

---

APPENDIX I  
THE INSPECTION PANEL ANNUAL REPORT  
FISCAL YEAR 2009

# I. REQUESTS RECEIVED IN FISCAL YEAR 2009

## PANAMA

REQUEST NOS. 53 AND 56

### Land Administration Project (Programa Nacional de Administración de Tierras—PRONAT)

(LOAN NO. 7045-PAN)

#### BOX 1. PROJECT INFORMATION AT A GLANCE

Project Name:	Panama: Land Administration Project (Programa Nacional De Administración de Tierras—PRONAT)
Region:	Latin America and the Caribbean
Sector:	Public Administration, Law, and Justice
Environmental Category:	B
IBRD Loan Amount:	US\$47.9 million
Board Approval Date:	January 16, 2001
Effective Date:	July 19, 2001
Project Restructuring Effective:	June 23, 2006
Closing Date:	December 31, 2009

#### THE REQUEST

On February 25, 2009, the Inspection Panel (the “Panel”) received a Request for Inspection related to the Panama: Land Administration Project (the “Project”—in Spanish, Programa Nacional de Administración de Tierras, or PRONAT). The Request was submitted by representatives of the Naso people and was registered by the Panel (the “First Request”). A second Request for Inspection related to the same Project was submitted by leaders of the Congreso de Area Anexa de la Provincia

De Bocas Del Toro on behalf of the communities that live in the so-called *áreas anexas* (annex areas) to the Comarca Ngöbe-Buglé in the Bocas del Toro Province. This request was registered on March 20, 2009 (the “Second Request”).

#### THE PROJECT

The Project aims to modernize Panama’s Land Administration System and addresses policy, legal, and institutional reforms; modernizes the country’s geodetic network and mapping capabilities; and builds the institutional capacity of various entities. It is financed by a loan from the International Bank for Reconstruction and Development (the “Bank”) of US\$47,900,000. The loan was approved on January 16, 2001. After experiencing some implementation problems, the Project was restructured on June 23, 2006, to narrow the project scope and outputs and improve “*implementation and financing modalities.*”

According to the original Loan Agreement, the objectives of the Project were “(a) to promote equitable access to land and improve land tenure security by providing Land Administration Services in the Project Area; and (b) to enhance natural resources conservation through the consolidation of the SINAP [Sistema Nacional de Tierras Protegidas] and Indigenous Peoples Territories.”

The Amended Loan Agreement provides, however, that “the objective of the Project is to modernize the land administration system, including priority protected areas and Indigenous Peoples Territories.”

## THE FIRST REQUEST

The Requesters claim that, in violation of its own policy on Indigenous Peoples, during implementation of the Project the Bank did not take into account the rights and interests of the Pueblo Naso communities, inter alia, because Project officials are trying to impose a Carta Orgánica in their territory that is detrimental to their rights, has not been discussed with the indigenous people, and lacks legal basis. What follows is a summary of the situation as depicted in the Request.

The Requesters state that PRONAT is expected to demarcate the territory of the “original people” of the Bocas del Toro Province and that, since its initial implementation, “the Project has been carrying out activities in their Naso Tjër Di territory with the support of the Dobbo Yala Foundation and the then King Tito Santana [of the Naso people] and his team” (emphasis added). The Requesters state that, in this context, Bank financing made it possible to agree on a Bill of Law, supported by the Naso people, which would create the Province of Naso Tjër Di. This Bill of Law was submitted to the National Assembly of Panama but was never approved.

The Requesters claim that the situation has now changed and PRONAT officials are no longer consulting with the legitimate representatives of the Naso people, and that this has created tensions between the members of the Naso people and the foundation carrying out the consultations. The Requesters claim that “unfortunately, the Dobbo Yala Foundation was contracted by the Public Enterprise of Medellín (Empresa Pública de Medellín or EPM) to carry out an alleged community consultation related to the proposed Bonyik Hydroelectric Project to be built within the Naso Territory.” As a result, the Requesters assert that “in May 2004, the Naso Peoples General Assembly decided to dismiss the then King Tito, and appoint His Majesty Valentín Santana present King of the Naso Peoples.” The Requesters add that “several weeks after [this event] the National Assembly rejected the Bill of Law.” In addition, they state that after the new President of Panama took office, “several individuals” of the Dobbo Yala Foundation “became Government employees working on the PRONAT project.”

