with local community at Sambo Creek

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

THE PANEL’S ELIGIBILITY REPORT/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 14, 2006, the Panel noted that there is disagreement as to

whether the consultation process established under the Project is bypassing the structures developed over time by the Garífuna 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 to settle land disputes for indigenous people 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 Garífuna 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 Board of Executive Directors approved the Panel’s recommendation to conduct an investigation on a no-objection basis on March 30, 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 started to investigate the matters alleged in the Requests. As of the end of fiscal year 2006, the investigation was ongoing.

Mine Closure and Social Mitigation Project

(IBRD LOAN NO. 4509-RO)

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 that live in the area known as Vermesti, Comanesti City in Bacau County, Romania. Ergio Prod specializes in wood processing and is situated at the Vermesti Mine's road in Vermesti. In their Request, the Requesters claimed that they had been harmed by the Project. They asserted that the works related to the environmental reconstruction of the Vermesti Mine area failed to adequately protect the land surrounding the mine area. They identified two major issues: the flooding of their land and problems related to the Vermesti Mine's road.

The Requesters claimed that their land had been filled with water because of insufficient provisions for water drainage channels. They stated that as a consequence of failures related to the closure of the Vermesti Mine their land had been flooded and that massive rains in 2004 and 2005 have aggravated the situation. According to the Requesters, sterile material from the waste dump had been carried by the rainwater onto the Requesters' area and clogged the Vrânceanu brook, thus reducing the brook's capacity to absorb the rainwater. According to the Requesters, the water from the waste dump of the Vermesti Mine had reached their area and damaged the production machines of Ergio Prod and the 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 exposed them to great risk of being flooded again.

BOX 3. ROMANIA PROJECT INFORMATION AT A GLANCE

Project Name:	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



Panel meets with Requesters

The Requesters also claimed that many of the affected landowners are poor and that the flooding had made it impossible for people to cultivate their land. They asserted that as a consequence of the above mentioned problems, the authorities decided not to continue the existing permit for water management for Ergio Prod. The Requesters feared that if they carried on their activities without the necessary permit, they might be subject to legal action. Furthermore, 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 Mine’s

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 on Environmental Assessment, OD/OP/BP 13.05 on Project Supervision, and the World Bank Policy on Disclosure of Information.

MANAGEMENT RESPONSE

On February 14, 2006, Management submitted its Response to the Request. In its response, Management indicated that the Vermesti Mine is one of several brown coal mines near the city of Comanesti. Production in the Vermesti Mine ended in 1997 because the mine was no longer commercially viable. According to Management, the mine is located on a hillside with flat areas below. Management stated that the site contained an old waste dump on the slope above the mine buildings and a newer waste dump in the flat area toward the river.

Management believed that it had complied with Bank policies and that the Requesters’ rights or interests had not been harmed. More specifically, 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.

Regarding the Requesters’ claims related to the flooding of their area, 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 floods in the past that were not related to mine closure activities. Management indicated that the rainfall in the years 2004 and 2005 had occurred on an unprecedented scale, resulting in flood events with approximate return rates of 150

and 500 years, respectively, and that the drainage channels between the mine site and the river were not designed for such an event. Management confirmed that runoff from the mine site entered the flood waters, but stated that the runoff came primarily from watersheds outside the site. According to Management, there was no evidence of significant transport of waste from the waste dumps to the flooded area; instead, Management believed that this was most likely sediment. Moreover, Management believed that in this regard the drainage channels prevented the failure of the waste dump and thus worked appropriately.

Regarding problems raised by the Requesters with respect to the water permit, Management stated that under Romanian law it is the responsibility of the landholder to maintain watercourses. With regard to the stretch of the Vrânceanu brook between the mine site and the railroad, Management stated that “[n]onetheless, recognizing the importance for the community and in order to bring the drainage works up to a standard consistent with European Union (EU) regulations..., the Project management decided to remove sediment from and 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.

After the Request was registered by the Panel, Management said that another stakeholder meeting was held on January 26, 2006, at which the December 21 agreement was extended to include (1) the removal of sediment from the remaining course of the Vrânceanu brook to its confluence with the Trotus River and (2) 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 channel maintenance. 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. Furthermore, 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 work 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 regularly and in a manner consistent with Bank policies. The Response acknowledged that, with regard to the Vermesti 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.

THE PANEL’S ELIGIBILITY REPORT/BOARD DECISION

In February and March 2006, the Panel visited Romania and met with the signatories of the Request for Inspection; national, regional, and local government officials; technical



Panel visiting project site

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, the Panel noted that there were special circumstances that shaped the Panel's views on handling the Request. In particular, these included a meeting on January 26, 2006, at the Vermesti Mine, to which the Management Response referred and in which national, local, and Project authorities, the Bank, a representative of Ergio Prod, and other stakeholders participated.

The Panel noted that, according to the minutes of the meeting, several issues were discussed and agreed on, such as the new alignment of the channel on the west side of the old waste dump to be done on the property of Ergio Prod as well as construction and financing under the Project of a new drainage from the old waste dump to the Trotus River. According to the minutes, agreement was also reached that the costs for these works would be shared among the local government, local community, landowners, and the Project. Furthermore, it was noted that the modification of the channel would be subject to approval from landowners and authorities.

During its visit, the Panel noted divergent views about the meeting on January 26, 2006. Despite these differences, all parties agreed that these actions will take place as set forth in the document. The Requesters expressed to the Panel that, in their view, the measures set forth in the minutes of the January 26 meeting would address their concerns in a satisfactory manner.

On March 8, 2006, the Panel received a letter from the Requesters, dated March 6, 2006, sent by Ergio Prod on its own behalf and on behalf of the other Requesters. In this letter, the Requesters referred to the minutes signed in the meeting on January 26, 2006. They state “[c]onsidering that the claimed negative situation can be avoided, we ask to the Panel Inspection [sic] not to initiate a recommendation regarding our request for inspection for a period of 6 months.”

In the Panel’s view, this was an unusual request that the Panel procedures did not directly address. The Panel noted the constructive way in which the Requesters’ concerns were addressed at the January 26, 2006, meeting and the Requesters’ willingness to avoid an investigation if their problems were dealt with in a satisfactory manner. In this context, the Panel recommended to the Board of Executive Directors in its Eligibility Report that the Panel refrain from issuing a recommendation, at that time, on whether an investigation was warranted, but rather await further developments on the matters raised in the Request. The Panel noted that because it was not making a recommendation on this issue, the Requesters would still have recourse to the Panel later if they consider there are serious violations of Bank policies and procedures causing material adverse effect, which are based on specific acts or omissions of the Bank relating to the Project.

On April 14, 2005, the World Bank’s Board of Directors approved on a no-objection basis the Panel’s recommendation to defer making a decision for six months as to whether to conduct an investigation into claims made by the Requesters. The Request, Management’s Response, and the Panel’s Eligibility Report are available on the Inspection Panel’s Web site at <http://www.inspectionpanel.org>

Ghana: West African Gas Pipeline Project

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

BOX 4. GHANA PROJECT INFORMATION AT A GLANCE

Project Name:	Ghana: 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

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 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, South-West 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, will 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 was not available. They added that “*it would have been helpful if relevant portions of the large doc-*

uments [including the EIA and Resettlement Action Plan (RAP)] had been reproduced in Yoruba. . . and distributed to impacted communities.”

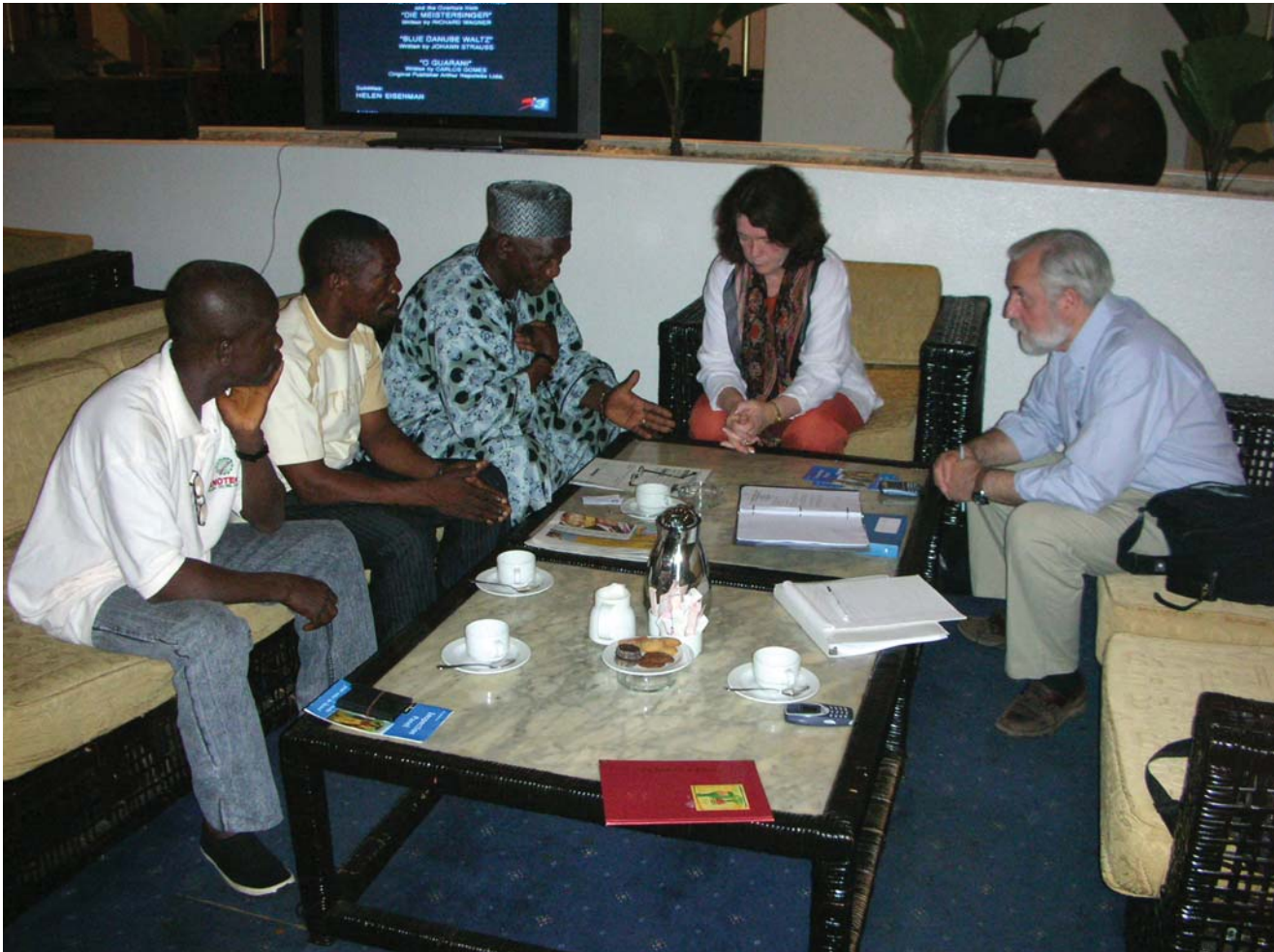
The Requesters claimed that the scope of the EIA was too narrow and should have included the existing Escravos-Lagos Pipeline to which the West African Gas Pipeline will be linked. They considered the Pipeline to be unsafe because of its history of poor maintenance and accidents. In addition, they stated 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 that not only would they 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.



Pipeline right-of-way



Panel meets with Requesters

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 only use 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 on Involuntary Resettlement, OP/BP 4.01 on Environmental Assessment, OP/BP 10.04 on Economic Evaluation of Investment Operations, OP/BP 13.05 on Project Supervision, OP/BP 4.15 on Poverty Reduction, and the World Bank Policy on Disclosure of Information.

MANAGEMENT RESPONSE AND ELIGIBILITY REPORT

Management submitted its Response on June 6, 2006. It only addressed the issues raised by the Ifesowapo Host Communities Forum of the West African Gas Pipeline Project. The Panel stated that it intends to add the submission of FoE-Ghana to the processing of the first Request. On June 22, 2006, Management submitted its Clarifications to the Panel on the concerns raised by FoE-Ghana. The Panel is in the process of completing an Eligibility Report, which will be submitted to the Board in July 2006 and will be made public subsequently.

INVESTIGATIONS COMPLETED

Cartagena Water Supply, Sewerage, and Environmental Management Project

(LOAN NO. 4507-CO)

BOX 5. COLOMBIA PROJECT INFORMATION AT A GLANCE

Project Name:	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

THE REQUEST

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 the NGO and 125 Punta Canoa residents, 139 Arroyo de Piedra residents, 41 Manzanillo residents, and 119 Cartagena residents. The Panel registered the Request on April 22, 2004.

The Requesters claimed that they and the communities they represented had

been harmed and were likely to suffer further harm from certain components of this Project, which was partially financed by a World Bank loan of US\$85 million. According to the Request, 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 2.5 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 noted that *“the potential for this constant deluge of untreated urban wastewater to cause pathogenic and chemical contamination of the coastal waters is very high.”* The Requesters 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. They were con-

cerned about a possible sudden rupture of the pipeline caused by a geological condition that may exist in the outfall site. Known as diapirism, the condition is characterized by the sudden and violent expulsion of mud and gases.

The Request further raised concerns about 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. The Requesters finally considered that the Project would place undue fiscal strain on the city of Cartagena.

MANAGEMENT RESPONSE

On May 21, 2004, Management submitted its response to the Request. Management claimed that the Bank correctly applied its policies and procedures and that the Project will not cause any harm to the marine environment or to human health. As a result, according to Management, the Requesters’ rights have not been, and are not likely to be, adversely affected by a failure of the Bank to follow its own policies and procedures.

Management contended that the Environmental Assessment (EA)—as well as the process of preparing the EA—for the wastewater treatment plant, the land conveyance system, and the submarine outfall complies with OD 4.01. Management also noted that the EA was based on a Feasibility Study for Wastewater Treatment and Disposal, which addressed issues of human health and the marine environment, and assessed the impacts of the Project on the coastal zones, including those near Punta Canoa, Arroyo de Piedra and Manzanillo del Mar, and those near Cartagena. This Feasibility Study also analyzed, from the technical, economic, environmental, and social perspectives, a comprehensive set of alternatives combining different treatment and final disposal sites including all but one of the options proposed by the Requesters.

Management added that a set of precautionary measures was designed to mitigate potential negative impacts. Furthermore, not only did the Feasibility Study and EA analyze the geological conditions of the area, but additional studies confirmed that the risk of diapirism, or mud volcanism, in the area is low. As to the issue of inadequate consultations raised by the Requesters, Management claimed that consultations were conducted in compliance with OD 4.01 and that a participatory approach was used during project preparation.

In response to the claim that the communities living in the north zone of Cartagena are indigenous peoples, Management claimed that these communities do not meet the criteria set forth in OD 4.20, and thus, there was no need to develop an Indigenous Peoples Development Plan (IPDP) during Project preparation. Nonetheless, Management claimed that consultations with these communities were conducted as part of the Social Assessment process and to prepare the Social Impact Mitigation and Community Development Program, and that the concerns expressed by the affected people were reflected in the Project design.

Regarding Project financial management, Management stated that *“the work carried out in project preparation and supervision [was] in line with good practice on financial analysis,”* and this work has demonstrated that *“the risk that the District of Cartagena would default on its debt service obligations for the project is small.”* Management also stated that *“the supervision of the project has been thorough and in compliance with*

OD 13.05 and OP/BP 13.05.” The Response added that the Bank has conducted 13 missions to the Project area, has reviewed quarterly Project Management Reports prepared and submitted by Aguas de Cartagena (ACUACAR), and has participated in several consultations.

THE PANEL’S ELIGIBILITY REPORT/BOARD DECISION

The Panel completed and submitted its report and recommendation to the Board on June 22, 2004, recommending that an investigation be conducted. On July 13, 2004, the World Bank’s Board of Executive Directors approved on a no-objection basis the Panel’s recommendation to conduct an investigation into the claims made by the Requesters about certain aspects of the Project. The Request, Management’s Response, and the Panel’s Eligibility Report are available on the Inspection Panel’s Web site at <http://www.inspectionpanel.org>.

THE PANEL’S INVESTIGATION REPORT

As authorized by the Board, the Panel conducted its investigation of the issues alleged in the Request for Inspection. On June 24, 2005, the Panel submitted the Investigation Report to the Board of Executive Directors.

The purpose of the investigation was to establish whether the Bank complied with its own policies and procedures in the design, appraisal, and implementation of the Colombia: Cartagena Water Supply, Sewerage, and Environmental Management Project, and whether, if instances of non-compliance were found, they caused, or were likely to cause, harm to the Requesters and the people they represent. To assist in its investigation, the Panel hired six consultants, who are internationally recognized specialists in environmental assessment, hydrology, marine outfalls, indigenous peoples, and economic analysis and financial issues. In October 2004 the Panel team visited the Project area and met a number of Project stakeholders, including the Requesters and other citizens of Cartagena, national and local government officials, and ACUACAR officials. The Panel also conducted interviews with the Bank’s management and staff in Washington, D.C. before and after visiting the Project-affected area and identified and carefully reviewed all relevant Project documents.

In its 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 to ensure that the Project was appropriately designed and implemented. Nevertheless, the Panel found that, while the analysis of alternatives covered most of the alternatives for this type of project, the diligence with which alternatives other than the preferred submarine outfall were studied did not demonstrate a systematic comparative study of all the alternatives as required by OD 4.01 on EA.

With respect to the selected option, the submarine outfall, the Panel noted that it is a proven technology offering an acceptable method for the disposal of human wastes under suitable conditions. The Panel also found that the location chosen for the outfall, Punta Canoa, could be a suitable site for an outfall, if necessary precautionary measures

were taken in the outfall design to ensure proper dilution of the effluent so that nutrients were at an acceptable level, and to ensure decay of pathogens to a level safe for human contact.

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. This influence could affect the assessments of the dilution of effluent and hence could risk contaminating the marine and coastal environments. The Panel also found that if a three-dimensional model were used to assess risk, greater certainty regarding the risk could be secured. This may also affect the distance from shore and the depth required for the safe disposal of the Cartagena wastes. With respect to diapirism, the Panel found that the potential for the pipeline to be ruptured or otherwise significantly disturbed by diapirism appears to be low, but it noted that a scan sonar survey of the area would reduce remaining uncertainty. The Panel further found that a study of alternatives for the disposal of solids recovered during the preliminary treatment of the sewage had not been carried out.

The Panel also found that while the Project sufficiently documented and analyzed the condition of the biophysical environment in compliance with OP 4.04 on Natural Habitats and OD 4.07 on Water Resources Management, the Project’s potential impacts on the local population’s lives and livelihood (for example, impacts of discharges on fishing conditions) were not adequately addressed.

With respect to the social issues raised in the Request for Inspection, the Panel found that in the case of the Afro-Colombians who submitted the Request, the affected community met most criteria of OD 4.20 on Indigenous Peoples, except for an “*indigenous language*” and arguably a predominant “*primarily-oriented subsistence production.*” The Panel found that Afro-Colombians could reasonably have been regarded as indigenous peoples under Bank policies. Because of the absence of two of the policy criteria, however, the failure to consider the Afro-Colombians as indigenous persons is in compliance with the standard of “*judgment*” established in OD 4.20. However, because Afro-Colombian may be regarded as indigenous peoples, the Panel found that the Bank would have been well advised to require an 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 of the sewerage component for the Project. Management erred in concluding that fishing in the area of influence of the outfall was negligible or unimportant in the affected communities without more detailed studies about the issue. The Panel noted that some compensation for the potential impacts was provided under the Project (for

Fishermen in
Punta Canoa





Panel Team Member with children of affected community Punta Canoa

example, water and sanitation services in accord with OD 4.01), and that this compensation was a significant benefit for the community. However, it also noted that the implementation of the beneficial measures seemed to be lagging behind and information about these compensatory measures was inadequately disseminated to the villages.

With respect to consultation of affected people, the Panel found that during Project preparation there were extensive consultation efforts with the people in Cartagena, while the people in Punta Canoa, Arroyo de Piedra, and Manzanillo del Mar had only been informed about the Project rather than consulted on their op-

tions and rights. The Panel also observed that the communications strategy failed to reach most members of the affected communities in the North Zone.

The Panel analyzed the economic evaluation of alternatives for the Project and found that when the environmental license was issued for the submarine outfall requiring primary treatment in 10 years, the Bank should have recalculated the costs of the alternative and reviewed the economic analysis in light of this new licensing requirement to be consistent with OP 10.04 (Economic Evaluation of Investment Operations). Furthermore, in the Panel's judgment, because Management acknowledged uncertainty about land prices, the analysis in the Project's feasibility study should have provided a clear justification for the prices used in the cost estimation of the project alternatives. The Panel also noted that a substantial number of poor people in the city of Cartagena seemed likely to experience significant benefits from the Project. However, it found that effects on the poverty in affected communities near Punta Canoa were less clear, and the risks to these poor communities were not explicitly addressed in the appraisal of the Project.

As to the financial issues raised in the Request for Inspection, the Panel found that the Bank should have paid more attention to the District's internal control and management problems and should have carried out an in-depth financial management assessment of the District. It also found that, at the time of Project preparation, the Bank carried out detailed financial analyses and projections, including sensitivity tests, on the revenue and cost statements for the District of Cartagena and ACUACAR and reached satisfactory institutional arrangements to ensure proper Project financing and loan repayment in line with OP/BP 10.02 (Financial Management).

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

On July 29, 2005, Management submitted its Report and Recommendations in response to the Panel's investigation report. In its report, Management emphasized that the sub-

marine outfall is the most cost-effective solution to Cartagena's wastewater problems and will significantly benefit the city of Cartagena by improving the poor people's unacceptable sanitation conditions. According to Management, the environmental, social, economic, technical, and financial studies showed that the outfall will achieve public benefits and will not have significant adverse effects on the environment or the affected population. Management also appreciated the Panel's findings and prepared an Action Plan to address them.

According to the Action Plan, with respect to the Panel's concerns regarding the design of the outfall and the risk of contamination, the Bank requested its expert to prepare a second two-dimensional validation model and rerun the model to incorporate the influence of wind patterns, and that 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 diarrhea. Management committed to update the results of the economic analysis, to consider the additional investments required by the environmental license that would need to be operational in 2015, and to adjust land values.

With respect to the social issues identified by the Panel, Management asserted that ACUACAR agreed to support a program to strengthen fishing activities and to work with the communities to identify specific activities for optimized fishing opportunities in Punta Canoa. The Bank would monitor this work during Project supervision. 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. With respect to the communication strategy, Management committed to review the quality of the outreach strategy and activities with ACUACAR, to work with it to support the maintenance of the outreach program to the end of the Project, and to extend the communications program to Arroyo de Piedra.