They state that the Bank-financed Project supported a new Bill of Law establishing collective land property in indigenous territories, which was approved by the National Assembly on December 3, 2008, as Law No. 72. According to the Requesters this new Law created “an uncertain regime of regional rezoning.” The Requesters believe that the Project-supported new law “constitutes a flagrant and very serious violation of the sole and true aspiration of the Naso People—the creation of a juridical framework that



Panama: Land Administration—  
Panel team meeting with indigenous community in Project Affected area

*would respect the cultural and all forms of politico-traditional life of our Naso people, as well as the natural, archeological and genetic resources in general that we now have and that we have inherited from our ancestors and that we are entitled to: that is the region of Naso Tjër Di.”*

The Requesters state that they asked PRONAT officials to comply with the World Bank’s Operational Policy on Indigenous Peoples and that, because no reply was received from these officials, the “Naso people, jointly with Ngobe leaders affected by the delimitation of the adjacent lands,” sent a note to World Bank staff in December 2007 “requesting an urgent visit to the area.”

They add that World Bank staff carried out a field visit in January 2008 where they were informed about the concerns of the Naso people in relation to PRONAT. The Request claims that on a follow-up visit to evaluate PRONAT in March 2008, Bank staff did not meet with the Naso people, who were left waiting for them at the community of Bonyik. The Naso people’s concerns were again expressed at a meeting held later in Panama City. However, the Requesters claim that, so far, World Bank staff have not responded to their concerns.

In view of the foregoing, the Requesters state that “we are also disappointed with the World Bank, who has not enforced its operational policies on indigenous peoples,” adding that for this reason they are “requesting the Inspection Panel to carry out an in-depth and detailed investigation of all that has happened since the arrival of PRONAT in our territory.”

## THE SECOND REQUEST

The Second Request contains a number of claims similar to those included in the First Request and, more specifically, the Requesters object to the way the Project is being implemented, particularly in relation to disclosure of information activities, and the consultation and measurement methods used in the demarcation of the Ngabe territories in the Bocas del Toro province, the Parque Internacional (World Heritage Site), the Bosque Protector [Protector Forest] Palo Seco (tropical upland forest), and the Bastimentos National Marine Park. According to the Requesters, not only do the Project's actions violate their human and land occupation rights, but they also contravene the conventions and international treaties to which Panama is a party, as well as *"the World Bank's strategies and operational policies on indigenous peoples approved by the Bank's Board on February 22, 2006."*

The Requesters claim that, upon receipt of a request from the communities of the áreas anexas and of the islands of the Boca del Toro province, local Bank staff agreed to meet with them in PRONAT offices in the town of Changuinola. In this meeting, in which government officials also participated, the Requesters expressed their concerns about the implementation of PRONAT and what they consider *"negligence and irregularities"* directly affecting the land rights of the Ngabe communities of the Bocas del Toro province and the áreas anexas, which remain outside the limits of the Comarca Ngabe-Bugle.

The Requesters claim that during a follow-up visit that took place in January 2008, local Bank staff were informed that the communities were about to complain against irregularities in the implementation of PRONAT to the Bank's executive management in Washington. In response, the Requesters state, they were then told to wait until a March 2, 2008, community meeting where local Bank staff would present an answer to their concerns. According to the Requesters, no one from the Bank attended the March meeting and they have yet to receive a response from the Bank.

According to the Requesters, in 2001 the government of Panama obtained Bank financing so that PRONAT could measure and demarcate the territories of the native peoples of the Bocas del Toro province. They claim, however, that *"practically since that moment, this Program has violated the indigenous land rights, since PRONAT's main objective is to title land and not to demarcate territories."* They also claim that the Project is restricting the areas recognized as indigenous peoples' lands to those used for housing, excluding the areas that the communities use *"for materials, medicines, craft items, workshops and other production activities."*

The Requesters argue that *"the lack of territorial protection has allowed tourism, mining and hydroelectric enterprises to speculate with our land which is shamelessly given away by the national authorities by way of Law Number 2 of 2006 on concession and titling of islands and coasts ..."* The Request refers specifically to *"the concession of 6,215 hectares in the rural area of Valle Risco, a Ngabe indigenous territory, granted by ANAM [Autoridad Nacional del Ambiente] for the construction of the hydroelectric project Chan 75,"* and points out that this case was denounced to the Supreme Court of Justice, the Inter American Commission on Human Rights, and to the United Nations Rapporteur on Indigenous Peoples.