BOARD MEETING

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 Board commended the Inspection Panel's Report and the Action Plan developed by Management. World Bank President and Chairman of the Board Paul Wolfowitz emphasized the importance of the Inspection Panel's independence and noted that the Panel led to improved Project design and increased credibility with the communities.

The Executive Directors approved the Management Action Plan, but with the caveat that Management and the Panel meet to discuss the modeling approach for assessment of the risks of the submarine outfall and to ensure that the most appropriate project design is considered. It was also agreed that Management would submit a progress report to the Board on the execution of the Project and Action Plan within six months. As of June 30, 2006, the Inspection Panel was not aware that such a report had been submitted.

Mumbai Urban Transport Project

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

BOX 6. INDIA PROJECT INFORMATION AT A GLANCE

Project Name:	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

THE REQUESTS

The Inspection Panel received a first Request for Inspection (the First Request, No. 32) for Inspection related to the Mumbai Urban Transport Project (MUTP) on April 28, 2004, and registered it on April 29, 2004. The Request was submitted by members of the United Shop Owners Association (USOA), a non-governmental organization (NGO) in the city of Mumbai, India, on its own behalf and on behalf of 118 residents of Mumbai who claimed to be adversely affected by the Project. The Requesters were small

shop owners whose commercial premises were located in the Kismat Nagar area, Kurla West, in the city of Mumbai.

On June 24, 2004, the Panel received a second Request for Inspection (the Second Request, No. 33), related to the same Project. The Panel registered it on June 29, 2004. This Second Request was submitted by three NGOs located in the city of Mumbai—the Hanuman Welfare Society, the Gazi Nagar Sudhar Samiti, and the Jai Hanuman Rahiwasi Sewa Sangh—on their own behalf and on behalf of approximately 350 residents living in the Gazi Nagar area in the Kurla West District of Mumbai. On June 29, 2004, the Panel sent a recommendation to approve the Panel submitting a single Report and Recommendation to the Executive Directors on whether an investigation of the issues raised in either the First or Second Requests was warranted. The Board approved the Panel's recommendation on a non-objection basis on July 13, 2004.

On November 1, 2004, the Panel received a letter from the Aman Chawl Welfare Association asking that they be added to the second group of Requesters. On February 19, 2005, 21 additional residents asked to be added to the Request. On November 29, 2004,

the Panel received another Request for Inspection (the Third Request), related to the Project. This Request was submitted by a local NGO, the Bharathi Nagar Association, on their own behalf and on behalf of the residents living in the area known as Bharathi Nagar in Mumbai.

Shortly after, on December 23, 2004, the Panel received another Request for Inspection (the Fourth Request) related to the MUTP. This Fourth Request was submitted by a local NGO, Ekta Wyapari Jan Seva Sangh, acting on its own behalf and on behalf of residents and shopkeepers of the area of Bandrekar Wadi, Bhavbani Chowk in the Jogeshwari District of Mumbai. The Request was signed by 58 members of this organization who lived in this area.

On December 29, 2004, the Panel notified the Executive Directors, the President, and Management that it had received the Third and Fourth Requests. On December 29, 2004, after careful review of the Third and Fourth Requests, the Panel recommended that, for reasons of economy and efficiency, these two Requests should be processed jointly with the two previous Requests because they all related to the same component of the Project. The Board approved the Panel's recommendation on a no-objection basis on January 11, 2005. On January 24, 2005, the Inspection Panel received a letter from the Pratap Nagar Welfare Association, a NGO located in the area called Pratap Nagar, representing 41 residents and shopkeepers asking to be added to the Fourth Request.

Among other things, the Project provides for the construction of two major east-west road links in Mumbai and for the resettlement of persons affected by the construction of this road-based transport component. The east-west road link, the 6-kilometer Santa Cruz-Chembur Link Road (SCLR), was the subject of the first three Requests, and the Jogeshwari-Vikhroli Link Road (JVLR) was the subject of the fourth Request. The Requests similarly alleged that Bank Operational Policies and Procedures were violated and, as a result, the Requesters claimed that they would suffer adverse effects as a result of the Bank's failure to follow its Operational Policies and Procedures with respect to their being relocated and rehabilitated.

More specifically, the Requesters claimed that the failure to provide income restoration would result in harm that would destroy their livelihoods, cause them to dismantle their productive sources, and disperse their supporting networks and kin groups. Particularly, the shopkeepers among the Requesters feared that they would suffer irreparable damage to their well-established businesses. The Requesters argued that their structures had not been surveyed properly. Furthermore, they expressed disagreement with the Project Resettlement and Rehabilitation (R&R) scheme that entitled them to an area of 225 square feet regardless of the actual area of their current premises consumed by the Project. Some of the Requesters objected to the classification of their current area as a slum and the application of the Slum Rehabilitation Scheme.

Under the Project, the people represented in the first three Requests were to be moved to a resettlement site called Mankhurd. In their Requests, they argued that the site would be unsuitable and too far away from their current location. They also complained about the environmental condition of the resettlement site in Mankhurd, alleging that it is considered among the most polluted areas in Mumbai and is located near the main municipal dump. Additionally, the Requesters described the construction and design of the buildings at the proposed resettlement site as being of very bad quality



MUTP resettlement site in Mankhurd

leading to health-related problems, hazards, and social troubles. They also challenged the affordability of the maintenance charges of the new buildings.

With regard to the JVLR component, the Fourth Requesters alleged that thousands of trees had been cut unlawfully in the Project and had not been replaced or replanted. Furthermore, the Requesters asserted that they were never consulted or given an opportunity to participate at any stage of project planning or R&R and that their attempts to raise their concerns and grievances were unsuccessful. They claimed that the Bank had failed to disclose information to them and that the Public Information Centers (PICs) were not properly working. They also expressed concerns about the adequacy of Bank supervision.

MANAGEMENT RESPONSE

Management submitted two responses and claimed compliance with Bank policies and procedures. It sent its Response to the First Request (the First Response) to the Panel on May 27, 2004. On July 28, 2004, Management submitted its response to the Second

Request (the Second Response). In both Responses, Management expressed its satisfaction with the general implementation of the R&R component of the Project. However, Management also rated safeguard management performance as unsatisfactory, substantially because of reporting deficiencies and untimely handling of grievances. The Response also noted that the R&R component of the Project estimated the number of affected houses at 23,000 and the number of affected shops at 3,000, or approximately 120,000 people. Previously, the number of affected households and businesses included in the R&R component was only 19,200.

In its Responses, Management acknowledged that, unlike the relocation of small, household-based shops, middle-sized business relocation posed more complex problems. With regard to the Requesters' allegations concerning the Bank's violation of its policies and procedures on involuntary resettlement, Management stated that the measures for economic rehabilitation described in the Resettlement Action Plan (RAP) are consistent with the provisions of the R&R Policy. Management contended that an on-the-ground survey to measure the size of affected shops had been conducted. It also maintained that the maximum size of 225 square feet, regardless of the actual area of the affected person's current premises, was necessary because of limited space availability and high land costs in Mumbai. On income restoration, Management did not anticipate a significant impact on the residents with regard to loss of jobs and houses and assumed that opportunities for supplemental income would be replaced by similar ones in the resettlement area.

As to the Requesters' objection to the choice of Mankhurd as a relocation area, Management explained that other sites were either not suitable or not available. In Management's view, the Mankhurd site constituted one of the best options available, mainly because of its infrastructure. Management claimed that it expected the living conditions at the new site to be considerably better than at present. Management said that maintenance charges and taxes could be paid with the interest rate earned from a one-time grant. It stated that it was not aware of any information showing that the Mankhurd site was excessively polluted or at risk of becoming polluted.

Management stated that documents were available at the PIC on site, but agreed with the Requesters' critique of the poor condition of the PIC. It emphasized that consultations were held on an ongoing basis but recognized the lack of specific consultations to discuss alternatives for alignment or structural design, except consultations for R&R purposes. Overall, Management acknowledged that consultations, as well as communication of the grievance procedures, have likely been inadequate and that the grievance mechanism itself needs to be improved. According to Management, supervision has been carried out adequately. However, Management identified several issues that needed urgent attention and required follow-up: establishing cooperatives and completing of other postresettlement activities in the housing areas, strengthening implementation capacity in the Mumbai Metropolitan Regional Development Authority (MMRDA), improving the dialogue and focusing on problem solving with shopkeepers, and strengthening the grievance redress procedures.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found both the first two Requests and Requesters eligible, and as previously approved by the Board, submitted one single report recommending an investigation to the Board on September 3, 2004. On September 24, 2004, the Board approved the Panel's recommendation to conduct an investigation into the matters alleged in the Requests for Inspection. The Requests, Management's Responses, and the Panel's Eligibility Report are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>. During its visit to Mumbai in February 2005, the Panel verified the eligibility of the Third and Fourth Requests.

THE PANEL'S INVESTIGATION REPORT

As authorized by the Board, the Panel investigated the matters alleged in the Request, conducted a site visit and interviews, and reviewed extensive Project documentation. The Panel sent its Investigation Report to the Board on December 21, 2005, revealing several instances of noncompliance by the Bank, particularly with the policy on Involuntary Resettlement—OD 4.30. The Panel found that this noncompliance was especially serious during the preparation and early implementation phases of the Project, but acknowledged Management's effort after the Requests were filed to find a solution to several of the problems.

The Panel's investigation revealed that the shopkeepers, a number of whom had specific requirements for their timber, metal, textile, blacksmith, and automotive enterprises, had valid and significant concerns that required full attention. The Panel found that the Bank did not comply with a number of requirements under its own policies. Among other things, the Panel found that the Bank overlooked the needs of low- and middle-income shopkeepers, failed to consult with them in the selection of resettlement sites, and did not ensure that suitable arrangements were provided for their resettlement. The proposed resettlement sites posed difficulties for many shopkeepers in restoring their businesses and maintaining incomes, as confirmed in a recent Business Needs Study launched under the Project. Furthermore, the Project failed to give adequate attention to the employees of the displaced shops, who faced risks of income loss.

In addition, the Panel found that many other affected people, including the most vulnerable, faced adverse impacts as a result of noncompliance with Bank policies. Serious problems were identified relating to environmental and living conditions at the resettlement sites and income restoration.

The Panel noted that the Bank assumed that employment would not be problematic in Mumbai and thus did not anticipate major income losses. While many of the affected people suffered from reduced income or job loss at the resettlement sites, they simultaneously faced very high costs at the resettlement sites (for example, maintenance and transportation costs). Environmental and social support services at the sites were neither ready nor adequate when people were resettled, and many lacked adequate access to water and sewerage. Housing cooperatives had not been established and schools and medical facilities were lacking at the resettlement sites. The Panel also identified flaws in the Project's environmental assessment and found that the resettlement site Mankhurd was close to the city's major waste dump. Moreover, the Panel noted that the Project did not



Environmental problems at resettlement site

establish an effective and independent grievance system to enable Project-affected people to find recourse in the event of disagreements.

The Panel found that certain actions were at the root of many of these problems, which provided guidance for future projects. One action was the decision to disband a free-standing project on resettlement and make the resettlement action a subcomponent of the transport Project. This diverted attention away from the institutional capacity required to effectively address resettlement issues.

In addition, the Panel expressed its concern that the Bank failed to ensure that baseline surveys had been carried out adequately. In the view of the Panel, this failure resulted, among other things, in highly conflicting demographic discrepancies in the estimates of affected people, including shopkeepers, and problems in assessing the costs and feasibility of resettlement. The Bank also failed to identify major resettlement risks at the outset of the Project, and overestimated the capacity of the MMRDA and the NGO contracted to support project implementation.

The Panel found that almost all direct responsibility for resettlement had been delegated outside the government to NGOs. These NGOs had insufficient institutional capacity and were not able to deal with the nature and magnitude of the task. With regard to supervision, the Panel observed that, after the Requests were filed, the Bank's attention to resettlement problems had increased significantly. The Panel noted that a Business Needs Study was launched in August 2005 to address the shopkeepers' needs. However, the Panel found that the Bank had failed to identify or undertake adequate corrective actions on these issues in a timely manner.



Panel presents investigation findings to local communities

MANAGEMENT REPORT AND RECOMMENDATION IN RESPONSE TO THE PANEL'S FINDINGS

On February 27, 2006, Management presented to the Board of Executive Directors its Report and Recommendation in response to the Panel's findings. In the report, it acknowledged the Panel's findings in most instances. Management acknowledged that it failed to recognize substantial differences between the rail and the road component of the Project, and thus failed to identify the Project's effects on middle-income shopkeepers. Management also agreed with the Panel's findings that MMRDA and the NGOs lacked institutional capacity to carry out the resettle-

ment. In response to the Panel's findings regarding the absence of meaningful consultations, Management conceded that “[g]iven the limited options available for resettlement sites, advance consultation with PAHs [Project affected households] was not possible.”

Management also confirmed the Panel's determination that the surveys conducted were inadequate and that the underlying methodologies had caused inaccuracies. While it acknowledged the Panel's finding regarding the conflicting estimates of affected people, Management attributed these discrepancies to changes in multipliers for family size. Additionally, Management agreed with the Panel's findings that an independent and effective grievance mechanism was absent. Management also confirmed many of the Panel findings related to the problems of shopkeepers. Among other issues, Management agreed that special attention to the specific needs of the shopkeepers was necessary, including concerns regarding the suitable space allocation for shops with more than 225 square feet, as well about the location of the new shops. The Bank confirmed the shortcomings regarding employees identified by the Panel.

Management did not fully share the Panel's concerns about income restoration. Instead, Management indicated that it had considered the issue of housing more important than the issues of employment because “[i]n the context of Mumbai, the problem of housing is more severe than unemployment, and Management did indeed devote more attention to housing needs.” Management confirmed that there were significant delays in establishing functioning housing cooperatives and transferring maintenance funds and community revolving funds. Moreover, Management acknowledged the majority of the Panel's findings regarding the social and environmental conditions at the resettlement sites, such as the inadequate water supply and the absence of schools. Management recognized that it could have been more effective in a number of areas of supervision and should have provided more support to MMRDA on how to fix, rather than merely identify, problems.

Management agreed that a range of actions would be necessary to bring the Project into compliance and proposed an Action Plan consisting of actions to be undertaken by MMRDA and Management. Management proposed to expand the options of resettlement sites for the shopkeepers and to commence negotiations with each of the eligible shopkeepers. Moreover, the Action Plan provided for improvement in social and environmental services to the resettlement sites by enhancing transport connectivity and the water supply and by establishing housing cooperatives. Additionally, Management included the improvement of databases by MMRDA and the improvement of the mechanism to redress grievances. Management proposed to strengthen the implementation capacity for resettlement and Bank supervision.

THE BOARD DECISION

In the course of Management's preparation of its response to the Panel's Investigation Report, on March 1, 2006, the Bank suspended disbursements on the road and resettlement components of the MUTP and the State of Maharashtra agreed to a ten condition strategy for lifting the suspension of disbursements.

On March 28, 2006, the Board of Executive Directors met to discuss the Panel's Investigation Report and Management's Report and Recommendations and Action Plan. The Board endorsed the Action Plan. It was agreed that Management would submit a progress report to the Board in no more than six months and that the Panel would report on progress to the Board. The Panel's Investigation Report and Management's Report and Recommendations were made public a few days later and are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>. From May 4 through May 11, 2006, the Panel visited Delhi and Mumbai and met with the Requesters, government authorities, and Bank staff to discuss and convey the findings of the Investigation Report.

On June 29, 2006, the Bank lifted the suspension of disbursements based on the fact that the State of Maharashtra had substantially met the conditions set by IBRD/IDA for lifting the suspension. Bank Management reported to the Board of Executive Directors that out of the ten action points which the State of Maharashtra, through MMRDA, had agreed to undertake, eight had been completed or substantially completed and satisfactory progress had been achieved for the remaining two, namely, appointment of an agent to manage the post-resettlement program and completion of negotiation with shopkeepers. Management added that the need to comply fully with these two conditions prior to lifting suspension had been waived.

Forest Concession Management and Control Pilot Project

(CREDIT NO. 3365-KH AND TRUST FUND NO. 26419-JPN)

BOX 7. CAMBODIA PROJECT INFORMATION AT A GLANCE

Project Name:	Forest Concession Management and Control Pilot Project
Region:	East Asia and Pacific (EAP)
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

THE REQUEST

On January 28, 2005, the Inspection Panel received a Request for Inspection, dated January 21, 2005, relating to the Cambodia: Forest Concession Management and Control Pilot Project (FCM CPP). The Nongovernmental Organization (NGO) Forum on Cambodia submitted the Request on its own behalf and on behalf of affected local communities living in the districts of Tbeng Meanchey in Preah Vihear Province; Siem Bok and Sesan in Stung Treng Province; and Anlong Veng in

Oddar Meanchey Province, Cambodia. These four districts are located respectively in the concession areas of the companies Chendar Plywood, Samraong Wood, Everbright, and Pheapimex. The Request included two signed letters from representatives of affected communities and a report prepared for the affected communities by the NGO Global Witness at the request of their representative, the NGO Forum of Cambodia.

The Requesters claimed that *“in its commissioning and supervision of the FCM CPP, the Bank has violated a number of its operational policies leading to harm or potential future harm to people living in the project-affected areas.”* The Requesters alleged that *“through flawed project design and poor implementation the World Bank has promoted the interests of the logging concession system and concessionaires,”* and that *“the companies have already caused harm to the forest-dependent communities and will continue to do so.”* They added that by assisting the companies in preparing Sustainable Forest Management Plans (SFMPs) and Environmental and Social Impact Assessments (ESIAs), the Bank was *“using loan money to benefit logging companies that have a track record of timber theft, tax evasion and human rights abuses.”* This strengthened the

companies' position, "*making it even more difficult for adversely affected communities to hold them to account.*" According to the Requesters, both the design and the execution of the Project contravened World Bank operational policies.

With respect to the Project's Environmental Assessment, the Requesters claimed that the Bank should have categorized the FCMCPP project as Category A instead of categorizing it as Category B. Moreover, they complained that the "*the level of assessment was so low that it did not even conform to Category B standards.*" They criticized the Bank's choice "*not to address environmental impacts at the pre-project planning stage*" but to instead deal with them during the implementation phase. They concluded that, if a proper assessment had been carried out, it is unlikely that the Bank would have decided to support the activities of the companies.

The Requesters claimed that "*it is not clear what consultation, if any, took place before the project began*" and that they were not invited to participate in any preproject consultation process. According to the Requesters, when companies consulted affected people in late 2002 and early 2003, such consultations, "*were of a poor standard, with instances in which participants were subject to intimidation by guards and officials accompanying company representatives.*" Furthermore, the Request argued that the Bank did not ensure that the SFMPs and ESIA were disclosed to community representatives in November 2002. Additionally, the Request claimed that the Bank violated OP 4.36 on Forests as it provided technical assistance to "*undeserving*" logging companies "*to facilitate their future logging operations.*" They argued that the Bank did not try to challenge the problematic features of the concession system. The Requesters further maintained that no development plan outlining a clear definition of roles for the government, the private sector, and the local people for forestry conservation had been elaborated. In the Requesters' view, the FCMCPP had no institutional capacity.

The Request also complained that the Bank did not undertake an assessment that could have identified the Cambodian forests as "*forests of high ecological value.*" They believed that the promotion of forest concessions in the context of the FCMCPP would lead to degradation of natural habitats, in violation of OP 4.04. Moreover, they asserted that indigenous people, notably the Kouy minority, would be directly affected by the logging concessionaires. The Requesters argued that an Indigenous Peoples Development Plan (IPDP) was necessary and criticized the Bank's determination that no indigenous peoples plan was required. According to the Requesters, the Bank also violated its policy on Cultural Property, because the six logging concessions areas approved under the Project "*contain both spirit forests and sites of archeological importance that undoubtedly constitute cultural property,*" and no survey of these sites was carried out during Project preparation. They also alleged that the Bank failed to comply with OP/BP 8.40 on Technical Assistance (TA), because of deficiencies in the work of the TA consultants, such as assisting and advising logging companies that "*should have been excluded*" from the consultants' terms of reference and refusing to take into account the prohibition under Cambodian Law on cutting resin-producing trees. These failures, according to the Requesters, also violated the policy on supervision. In the Requesters' view, lack of supervision has accounted for many of the FCMCPP's damaging acts and omissions.

These claims may have constituted violations by the Bank of various provisions of the following operational policies and procedures: OP/BP 4.01 Environmental Assess-



Panel meets with affected people in Preah Vihear Province

ment (EA), OP/BP 4.04 Natural Habitats (September 1995), OPN 11.03 Cultural Property, OD 4.20 Indigenous Peoples, OP/BP 4.36 Forestry, OP/BP 8.40 TA, OD/OP/BP 13.05 Project Supervision, and BP 17.50 Disclosure of Information.

MANAGEMENT RESPONSE

On March 8, 2005, Management submitted its response to the Request. The Response discussed a number of challenges encountered during implementation, such as issues related to the logging concession system and poor logging practices; log transport permits; a weak national forest revenue management system; and tensions among various stakeholders. Man-

agement emphasized that the Bank addressed “*a focused and prioritized set of issues,*” such as concession management, forest crime, and community forestry, but recognized that in retrospect the Bank could have “*played a more proactive role*” in ensuring the involvement of local communities since the Project design phase. It also stated that the Bank could have been more aggressive in voicing its concerns. Management challenged the allegations that the Bank promoted the interest of the logging concessions and the concessionaires and stated that the FCMCPP Project tried to assist the Government of Cambodia to regulate the forestry sector in a “*more effective and equitable*” way. Management further rejected the allegation that the Bank ignored evidence of the concessionaires’ illegal logging and claimed that the Bank has supported studies and proposals to strengthen controls on illegal logging and log transport.

Management stated that it made every effort to comply with its policies and procedures but recognized not being “*in full compliance with processing and documentation provisions of OP 4.01 and OD 4.20 during project preparation.*” Management believed, however, that the “*lack of full compliance*” with the policies did not have a material effect on the Project and did not cause, and would not cause, harm to Project-affected people. In addition, according to the Response, any harm the Requesters may have suffered was not caused by the Bank-financed FCMCPP.

According to the Management Response, the decision to classify this project as Category B was correct, because the Project does not involve plantation activities or production forestry, but capacity strengthening and forest crime monitoring and reporting. Management also stated that no EA was carried out before the appraisal because “*no A-level EA process was required.*” However, according to the Response, the Project design incorporated measures to address the Project’s environmental and social problems. Management recognized that the only EA work undertaken during the Project’s first four years were the ESIA’s that each concessionaire was required to prepare under Cambodian law. It acknowledged that there are still no “*satisfactory standards*” for the

preparation of the ESIA's and that the 16 standards developed so far by the concessionaires *"have been poor."* As to the disclosure of the SFMPs and the ESIA's, Management responded that expectations of disclosure had not been managed properly. With respect to the claim that affected communities were not consulted, Management stated that *"there were no consultations specific to the EA process."* As for a lack of consultations during the preparation of the ESIA's, the Response recognized that the process of consultations was flawed but stated that the Bank *"monitored the consultation process"* and pointed out its weaknesses to the government.