The Requesters also claim that the Bank-financed Project supported a new Bill of Law, approved by the National Assembly on December 3, 2008, as Law No. 72, which estab-



Panama: Land Administration— Representative of the indigenous community relaying his concerns to the Panel

lished collective land property in indigenous territories and specifically prohibited the creation of new áreas anexas. In the Requesters' opinion, Law No. 72 "constitutes a flagrant and very serious violation of the sole and true aspiration of the communities of the 'áreas anexas,' that is, the creation of a juridical framework that would respect the cultural and all forms of political life of the Ngabe-Bugle people."

The Requesters state that they "hold directly responsible" the government and government institutions for their problems but, at the same time, that they "are also disappointed with the World Bank, who has not enforced its operational policies on indigenous peoples," adding that for this reason they request

the Panel to carry out an Investigation as well. are "requesting the Inspection Panel to carry out an in-depth and detailed investigation of all that has happened since the arrival of PRONAT in our territory."

In the Registration Notices of the First and Second Requests, the Panel stated that the Requesters' claims "may constitute non-compliance by the Bank with various Provisions" of the Bank's Operational Policies and Procedures on Indigenous Peoples (Operation Directive [OD] 4.20) and Supervision (Operational Policy/Bank Policy [OP/BP] 13.05).

## MANAGEMENT'S RESPONSE

Because both Requests for Inspection referred to the same Project and were closely related, Management, after obtaining approval from the Board of Executive Directors on March 24, 2009, submitted a single Response on April 20, 2009, addressing both Requests for Inspection.

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

The Inspection Panel is currently assessing the eligibility of both Requests for Inspection and based on the results of this assessment, it may recommend that the Board of Executive Directors authorize an investigation of the claims presented in the Requests. The authorization to investigate is normally granted by the Board of Executive Directors, generally on a no-objection basis.

### Private Sector Development and Competitiveness Project

(IDA CREDIT NO. 3815-DRC)

#### THE REQUEST

On February 27, 2009, the Inspection Panel received a Request for Inspection related to the Congo (DRC): Private Sector Development and Competitiveness Project (the “Project”). This first Request was submitted by Mr. Chola Kabamba and Mr. Assani Kyombi, both residents of Likasi, Katanga, DRC, acting as former employees of the state enterprise Générale des Carrières et des Mines, abbreviated as Gécamines, “*and as victims of the Voluntary Departures Operation initiated by the Congolese Government with the financial support of the World Bank.*” The Panel registered this Request on March 12, 2009.

On March 13, 2009, the Inspection Panel received a second Request for Inspection related to the same Project. Mr. Bidimu Kamunga, also a resident of Likasi, submitted the Request acting as President of *le Collectif des Ex-agents Gécamines ODV* (“*the Collective of VDO [Voluntary Departures Operation] of former Gécamines employees*”). The Request included 14 signatures of other members of the collective.

On March 26, the Panel received a “petition” from the Congolese Association for the Defense of Economic and Social Rights (ADDES), requesting the Inspection Panel “*to recommend to the Executive Directors of the World Bank that they initiate the opening of an inquiry to resolve the problem posed by all our actual members, namely their complementary compensation and their economic reintegration in Katanga.*” In an attachment to this petition, ADDES requested the Panel to add the association to the procedure initiated by the other two Requests.