Management reiterated that the Project did not finance logging operations and that concessionaires have not received any Bank funds. Management emphasized that it complied with OP 4.04 because *"[n]o degradation of critical habitats has occurred due to the project."*

As to the Kouy indigenous peoples, Management acknowledged that the Bank was not in full compliance with OD 4.20. No IPDPs were prepared under the Project, because *"Indigenous Peoples issues were to have been embedded in the SFMPs and ESIA's prepared by the concessionaires."* According to Management, criteria and guidelines for community engagement in concession areas with local people were developed under the Project as part of the general consultation process. A social forestry consultant is preparing revised consultation guidelines to address indigenous peoples and protection of cultural and spiritual resources.

Management further believed it complied with the Bank policy on project supervision. Management emphasized that it supervised the project intensively. Management Response included a *"next step"* section with proposals to be taken before project closure and over the longer term. Among these steps, Management included the supervision of the ongoing work and facilitation of a transition from oversight provided by an international monitor to a participatory system of forest crime monitoring.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found that the Request and Management Response contained conflicting assertions and interpretations about the issues, facts, and compliance with Bank policies and procedures. 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 claims made by the Requesters. The Request, Management's response, and the Panel's eligibility report are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>.

THE INVESTIGATION REPORT

As authorized by the Board, the Panel carried out its investigation of the issues raised in the Request for Inspection to establish whether the Bank complied with its own policies and procedures in the design, appraisal, and implementation of the Project, and, if instances of noncompliance were found, whether they caused, or were likely to cause, harm to the Requesters and the people they represent. The Panel visited Cambodia in October 2005 and interviewed Bank Management and staff in Washington, D.C., and in



Panel meets with affected local community in Stung Treng Province

the Bank offices in Phnom Penh and Bangkok. It also identified and carefully reviewed all documents relevant to the case and analyzed other evidence gathered during the field visits or otherwise in its research, including scholarly literature.

The Panel completed the investigation and submitted its report to the Board of Executive Directors on March 30, 2006.

In its investigation, the Panel found that the Project's exclusive focus on technical reform of the concession system failed to address a key policy objective of using forestry resources to reduce poverty. Fur-

thermore, in the planning and implementation of the Project, 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.

The Panel found that, given Cambodia's poor policy framework as well as weak borrower commitment and ownership, the Learning and Innovation Loan (LIL) that financed the Project was not designed for the kind of forestry Project under review. In addition, the "learning and hypothesis-testing" exercise that LILs were meant to support did not apply to the FCMCPP, whose purpose was to support a legal and regulatory program on the basis of which long-term concessions were granted.

Although the Panel noted that the Bank did not finance logging or logging equipment, it found that the Bank's formulation of the Project may have been based on incorrect assumptions. According to the Panel, given the rampant forest destruction and abuses already occurring, greater caution and pains on the part of the Bank would have been required to comply with OP 4.36 on Forestry.

The Panel found that the Bank did not comply with OP 4.01 because it failed to classify the Project as Category A and to carry out a full EA. The Panel noted that, if it had done so, as OP 4.01 requires, the Bank may have avoided serious errors in Project design and implementation. The Panel's investigation also revealed that the Prey Long Forest should have been explicitly identified as a "*forest of high ecological value*" and that in Project design the Bank failed to recognize that the forests subject to concessions are recognized as critical natural habitats under OP/BP 4.04, meriting great protection.

The Panel found that a social assessment specific to this Project should have been undertaken to enable the Bank to comply with operational policies on environmental assessment (OP 4.01) and indigenous peoples (OD 4.20). By following a "process-oriented approach," which permitted concessionaires to develop their own Environment and Social Impact Assessments (ESIAs), the Project's social impacts were significantly understated and the Bank's safeguards were not applied. The Panel found that this was in non-compliance with OP 4.01 and OD 4.20. The Panel also found that the Bank failed to investigate the impact of illegal harvesting of resin on local communities. Furthermore, the decision to postpone consultations until the preparation of the ESIs by the concessionaires, which were to log the forests used by indigenous populations and local com-

munities, was inconsistent with OP 4.01, OP 4.04, and OD 4.20, which require early consultations and/or surveys in the Project preparation phase. The absence of adequate early consultation reduced Management's capacity to account for critical community concerns, including the Project's effect on indigenous peoples, resin tapping, local community ownership of trees, and community forestry initiatives.

Because the highland minority populations of northern and northeastern Cambodia are indigenous peoples who live in the heart of the lands subject to concessions, the Panel found that an IPDP should have been prepared. The Panel found that, in addition to this violation of OD 4.20, the Bank also did not comply with OPN 11.03 by delegating determinations about the protection and enhancement of Cultural Property, including spirit forests, to concessionaires for inclusion in self-prepared ESIA. This failure may cause serious damage to cultural properties not yet discovered.

The Panel did not find evidence that the Bank provided technical assistance to concessionaires; rather, the Project was consistent with OP 13.05 in its focus on technical assistance to build the capacity of the Forest Administration. However, concessionaires' preparation of draft SFMPs and ESIA was deficient in almost all regards, from process to content. The Bank's supervision of the planning and development of the SFMPs and ESIA was inadequate to address the magnitude of the problems caused by the concessionaires' noncompliance coupled with the government's poor oversight. The Panel observed that Management took steps to improve this process; however, the Bank's supervision was not always consistent with OP/BP 13.05. Furthermore, the Panel found a noncompliance with OP/BP 13.05 in the inadequacy of the forest cover survey, which provided a distorted picture of forest quality and cover.

The Panel believed that concession logging has contributed to the degradation of Cambodia's natural forests and hastened the conversion of forests to other forms of land use. It found that the Bank's supervision of the borrower's actions related to the log transport ban, although consistent with Bank policy, it could have been better performed to ensure that the Project was implemented with due diligence by the government. Provisions of the terms of reference for monitoring of the Project prevented the monitor from independently initiating field investigations and issuing reports not subject to government verification. The absence of formal evaluation of the monitor's independence was inconsistent with OP 13.05. Supervision should have aimed at ensuring that the Project had the capacity to develop a broad-based constituency; embrace donors, the government, and NGOs; and advance forest sector reform.

The Panel acknowledged that the environment in Cambodia was extremely difficult. The Panel stated that it was particularly impressed that there may now be an important opportunity for Bank involvement in the forestry sector with a different and more diverse range of activities.

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

On May 16, 2006, Management submitted to the Executive Directors its Report and Recommendation in response to the Panel's Investigation Report. Management stated that the Project was aimed at helping the government regulate the forest sector and promote

equitable and sustainable use of forest resources. However, Management recognized that the project did not adequately address the concerns of local communities and could have done more to involve them in project preparation. The Report claimed that the LIL was an appropriate financing instrument because a prescriptive approach would not have worked well in a difficult environment such as Cambodia. While stating that it believed that the government was committed to reform, Management asserted that it will try to ensure that broader public consultations are built into future projects.

Management maintained that the EA classification of Category B was consistent with Bank practices because additional upfront analysis would have had a questionable impact since the specific planning decisions at each location could not be known in advance. Management also asserted that, to provide greater protection for natural habitats, it will promote the use of Strategic Environmental Assessments (SEAs) on future Natural Resource Management (NRM) projects. Management stated that although it did not adequately compile relevant information about social issues before Project implementation, it is addressing these concerns in their continued dialogue with Cambodian Government. Management agreed that a categorical ban on cutting resin trees would have been appropriate and will address this in the continuing dialogue with the government.

Management asserted that the Panel's assessment of the concessionaires' community consultation efforts will inform the development of the finalized Community Consultation Guidelines and the Implementation Completion Report. It maintained, however, that, contrary to the Panel's findings, site-specific assessments are best completed during Project implementation and not Project planning. Regarding issues with indigenous populations, Management stated that a framework IPDP and screening studies would have been most appropriate. Management insisted that they will continue to press the government to review adequately SFMPs and ESIA and stated that it is important to provide better support to the government in implementing legislation. Management disagreed with the Panel's appraisal of the forest cover survey; however, it agreed that independent monitor arrangements were problematic and stated that it will continue to work to ensure the independence of the monitoring body.

The Management Action Plan proposed two sets of actions to be implemented across the Bank and across the East Asia and Pacific (EAP) Region. Part of the former set of actions are the review and update of the Guidelines for Environmental Screening and Classification to provide guidance to Bank staff on the environmental classification of a project and analytical approaches and procedures for consultations, and the proposed wider use of the SEAs. Support for the finalization of the Community Consultation Guidelines and of the legal and implementing procedures for the Land Law, essential for

Resin trees viewed from the Mekong River



indigenous peoples in Cambodia, are part of the actions to be undertaken within the EAP Region.

Management also proposed a Natural Resource Management (NRM) framework approach for moving forward. The NRM framework focuses on transparency; decentralization and local empowerment; and partnerships with donors, private sector, the media, civil society, and local and international NGOs. The framework will be implemented in two phases: the first is aimed at continuing the dialogue with the government to build consensus, and the second, which would depend on the result of the first, would identify the principle for Bank reengagement in the Cambodia forest sector.

THE BOARD MEETING

On June 29, 2006, the Board of Executive Directors met to discuss the Panel's Investigation Report and Management Report and Action Plan in response to the Panel's findings. World Bank President Paul Wolfowitz opened the meeting by stating that improved management of forests and other natural resources is essential for Cambodia and that the Bank should stay engaged *"to promote further dialogue and information disclosure"* at both local and national levels. In her speech, Panel Chairperson Edith Brown Weiss, also recognized the importance for the Bank to take risks in the forest sector and stated that the Panel is *"glad that the Bank will incorporate the insights from the Panel's Report into its future forest work in Cambodia and elsewhere."* The Country Director for Cambodia further stated that the Bank has *"to work harder to build consensus"* and to ensure that local communities are able to share in the commercial benefits of natural resources. Because the Project is closed, the Board discussion focused on the way forward for the Bank in the forest sector. The Executive Directors thanked the Panel and Management for their thorough work, and endorsed the Management Action Plan. They also supported the Bank's continued engagement in the Cambodia forestry sector. It was further agreed during the meeting that Management will report back in six months on progress in the implementation of the Action Plan.

The Panel's Investigation Report, Management Report and Recommendations, and the content of the Board decision are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>.

Panel team traveling on the Mekong River to meet communities in Stung Treng Province



INVESTIGATIONS IN PROCESS

National Drainage Program Project

(CREDIT NO. 2999-PAK)

BOX 8. PAKISTAN PROJECT INFORMATION AT A GLANCE

Project Name:	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, to address waterlogging and salinity, which are the principal threats to the sustainability of irrigated agriculture in Pakistan. The NDP Project, as described in the Development Credit Agreement, includes assistance to the Borrower and the Provinces “*in implementing the first phase of the National Drainage Program, which is designed to restore environmentally-sound irrigated agriculture, inter alia, through the minimization of saline drainable surplus and the eventual evacuation of all saline drainable surplus to the sea, and to that end: (a) to promote the carrying out of policy and institutional reforms in the water sector; (b) to strengthen*

drainage and irrigation research and sector planning capabilities; and (c) to finance investments in drainage and irrigation infrastructure.”