The Requesters claim that the Bank-financed operation known as Voluntary Departures resulted in the dismissal of 10,655 Gécamines workers from August 11, 2003, to February 6, 2004, in exchange for severance payments ranging from US\$1,900 to US\$30,000. They add that the reintegration effort, in the form of social assistance

#### BOX 2. PROJECT INFORMATION AT A GLANCE

Project Name:	Democratic Republic of Congo: Private Sector Development and Competitiveness
Region:	Sub-Saharan Africa
Sectors:	General Transportation; Mining and Other Extractive; General Energy; General Finance; Telecommunications
Environmental Category:	B
IDA Credit Amount:	US\$120 million equivalent
Board Approval Date:	July 29, 2003
Effective Date:	December 2, 2003
Closing Date:	December 31, 2012

and training, should mean that the employees receive their severance allowance and be engaged in individual or collective activities enabling them to earn the necessary income for their own survival and that of their dependents.

The Requesters state that the special rules and procedures the Bank adopted for this operation, including the payment of a lump-sum amount, are in contravention of certain provisions of the Congolese Labor Code. They add that each employee was presented with a standard transaction instrument entitled “*Agreement to terminate the labor contract by mutual agreement,*” which each had to sign. They add that their rights and interests were directly and negatively affected by this operation, which was in violation of the contractual obligations between each of them and their former employer, Gécamines. They further add that this has deprived them of wage arrears and the final reckoning to which each of them is entitled, and which they would have collected if their contracts had not been terminated in this manner. They also add that they were “*deprived of all other social advantages (...) and have lost all acquired benefits of any kind.*” They state that this sudden adaptation to “*a life of poverty*” has caused great harm to the victims of the VDO.

The Requesters also claim that the reinsertion programs for former Gécamines employees were limited. They state that the Katanga Reintegration Coordination Unit in the small project support program and the KUJENGA UHURU program supported only activities involving self-promotion and “*covered only a portion of the former Gécamines employees, selected as being those most motivated and with the greatest potential.*”

The Requesters state that they wrote Bank staff in Washington and in Kinshasa, but to no avail. The Requesters asked the Inspection Panel to recommend to the Board of Executive Directors an investigation “*in order to resolve [their] problem.*” The Requesters suggest some solution to mitigate the harm they allege to have suffered as a result of this Project. Specifically, they ask (i) for “*payment of 36 months’ of arrears in compensation, pension principal, payment of legally paid leave, all social benefits associated with the contract,*” and (ii) that the World Bank be responsible for the Gécamines’ violation of its contractual obligations. They state that the Bank “*must ensure that state enterprises to which it extends loans, even with the guarantee of the Congolese government, apply and observe such rights.*”

## MANAGEMENT RESPONSE

On April 7, 2009, Management requested from the Board of Executive Directors an extension to the original deadline for its Response. Management stated in its request that “*[i]n view of the fact that the two Requests concern the same project and address similar issues, in the interest of efficiency, Management is requesting to prepare a single, comprehensive Management Response that addresses both Requests.*” Similarly, for reasons of economy and efficiency and because the two Requests raise similar issues related to the same Project, the Panel has also processed both Requests jointly, as it has done in previous similar situations.

Management submitted its Response on April 27, 2009. In its Response, Management stated that the “*Bank has made every effort to apply its policies and procedures and to pursue concretely its mission statement in the context of the Project.*” Management added that the Bank followed the guidelines, policies, and procedures applicable to the matters raised by the Requests. Management further concluded that “*the Requesters’ rights*



DRC: Private Sector Development—Panel team meeting with representatives of former Gécamines employees in Likasi

*or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.”*

According to the Management Response, the Gécamines Voluntary Departure Program (VDP) took place between March 2003 and February 2004. At that time, the country was marked by the mismanagement of the Mobutu regime and was gradually emerging from a decade of political instability and conflict.

At the center of the government economic recovery program in 2001–02 was the mining sector restructuring and, more specifically, Gécamines’ restructuring. According to Management, the VDP at Gécamines was undertaken in the context of Component 2 of the Project. Management adds that the project is implemented by COPIREP (Comité de Pilotage de la Réforme des Entreprises Publiques, or Steering Committee for Public Enterprise Reform), which is the government body in charge of preparing and undertaking, following the government’s approval, the restructuring of public enterprises in DRC.

Management considers that Project implementation has always been rated satisfactory. It also considers that while the VDP in DRC had demonstrable success, it was implemented in the challenging context of a small private sector base and devastated infrastructure. According to Management, it was initially estimated that 11,200 employees would be eligible for the VDP; however, 10,655 benefited from it. Management also states that Gécamines’ management had calculated, at the time the VDP was implemented, the cost of terminating employment on a voluntary basis for 11,000 employees at around US\$120 million. Because this represented an impossible financial burden for a bankrupt company (and for a highly indebted state with very limited financial resources), the government decided to put in place a program of mutually agreed separation.

According to Management, the initial proposal by the government to Gécamines employees in June 2002, consisting of a first VDP payment scale for a total amount of US\$25 million, was rejected by the trade unions in the same month. The government then decided to hire an international consultant with experience in retrenchment plans to help



DRC: Private Sector Development—Former Gécamines employee relaying the impact of the project on his family and community

reach an agreement with the trade unions. The consultant undertook a detailed analysis of the laws and regulations governing retrenchments in DRC, and for Gécamines more specifically, as well as consultations with the trade unions and the government. The VDP finally agreed to by the trade unions and the government in March 2003 amounted to US\$43.5 million.

Management states that the VDP consultant undertook a thorough analysis of the Gécamines labor force, which, as of August 31, 2002, numbered 23,730 employees. The consultant also analyzed the applicable regulations for retrenchment in private enterprises and reviewed the experiences of other African countries. Following the analysis of the labor force and of the legal and regulatory framework, the VDP consultant worked with the Gécamines Human Resources Department on different scenarios for the VDP. The payment scale proposed by the VDP consultant respected all provisions of the col-

lective bargaining agreement, except the pension fund (capital pension) and life insurance (for managers). It took into account the termination indemnity (notice, paid leave, and leave gratification) and salary arrears through August 31, 2002.

According to Management, the VDP was approved by ECOFIN (Ministerial Committee in charge of Economic and Financial Questions) on March 11, 2003, and was officially announced by the Minister of Mines on March 13, 2003. Gécamines issued several memoranda to explain details of the program. By May 21, 2003, Gécamines finalized the list of candidates for the VDP and an audit firm checked the accuracy of the list compiled by Gécamines. As a result of the consultant's work, the VDP established an average payment amount of US\$4,083 with a minimum actual amount of US\$825 and a maximum amount of US\$60,773. The payments started on August 11, 2003, and ended on March 11, 2004.

Concerning the reinsertion program, Management states that the consultant estimated, on one hand, that about 25 percent of the VDP beneficiaries would not seek, for various reasons (in particular because of their age), to participate in reinsertion activities, and on the other hand, that because of the context of Katanga at the time, the reinsertion program would not be able to achieve ambitious results. A Poverty and Social Impact Analysis (PSIA) was undertaken at the beginning of the VDP in 2003 and completed in 2007, with the University of Lubumbashi carrying out part of the research. The assessment led to the design of interim programs to support Gécamines schools and health centers, which had not been foreseen at project preparation. The PSIA revealed that at the start of the VDP, Gécamines employees were worse off than the general population in Katanga.

Management adds that a number of reinsertion activities were undertaken for VDP beneficiaries. During individual interviews with beneficiaries for this demand-driven process, 40.3 percent of them chose agriculture, 40.0 percent chose livestock farming, 11.2 percent chose trading, 5.5 chose craft, 2.6 chose fishing, and 1.4 percent chose health- or education-related activities. An evaluation of the reinsertion activities was undertaken

between November 2005 and January 2006 by Centre de Recherche et d'Etudes en Economie et Sondage (Center for Research and Studies on Economy and Surveys). Less than two years after the start of the VDP, 93 percent had initiated an income-generating activity. However, Management states that this high reinsertion rate would not typically be sustained in the medium to long term.

Management states that the Bank team made every effort to meet the requirements of Bank policies. It adds that the provisions of the VDP were reviewed by Bank Management, and a memorandum dated April 24, 2003, noted that it met the applicable requirements. With regard to supervision, Management states that 12 supervision missions were undertaken from July 2003 to the Mid-Term Review in June 2007. Additionally, the Task Team Leader has been based in Kinshasa since October 2007. In March 2009, Management sent a team to Katanga that met with both groups of Requesters in Likasi. As a result of this visit, Management proposed actions to be taken with regard to the Gécamines' VDP and actions to be taken for other past and forthcoming retrenchment plans.