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 also added that this expansion of drains would entail the *“forceful acquisition of land.”* The Requesters asserted that more than 50 villages in the district of Badin, Sindh Province, would suffer a permanent threat of flooding 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 claimed that the proposed drainage network, the resulting absence of fresh water, and the disposal of saline subsoil water and residual traces of pesticides, fertilizer, and industrial waste accumulated along the way would adversely affect the already degraded environment of the Indus Delta and *“will destroy the remaining resources of marine fisheries and mangrove forests.”* The Requesters 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 Mallahs, 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, are *“marginalized and vulnerable.”* They further stated that the Mallahs are *“engaged in fishing at both sea and contiguous wetlands”* and will be adversely affected by the Project; furthermore, *“the worst affected will be women due to gender inequality in society.”* 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 on Environmental Assessment; OP

Fishermen on tidal link





Affected people at drainage site

4.04 on Natural Habitats; OD 4.20 on Indigenous Peoples; OD 4.30 on Involuntary Resettlement; OPN 11.03 on Management of Cultural Property; OD/OP/BP 13.05 on Project Supervision; and BP 17.50 on 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 sub-projects “*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 carry over 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 (Cultural Property) 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: (1) 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; (2) conduct a diagnostic study of livelihood improvements in the area to determine the losses suffered and formulate an assistance program; and (3) assist the GoP with a Country Water Resources Assistance Strategy and a Strategic Country Environmental Assessment.

THE PANEL'S ELIGIBILITY REPORT/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>.

As part of its investigation, the Panel has been reviewing 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, non-governmental organizations (NGOs), and other sources. The Panel has interviewed Bank staff in Washington, D.C., 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.

By the time of this Annual Report's writing, the Panel was in the process of submitting its Investigation Report to the Board of Executive Directors.



Women in affected village

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 9. DEMOCRATIC REPUBLIC OF CONGO PROJECT INFORMATION AT A GLANCE

Project Name:	Transitional Support for Economic Recovery Country Project (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

As described elsewhere in this Report, the Panel received a Request for Inspection on the above mentioned TSERO and EESRSP Projects on November 19, 2005. The Request was submitted by the “*Organisations Autochtones Pygmées et Accompagnant les Autochtones Pygmées en République Démocratique du Congo*” on their own behalf and on behalf of affected local communities living in the Democratic Republic of Congo (see “Requests Received in Fiscal Year 2006” in this report).

The Board of Executive Directors 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 Panel started to investigate the matters alleged in the Requests. As of the end of June 2006, the investigation was ongoing.

Land Administration Project

(IDA CREDIT NO. 3858-HO)

As described elsewhere in this Report, the Inspection Panel received a Request for Inspection related to the Honduras: Land Administration Project on January 3, 2006—in Spanish, *Programa de Administración de Tierras de Honduras*, PATH. The Request claimed that the Project, as a result of violations of Bank policies and procedures, is harming the Garífuna people and their land claims and will endanger their survival. The Request was submitted by the Organización Fraternal Negra Honduras (OFRANEH) on behalf of the indigenous Garífuna population of Honduras. The Panel submitted its Report and Recommendation regarding eligibility of the Request to the Board of Executive Directors on March 14, 2006 (see “Requests Received in Fiscal Year 2006” in this report).

The Board approved the Panel’s recommendation to conduct an investigation on a no-objection basis on March 30, 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 Panel began its investigation in fiscal year 2006 and visited Honduras from June 19 through June 25. As of June 30, 2006, the investigation was ongoing.

BOX 10. HONDURAS PROJECT INFORMATION AT A GLANCE

Project Name:	Land Administration Project (IDA Credit No. 3858-HO)
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

ACTIONS ON EARLIER
INVESTIGATIONS

Yacyretá Hydroelectric Project—Follow-up and Progress Report on Implementation of Management Recommendations and Action Plan

BOX 11. PARAGUAY AND ARGENTINA PROJECT INFORMATION AT A GLANCE

Project Name:	Paraguay: Reform Project for the Water and Telecommunication Sectors (both partially financed the Yacyretá Hydroelectric Project); Argentina: SEGBA V Power Distribution Project
Region:	Latin America and Caribbean
Sector:	Electric Power and Other Energy/Hydro
Environmental Category:	A
IBRD Loan Amount:	US\$46.5 million equivalent (Paraguay); US\$276 million equivalent (Argentina)
Board Approval Date:	February 14, 1995 (Paraguay); June 23, 1987 (Loan Agreement signed on June 30, 1988) (Argentina)
Effective Date:	October 13, 1995 (Paraguay); September 30, 1988 (Argentina)
Closing Date:	December 31, 2003 (Paraguay); October 30, 2002 (Argentina)

On May 17, 2002, the Inspection Panel received a Request for Inspection related to the Yacyretá Hydroelectric Project (the Project). Upon the Executive Directors' authorization, the Inspection Panel carried out the investigation and on February 24, 2004, issued its Investigation Report. On April 6, 2004, Management submitted to the Board its Report in Response to the Panel's findings. On May 6, 2004, the Board of Executive Directors reviewed the Inspection Panel Investigation Report and Management's Report and Recommendations in Response to the Inspection Panel Investigation Report. During the Board meeting, the Executive Directors approved the Management Action Plan and requested that Management submit a Progress Report in 90 working days from the Board meeting, that would also detail additional

remedial measures for the outstanding problems. The Executive Directors also requested the Panel to review and assess Management's Action Plan and the Additional Implementation Measures on behalf of the Board.

After the Board meeting, the Panel returned to the Project area to explain and discuss the Panel's findings with the Requesters and the people they represented.

Management submitted its first Progress Report on August 6, 2004. Management stated that many pending Project activities would take a year or more to complete and

that the Bank could not control many of them. However, Management indicated that the Bank would continue to supervise the Project intensively.

On February 7, 2005, the Inspection Panel submitted to the Board its Review of Management Progress Report on Implementation of the Management Recommendations and Action Plan, and Additional Implementation Measures. In its review, the Panel found that many social and environmental activities had yet to be completed before the water level of the Yacyretá reservoir could be raised further. Among these pending activities were the construction of the sewerage system for the whole city of Encarnación, the financing of the house connections to the sewage system, and the creation of an independent grievance procedure. The Panel also welcomed the Bank's engagement of the Argentinean University to carry out the independent monitoring of the reservoir's water level but found that the results of such monitoring were incomplete and could not be easily understood on the university's Web site. More importantly, the Panel also noted that, as of January 2005, there was no independent monitoring follow-up in place. The Panel further observed that the Bank's support and close supervision was still needed to address other problems, such as the drainage issues in Arroyo Pora, the situation of the brick makers, and the development of an effective social communication program.

The second Progress Report was dated October 25, 2005. According to this second Progress Report, the implementation of the Project Completion Plan was progressing more slowly than anticipated with delays of about three to six months for the agreed-upon actions, such as the resettlement of the business district of Encarnación. The water level at the Yacyretá Dam was still at 76 meters above sea level (masl). The Report stated that because not all the conditions laid out in the legal agreements between the Bank and the Government of Argentina had been fulfilled, the Bank was not able to give its no-objection approval to the raising of the water level. As of October 2005, the sewerage system for Encarnación was more than a year away from completion, and other measures, such as compensation to all brick makers, completion of the municipal market, and relocation of the slaughterhouse of Encarnación were still pending. Management also stated that overall progress on solving social issues, for example, a communication program and dispute resolution mechanism, was still lagging. The Inspection Panel Investigation Report, the Management Report and Recommendation in Response to the Inspection Panel Investigation Report, the Progress Report on Implementation of the Management Recommendations and Action Plan, the Inspection Panel Review of Management Progress Report on Implementation of the Management Recommendations and Action Plan, Additional Implementation Measures, and the Second Progress Report are available on the Inspection Panel's Web site: <http://www.inspectionpanel.org>.

Pacu Cúa Creek,
Encarnación



Coal Sector Environmental and Social Mitigation Project—Management Report on Status of Outstanding Issues following the Inspection Panel Investigation Report and Management’s Response

BOX 12. INDIA PROJECT INFORMATION AT A GLANCE

Project Name:	Coal Sector Environmental and Social Mitigation Project
Region:	South Asia
Sector:	Energy and Mining, Other Social Services
Environmental Category:	A
IDA Credit Amount:	US\$63 million
Board Approval Date:	May 16, 1996
Effective Date:	July 23, 1996
Closing Date:	June 30, 2002

The Request for Inspection was submitted to the Panel on June 21, 2001. Upon authorization of the Board of Executive Directors, the Panel conducted an investigation and issued its Investigation Report on November 25, 2002. The Executive Directors met on July 22, 2003, to discuss the Panel’s report and Management Action Plan to address the Panel’s findings. The Board agreed that the Bank continue to supervise the Project as long as it is necessary to ensure the resolution of the outstanding issues and to safeguard the interests of the

affected people. The Board also asked that Management periodically brief the Board and the Inspection Panel on progress.

Management submitted its first Progress Report on February 24, 2004, and a second one on April 5, 2005. These Progress Reports are available on the Panel’s website at www.inspectionpanel.org. A third Progress Report, dated December 21, 2005, included updates on the status of the issues and also presented Management’s views on the extent and nature of the Bank’s further involvement in light of the progress made. According to the Report, the resolution of some issues—for example, claims of people cultivating land under traditional tenure and provision of long-term leases for the resettlement plots—was proceeding at a slow pace because of the complexity of the legal context. In the report, Management stated that the Bank had already completed its supervision for a few



Open pit coal mines
in area from which
people were resettled

issues (for example, the creation of an Independent Monitoring Panel) and it also proposed to discontinue supervision for others, such as the delivery of compensation and relocation entitlements. Management also proposed to continue its supervision activities for an additional six months and to intervene only if this would help further progress. The Bank will be making this Report available to the public in July 2006.

OUTREACH AND OTHER ACTIVITIES

MEETINGS WITH CIVIL SOCIETY REPRESENTATIVES

To maintain an open and frank dialogue with civil society, the Panel regularly meets with nongovernmental organization (NGO) representatives to update them on Requests for Inspection and other Panel activities, and to hear their concerns.

The Panel met with NGO representatives on September 23, 2005 and April 24, 2006. Both events were held at the Center for International Environmental Law (CIEL) in Washington, D.C, and were facilitated by the Bank Information Center (BIC). Representatives of Washington-based as well as international NGOs—for example, representatives of NGOs from Nigeria, Pakistan, Sweden, and Germany—participated in the meetings. The Panel Chairperson, Edith Brown Weiss, gave an overview of the ongoing and completed investigations, and of activities and issues the Panel dealt with in the past fiscal year.

OUTREACH TO WORLD BANK MANAGEMENT AND STAFF

East Asia Region Town Hall Meeting, Bangkok, Thailand

On October 19, 2005, the Inspection Panel held a Town Hall Meeting in Bangkok, Thailand, with regional staff of the East Asia and Pacific Region. Ian Porter, Country Director of the Southeast Asia Headquarters Unit, hosted the event, which was attended by a significant number of staff from the World Bank Bangkok Office. The Country Offices of Cambodia, Indonesia, the Philippines, Timor-Leste, and Vietnam participated via a video link. Mr. Porter introduced the Panel delegation, which included Chairperson Edith Brown Weiss, Members Tongroj Onchan and Werner Kiene, Executive Secretary Eduardo Abbott, and Operations Officer Tatiana Tassoni. He thanked them for traveling to Bangkok to help regional staff gain a greater comprehension of the Panel's work. Ms. Brown Weiss delivered a presentation and described insights gained from the Panel's investigation of Bank-financed projects. She then opened the floor for questions and comments from the regional staff. The Panel responded to staff members' questions about the procedures for handling requests received and for conducting investigations.

Latin America and Caribbean Region (LCR) Brown Bag Lunch, World Bank, Washington, D.C.