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

On May 27, 2009, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Requests. To determine the eligibility of the Requests and the Requesters, the Panel reviewed the Requests for Inspection and Management Response. The Panel also visited DRC from May 3 through May 9, 2009. During its visit, the Panel team met with signatories of both Requests for Inspection. The Panel also met with governmental officials and representatives of the project-implementing unit COPIREP; trade union leadership; and local and international technical experts in Kinshasa, Lubumbashi, and Likasi.

The Panel determined that both Requests and Requesters met the eligibility criteria set forth in the Resolution establishing the Panel. The Panel noted that the Requests and Management Response contain conflicting assertions and interpretations about the issues, the facts, and compliance with Bank policies and procedures. The Panel stated that to ascertain compliance with Bank policies it would need to conduct an investigation of the issues raised in the Requests and related alleged harm. The Panel added that in this case, however, Management has stated its willingness to undertake a survey for the purpose of analyzing the need for special actions are needed for the *partants volontaires*, and to enter a dialogue with the government on any specific actions. Furthermore, the Requesters stated their willingness to see whether this survey would lead to an effective resolution of their concerns.

On this basis, the Panel recommended that, in fairness to all parties concerned, it will not take a position at this time on whether the issues of noncompliance and harm raised in the Requests merit an investigation. The Panel recommended to the Board that it approve the Panel's proposal to refrain from issuing a recommendation at this time on whether an investigation is warranted, but wait six months to see if there are further developments on the matters raised in the Request for Inspection.

On June 11, 2009, the Board of Executive Directors approved, on a no-objection basis, the Panel's recommendation. The Panel expects to be able to make a determination as to whether to recommend an investigation six months after issuing its first recommendation report.

## Institutional Reform Development Policy Financing

(GRANT NO. H336-YEM)

### BOX 3. PROJECT INFORMATION AT A GLANCE

Project Name:	Yemen: Institutional Reform Development Policy Financing
Region:	Middle East and North Africa
Sectors:	General Industry and Trade; General Public Administration
Environmental Category:	C
IDA Grant Amount:	US\$50 million
Board Approval Date:	December 6, 2007
Effective Date:	April 28, 2008
Closing Date:	June 30, 2010

### THE REQUEST

On April 13, 2009, the Inspection Panel received a Request for Inspection (“the Request”) related to Yemen: Institutional Reform Development Policy Financing (“the Program”). Mr. Abdelkader Ali Abdallah and Mr. Yahya Saleh, both residents of Sana’a, Republic of Yemen, submitted the Request on their behalf and on behalf of the Yemen Observatory for Human Rights. The Request claims, inter alia, that the Bank failed to comply with principles of transparency and disclosure of information with respect to a Development Policy Operation for

institutional reform in the Republic of Yemen, which they contend will produce negative effects on wages, employment, and poverty reduction.

The Requesters state that they have incurred and will probably continue to incur damages “as a result of the information blackout policy practiced by the World Bank Office in Yemen and its refusal to disclose information” related to the Program. The Requesters add that after civil society pressure led to the disclosure of some information, “the Bank office in Sana’a refused to give [them] a translated copy into Arabic or to cooperate with civil society to get it translated.”

The Requesters state, “according to the World Bank, the implementation of the Institutional Reform Program in Yemen will lead to soaring prices and the increased suffering of the poor in the Yemeni society. Poverty rate, currently running around 45% will increase by 9.2% up to a total of 54.2%.” They add that the Project will reduce wages by 1.6 percent of GDP. The Requesters question these reforms stating that they will result in an “increase in poverty and unemployment.” They add that had the Project contents been disclosed previously, civil society would have been able to contribute by providing recommendations in relation to the adoption of fair tax policies, and other options could have

been proposed “to provide resources through anti-corruption measures and the adoption of quality policies to address poverty and unemployment.”

The Requesters state that the Bank and the Country Office “violated the principle of partnership which the World Bank adopts and calls for its promotion with civil society,” and violated the principle of transparency and disclosure of information. They add that the lack of translations is contrary to the principle of information sharing emphasized by the former President of the World Bank in his introduction to the disclosure policy of June 2002. They state that the former President “stressed the significance of information sharing as a substantial factor to achieve sustainable development and to improve transparency and accountability in development.” They further state that “he also stressed the significance of information sharing for promoting public support to efforts designed to improve people’s lives in developing countries.”

The Requesters list a number of correspondences through which they requested the Country Office in Sana’a to disclose “a complete copy of the Institutional Reform Program and its translation.” They state that they received a copy in English of the Program Document. However, in later correspondence the Country Office refused to provide them with a translation. According to the Requesters, on January 30, 2008, 25 Yemeni organizations addressed the Country Office to confirm their request for a complete copy of the Program Document in Arabic, but “receive no response to [their] request and all [their] communications and letters were ignored.” On May 19, 2009, Management submitted its Response to the Request for Inspection.

## THE PANEL’S ELIGIBILITY REPORT AND BOARD DECISION

On June 18, 2009, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Request. The Board had not yet made a decision on the Panel’s recommendation on the Yemen case at the time this report went to press. To determine the eligibility of the Request and the Requesters, the Panel reviewed the Request for Inspection and Management Response. The Panel also visited Sana’a, the Republic of Yemen, from June 9 through June 12, 2009. During its visit, the Panel team met with signatories of the Request for Inspection, government officials, and representatives of the civil society organizations in Sana’a.



Yemen: Institutional Reform—Requesters and civil society representatives during a meeting with the Panel team in Sana’a

## Mumbai Urban Transport Project

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

### BOX 4. PROJECT INFORMATION AT A GLANCE

Project Name:	India: Mumbai Urban Transport Project
Region:	South Asia
Sector:	Urban Transport; 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 REQUEST

On May 29, 2009, the Inspection Panel received a Request for Inspection related to the Mumbai Urban Transport Project (hereinafter “the Project”). The Request was jointly submitted by Messrs. Ambries Mehta, Deepak Mehta, and Hinesh Mehta, three brothers who are owners of a property situated in the Gandhi Nagar Plan within the Revenue Village of Tirandaz, Taluka Kurla, Adi.Shankar-charya Marg, I.I. T Main Gate, Powai, Mumbai-400 076 (hereinafter “the Property”) in the city of Mumbai, India. They submitted the request on their own behalf and claim to be adversely affected

by the Project, and especially by its resettlement program.

The Project aims to foster the development of an efficient and sustainable urban transport system in the Mumbai Metropolitan Region, and provides, *inter alia*, for completing two major east-west road links. The Resettlement Action Plan provides for resettling persons affected by the construction of the road-based transport component. One of the east-west road links, the 11-kilometer Jogeshwari-Vikhroli Link Road (JVLR), whose Phase II includes realigning and widening existing roads, relates to the subject of the Request.

The Requesters are residents who live in an area known as Powai through which the JVLR Phase II runs. They state that in 2006, the Mumbai Metropolitan Region Development Authority (MMRDA), the Implementing Agency, “*came to demolish [their] structure*” as a result of which the Requesters obtained a High Court Stay Order against any future demolition of the Property. The Requesters claim that they have “*suffered in the MUTP JVLR Phase II*” and borne physical, mental, and financial hardship because they have been told to demolish their Property before they can receive compensation. They

also state that they reached a verbal agreement with the MMRDA in April 2009 around a negotiated compensation settlement but that they have been unsuccessful in getting the MMRDA to formalize the agreement in writing. They further state that MMRDA has asked them to demolish their property and claim benefits subsequent to the demolition. They assert their willingness to vacate the property and withdraw their High Court Case if they receive possession papers for the alternate properties offered to them as compensation as per the verbal agreement reached with MMRDA.

The Panel, under its regular administrative procedure, which implies no judgment on the merits of the Request for Inspection, registered the Request on June 9, 2009, and is awaiting Management's Response, which is due July 9, 2009.