On April 18, 2006, the Inspection Panel met with staff of the LCR to discuss the Panel's work, in particular in the Latin America and Caribbean area. The meeting, in the form of a brown bag lunch, was part of the LCR Safeguard Advisory Team's biweekly clinic series on environmental issues, social risk management, and quality enhancement. Pamela Cox, LCR Vice President, convened the meeting. She thanked the Panel for participating in a positive and constructive dialogue with the LCR. Panel Chairperson Edith Brown Weiss addressed the gathering, and the Panel responded to staff members' questions. Among the issues raised and discussed were the following: Do Inspection Panel complaints lead to risk aversion? How can units' costs in dealing with Panel complaints be compensated? How does the Panel remain impartial, and how does it avoid being manipulated for local political purposes? How much supervision is sufficient in difficult situations? Country staffs from Mexico, Argentina, and Brazil participated through videoconference.

Africa Weekly Regional Leadership Team, World Bank, Washington, D.C.

On May 24, 2006, the Inspection Panel met with staff of the Africa Region during their weekly Regional Leadership Meeting to discuss the Panel's process and interaction with staff. Panel Chairperson Edith Brown Weiss gave a presentation on the Panel's process and structure, as well as an overview of past cases and an update on the status of current cases. Ms. Brown Weiss, assisted by Panel Members Tongroj Onchan and Werner Kiene, as well as Panel Executive Secretary Eduardo Abbott, responded to questions raised by staff. Among the issues discussed were the following: the appropriate balance between risk-taking and compliance with Bank Policies, remedying harm caused by a project in compliance with Bank Policies, the need for an inspection panel when other evaluation mechanisms are already in place at the Bank, and weighing supervision and budgetary constraints.

Infrastructure Town Hall Meeting, World Bank, Washington, D.C.

On November 29, 2005, the Inspection Panel held a Town Hall Meeting with approximately 100 staff from the World Bank's Infrastructure Network at the Bank's headquarters to discuss the Panel's mandate and operation. Panel Chairperson Edith Brown Weiss, Members Tongroj Onchan and Werner Kiene, and Executive Secretary Eduardo Abbott participated in the event. In her opening remarks, Katherine Sierra, Vice President of the Infrastructure Network, expressed her hope that the meeting would promote better understanding of the Panel's process of investigation and related issues.

Following Chairperson Edith Brown Weiss's presentation on the Panel process, staff from the Infrastructure Network freely questioned the Panel members and Executive Secretary for more than an hour. Some expressed concern that the Panel discourages

risk-taking. The Panel members responded to these concerns by stating that development involves taking risks and suggesting that the existence of the Panel as an accountability mechanism is especially important to civil society and affected peoples for risky projects. Also, Panel members commented that the more carefully projects are executed, the more costs will be saved through avoided harms.

OTHER MEETINGS

Legal Forum 2005, World Bank, Washington, D.C.

On December 1 and 2, 2005, Panel Chairperson Edith Brown Weiss participated in the World Bank Legal Forum 2005 organized by the World Bank Legal Vice Presidency. Ms. Brown Weiss delivered a speech titled “Legitimacy, Accountability, and Equity” for a panel on the topic “Institutions and Policies for Greater Global Equity.” The Legal Forum 2005 took place at the International Finance Corporation (IFC) headquarters in Washington, D.C. It was attended by a diverse group of lawyers, policy makers and their advisers, and professionals in the field of international development. The sessions were videotaped to create a record for the World Bank Library.

International Labour Organization, Geneva, Switzerland

The Panel Chairperson spoke on “Participatory Governance and the Law” at the Workshop on “Participatory Governance: A New Regulatory Framework?” held by the International Institute for Labour Studies of the International Labour Organization in Geneva, Switzerland, December 9–10, 2005. A book will be published with discussions from the workshop. Participants included scholars from universities such as the University of Witwatersrand, University of Brasilia, European University Institute, MIT, and the University of Toronto, as well as various international officials.

VENRO, GEXSI, and GTZ Meetings, Berlin, Germany

On January 11 and 12, 2006, Panel Member Werner Kiene gave a presentation on the Panel’s approach to investigations of Bank-funded projects and its working principles to development organizations that are based in Berlin, Germany. He discussed the potential for further outreach initiatives with the managing director of VENRO (Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen e.V.), Germany’s leading nongovernmental organization (NGO) umbrella organization. He also met with GEXSI (Global Exchange for Social Investment) and with representatives of GTZ (Deutsche Gesellschaft fuer Technische Zusammenarbeit), the German Agency for Development Cooperation.

German Development Service and German Agro Action Meetings, Bonn, Germany

On January 17, 2006, representatives of the German Development Service, DED (Deutscher Entwicklungsdienst), hosted a meeting with Panel Member Werner Kiene in Bonn, Germany, to explore DED's interest in strengthening accountability structures in its activities. A key concern was how information on the Panel's work could contribute to the development of communities, which are beneficiaries of DED projects. Similar issues were discussed at the Bonn Headquarters of German Agro Action (Deutsche Welthungerhilfe), Germany's leading development NGO. The Secretary General and his team expressed an interest in receiving frequent updates about the Panel's work. There exists a strong interest in disseminating more of the Panel's work to project staff active in the field.

Panel Discussion on Infrastructure Lessons Learned, World Bank, Washington, D.C.

On March 14, 2006, Inspection Panel Chairperson Edith Brown Weiss joined a Panel Discussion organized by the Infrastructure Network to share lessons learned from the last 20 years of World Bank engagement in infrastructure. The other panelists were Katherine Sierra, vice president and head of Infrastructure Vice-Presidency (INFVP); Nancy Zucker Boswell, Transparency International; Frank Lysy, Economics and Policy Group, Multilateral Investment Guarantee Agency (MIGA); Witold Henisz, Associate Professor of Management, Wharton School; and Vinod Thomas, Director General of Internal Evaluation Group Director-General (IEGDG). Katherine Sierra opened the discussion with a brief introduction of the paper "Infrastructure: Lessons from the Last Two Decades of World Bank Engagement." Each panelist then provided comments on the underlying principles and conclusions reached by the paper, after which the floor was opened for comments and questions by the audience. The event was attended by about 150 infrastructure specialists and managers from the Bank.

University of Mumbai Seminar, Mumbai, India

On May 10, 2006, Panel Chairperson Edith Brown Weiss delivered a special lecture at the University of Mumbai on "Accountability, Compliance and International Financial Institutions" Dr. Snehalata Deshmuku, former Vice-Chancellor of the University of Mumbai, introduced the session, which was sponsored by the Department of African Studies. In her presentation, Professor Brown Weiss presented theoretical work on accountability and compliance and then presented the work of the Inspection Panel as a specific case study. The audience included faculty, students, and representatives of civil society organizations.





Third Accountability and Recourse Mechanisms Meeting, Montreal, Canada

On May 18 and 19, 2006, the Inspection Panel participated in the third Meeting of Principals of Accountability and Recourse Mechanisms of International Financial Institutions (IFIs) and Other Institutions hosted by the Commission for Environmental Cooperation in Montreal, Canada. The yearly event is an informal meeting of principals of accountability mechanisms of IFIs and related institutions. The Inspection Panel hosted the inaugural gathering in 2004. The Panel, represented by Chairperson Edith Brown Weiss, Members Tongroj Onchan and Werner Kiene, Executive Secretary Eduardo Abbott, and Deputy Executive Secretary Peter L. Lallas, presented the results of the Panel's investigation of the Mumbai Urban Transport Project. Representatives from the following organizations attended the meeting: European Bank for Reconstruction and Development, Inter-American Development Bank, International Financial Corporation (IFC), Japan Bank for International Cooperation, Nippon Export and Investment Insurance (NEXI), Export Development Canada, Overseas Private Investment Corporation (OPIC), Asian Development Bank, and the North American Commission for Environmental Cooperation. The meeting offers an opportunity for principals of the different mechanisms to discuss informally issues of common concern.

Meeting with the American University Academy on Human Rights and Humanitarian Law, Washington, D.C.

On June 13, 2006, the Panel met with approximately 40 international students from the American University Academy on Human Rights and Humanitarian Law. Panel operations officer, Tatiana Tassoni, introduced the Panel, its role, operations, procedures, and experiences with respect to a Request for Inspection that raised human rights issues. Following the presentation, several students asked questions, in particular about the Panel's role in protection and respect of human rights in World Bank-financed projects.

ANNEXES

ANNEX 1

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 multi-disciplinary 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's 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 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, ESCAP, the World Bank, the Asian Development Bank, the Food and Agriculture Organization, the International Labor Organization, USAID, and the Ford Foundation. He has been project director of many research projects and author or co-author 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 director of the International Global Environment Strategy (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 Masters 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, D.C. 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. Eduardo G. Abbott, a Chilean national, serves as the Inspection Panel's Executive Secretary. 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 adviser 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 re-designated 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, where he had 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 Masters 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.¹

Edith Brown Weiss
Chairperson
The Inspection Panel

Roberto Danino
Senior Vice President and General Counsel
The World Bank

June 8, 2004

¹ 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

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.²
 - (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.

² This will be deemed to be the case when at least ninety five 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 non-compliance 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 underway. 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 INSPECTION PANEL CASES¹

JUNE 30, 2006

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

continued

¹ 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. Brazil: Itaparica Resettlement and Irrigation Project	March 12, 1997	Yes	Investigation	No	Eligibility Report and Action Plan review
10. India: NTPC Power Generation Project	May 1, 1997	Yes	Investigation	Yes	Eligibility Report and Report on Desk Investigation
11. India: Ecodevelopment Project	April 2, 1998	Yes	Investigation	No	Eligibility Report
12. Lesotho/South Africa: Phase 1B of Lesotho Highlands Water Project (1998)	May 6, 1998	Yes	No investigation	Yes	Eligibility Report
13. Nigeria: Lagos Drainage and Sanitation Project	June 17, 1998	Yes	No investigation	Yes	Eligibility Report
14. Brazil: Land Reform Poverty Alleviation Project	December 14, 1998	Yes	No investigation	Yes	Eligibility Report
15. Lesotho: Highlands Water Project (1999)	April 26, 1999	Yes	No investigation	Yes	Eligibility Report
16. China: Western Poverty Reduction Project	June 18, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
17. Argentina: Special Structural Adjustment Loan	July 26, 1999	Yes	No investigation	Yes	Eligibility Report
18. Brazil: Land Reform Poverty Alleviation Project, Second Request	September 14, 1999	Yes	No investigation	Yes	Eligibility Report
19. Kenya: Lake Victoria Environmental Management Project	October 12, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
20. Ecuador: Mining Development and Environmental Control Technical Assistance Project	December 13, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
21. India: NTPC Power Generation Project, Second Request	November 27, 2000	No	—	—	—
22. Chad: 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
23. India: Coal Sector Environmental and Social Mitigation Project and Coal Sector Rehabilitation Project	June 21, 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
24. Uganda: Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	July 27, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
25. Papua New Guinea: Governance Promotion Adjustment Loan	December 6, 2001	Yes	No investigation	Yes	Eligibility Report
26. Paraguay and Argentina: 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. Cameroon: Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	September 25, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
28. Philippines: 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. Cameroon: Petroleum Development and Pipeline Project (not registered)	November 26, 2003	No	—	—	—
30. Mexico: 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
31. Colombia: Cartagena Water Supply, Sewerage, and Environmental Management Project	April 20, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
32. India: Mumbai Urban Transport Project	April 28, 2004	Yes	Investigation	Yes	Investigation Report completed and submitted to the Board of Executive Directors
33. India: Mumbai Urban Transport Project—Gazi Nagar	June 29, 2004	Yes	Investigation as part of case 32, India: Mumbai Urban Transport Project	Yes	Eligibility Report and Investigation Report completed as part of case 32, India: Mumbai Urban Transport Project

continued

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
34. Burundi: Public Works and Employment Creation Project	September 17, 2004	No	—	—	—
35. Pakistan: National Drainage Program Project	September 10, 2004	Yes	Investigation	Yes	Investigation ongoing
36. Cambodia: Forest Concession Management and Control Pilot Project	January 28, 2005	Yes	Investigation	Yes	Investigation Report completed and submitted to the Board of Executive Directors
37. Democratic Republic of Congo: 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. Honduras: Land Administration Project	January 3, 2006	Yes	Investigation	Yes	Investigation ongoing
39. Romania: Mine Closure and Social Mitigation Project	January 6, 2006	Yes	At urging of Requesters, Panel refrained from issuing recommendation and awaits further development on matters raised in Request	Yes	Eligibility Report
40. Nigeria: West African Gas Pipeline Project	April 27, 2006	Yes	—	—	—

Source: Inspection Panel

TABLE 2

ALLEGED VIOLATIONS OF POLICIES AND PROCEDURES PER REQUEST

JUNE 30, 2006

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
1. 10/24/1994	Nepal: 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	Ethiopia: 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	Tanzania: 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	Brazil: 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	Chile: Financing of Hydroelectric Dams in the Bio-Bio 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	Bangladesh: 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	Paraguay and Argentina: 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	Bangladesh: 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	Brazil: 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	India: 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	India: Ecodevelopment Project	Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Forestry (OP 4.36)
12. 5/6/1998	Lesotho/South Africa: 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	Nigeria: 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	Brazil: 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	Lesotho: 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	China: 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	Argentina: 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	Brazil: 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	Kenya: 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	Ecuador: 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	India: 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	Chad: 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	India: 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	Uganda: 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	Papua New Guinea: 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	Paraguay: Reform Project for the Water and Telecommunication Sectors Argentina: 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	Cameroon: Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Poverty reduction (OD 4.15) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
28. 9/26/2003	Philippines: 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	Cameroon: Petroleum Development and Pipeline Project (not registered)	Involuntary resettlement (OD 4.30)
30. 1/26/2004	Mexico: Indigenous and Community Biodiversity Project (COINBIO)	Indigenous peoples (OD 4.20) Project supervision (OD/OP/BP 13.05)
31. 4/20/2004	Colombia: Cartagena Water Supply, Sewerage and Environmental Management Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Water resources management (OD 4.07) Poverty reduction (OD 4.15) Indigenous peoples (OD 4.20) Financial management (OD 10.02) Economic evaluation of investment operations (OP 10.04) Project supervision (OD/OP/BP 13.05)
32. 4/28/2004	India: Mumbai Urban Transport Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of operational information (January 2002) Project supervision (OP/BP 13.05)

continued

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
33. 6/29/2004	India: 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. 9/17/2004	Burundi: Public Works and Employment Creation Project (not registered)	Project supervision (OP/BP 13.05) Procurement (OP/BP 11.00)
35. 9/9/2004	Pakistan: National Drainage Program Project	Environmental assessment (OD 4.01) Natural habitats (OP 4.04) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Management of cultural property in Bank-financed projects (OPN 11.03)
36. 1/28/2005	Cambodia: Forest Concession Management and Control Pilot Project	Environmental assessment (OP/BP 4.01) Natural habitats-1995 (OP/BP 4.04) Management of cultural property in Bank-financed projects (OPN 11.03) Indigenous peoples (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	Democratic Republic of Congo: 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 peoples (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. 1/3/2006	Honduras: 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 peoples (OD 4.20) Indigenous peoples (OP/BP 4.10) Disclosure of operational information (BP 17.50)
39. 1/6/2006	Romania: Mine Closure and Social Mitigation Project	Environmental assessment (OD 4.01) Project supervision (OD/OP/BP 13.05) Disclosure of information (January 2002)
40. 4/27/2006	Nigeria: 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)

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, 2006

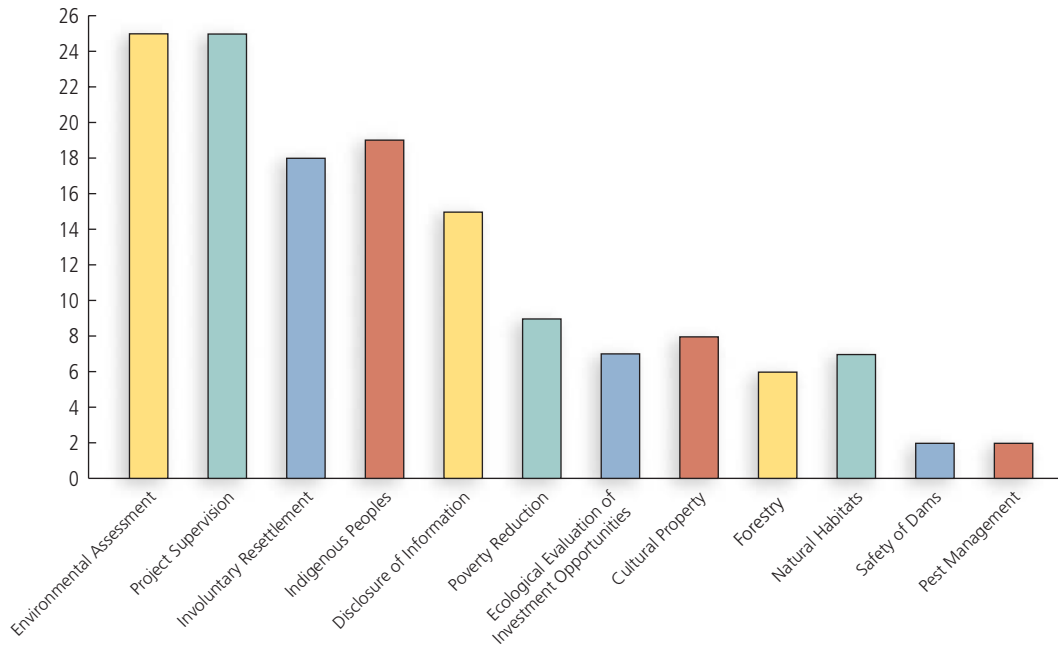
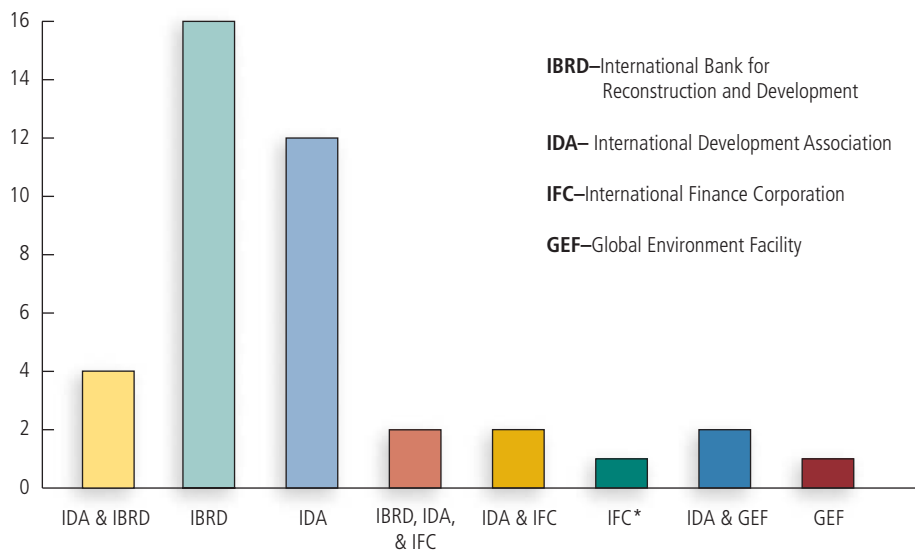


FIGURE 3
FINANCING FOR PROJECTS SUBJECT TO REQUESTS
JUNE 30, 2006



Source: Inspection Panel

* 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, 2006

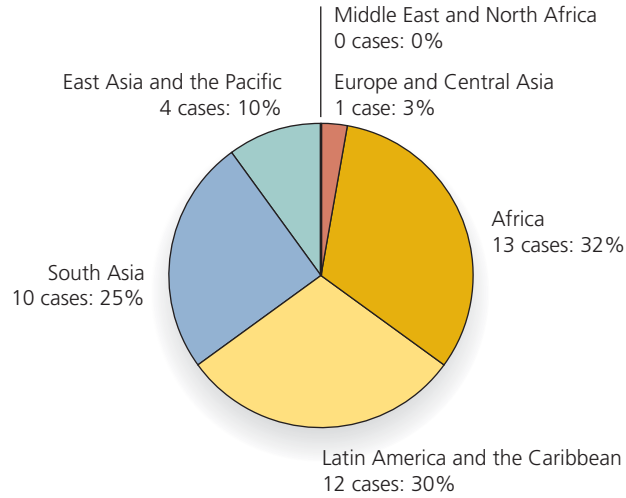
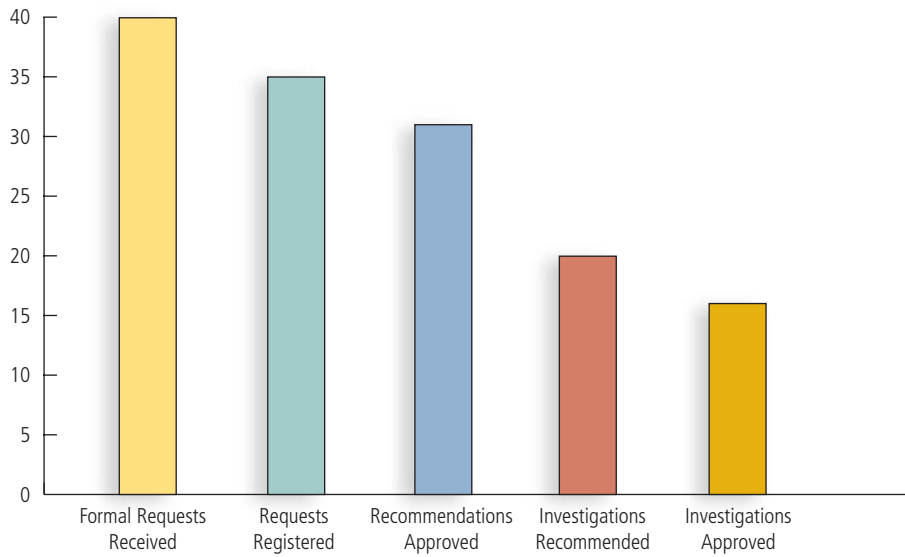


FIGURE 5
PANEL'S REQUEST RECORD
AS OF JUNE 30, 2006



GEOGRAPHICAL DISTRIBUTION OF REQUESTS FOR INSPECTION



JUNE 30, 2006

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgement on the legal status of any territory, or any endorsement or acceptance of such boundaries.



ANNEX 7

THE INSPECTION PANEL BUDGET

JULY 1, 2005–JUNE 30, 2006

(THOUSANDS OF U.S. DOLLARS)	
Consultants*	646.0
Salaries**	1,006.8
Temporaries	40.9
Publications	75.5
Travel	387.5
Benefits	502.4
Communications & IT Services	100.7
Equipment & Building Services	3.2
Representation & Hospitality	11.4
Contractual Services	32.7
Other Expenses	3.2
Office Occupancy	166.6
Total Expenses	2,976.9
Current Budget	2,928.0

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

* Includes Panel Members' fees.

** Includes Chairperson's Salary.