## II. INVESTIGATIONS COMPLETED

### NIGERIA

REQUEST NO. 40

#### West African Gas Pipeline Project

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

##### BOX 5. PROJECT INFORMATION AT A GLANCE

Project Name:	Nigeria: West African Gas Pipeline Project
Region:	Sub-Saharan 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 Project covers four countries, Benin, Ghana, Nigeria, and Togo. However, the Request was submitted by the Ifesowapo Host Communities Forum of the West African Gas Pipeline (WAGP) Project through their representatives from the Olorunda Local Government Area of Lagos State, Nigeria. The Request was submitted on behalf of 12 communities that will be affected by the Project around the Badagry axis, in Lagos State, southwest Nigeria.

These communities are Ajido, Imeke Agemowo, Araromi Ale, Idaghe Iyesi, Ilogbo Eremi, Igbesa, Okoomi, Itori, Oloya/Abiola, Arobieye, Igboliye, and Egushi Benja. 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 would cause irreparable damage to their land and destroy the livelihoods of their communities. According to the Requesters, the Bank failed to follow its policies and procedures in the preparation of the Environmental Impact Assessment (EIA). They stated that although West African Gas Pipeline Company (WAPCo) periodically consulted landowners, other “*stakeholders*” were wrongly excluded. The Requesters also asserted that they could not comment on the EIA because it was not available. 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 also considered this existing pipeline to be unsafe.

The Requesters claimed that they believed that the Project would negatively impact their livelihoods and provide inadequate compensation. They claimed that “*when the compensations were eventually paid, the rates were in most cases less than 4% of the market rate.*” 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. They indicated that the Project and the insufficient information about the amount of compensation paid caused serious social conflicts within families.

The Requesters also questioned the economic evaluation of the Project and asserted that while the Project proponents claim that associated gas (which is normally being flared) will be the source of gas for the pipeline, they have obtained information demonstrating that this assertion is false. Moreover, the Requesters claimed that Management failed to comply with the Bank’s policies on supervision. The Requesters asserted that the Bank did not comply with a number of its policies and procedures, including OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.01 (Environmental Assessment), OP/BP 10.04 (Economic Evaluation of Investment Operations), OP/BP 13.05 (Project Supervision), OP/BP 4.15 (Poverty Reduction), and the World Bank Policy on Disclosure of Information.

The FoE–Ghana submission supports the original Request for Inspection and raises concerns about the Project’s economic benefit to Ghana, consultation, safety, and adverse livelihood consequences for fishermen in Ghana as a result of the construction and operation of the pipeline. According to the submission, although initially promised, the economic and financial analysis of the Project was never disclosed.

## MANAGEMENT RESPONSE

Management submitted its Response on June 6, 2006, addressing the issues raised by the Ifesowapo Host Communities Forum, and on June 22, 2006, Management submitted its Clarifications to the Panel on the concerns raised by FoE–Ghana. Management, in its initial Response, stated that the Project is well prepared and meets the Bank’s safeguards requirements.

According to Management, the Environmental Assessment (EA) concluded that the Project would cause no major impacts in Nigeria and that impacts would be limited to the Project’s immediate vicinity. Management also claimed that the EA covers pipeline safety issues but did not include the Escravos-Lagos Pipeline System (ELPS) because it was not determined to be part of the Project’s area of influence. Management claimed that an environmental audit concluded that the ELPS was in overall good condition. With regard to the additional problem of pollution and loss of fisheries in the Badagry area, Management concluded that it was unlikely that the harm related to the Project.

Management noted in its Response that the Project acquires small portions of land from 1,557 private landowners and 928 tenants of the total holdings that they own or cultivate. Management also indicated that the principle for compensation agreed upon and applied is the “*replacement value*” for land and assets, considering all future production as required under Bank policies. Management indicated its readiness to correct cases where the principle for compensation “*has been applied inconsistently.*” On the valuation methods, Management stated that WAPCo did not base compensation rates only on government schedules. Nevertheless, Management confirmed that it is reviewing the actual payments to ensure that

Nigeria: West Africa Gas Pipeline—Embankment protecting the gas pipeline as it reaches the shore of Takoradi in Ghana



*“the principle of replacement value for lost assets was met.”* Furthermore, Management emphasized in its response that WAPCo has instituted community development programs that include new water systems, schools, and health centers.

Management acknowledged initial difficulties with regard to disclosure of information but claimed that the situation was corrected immediately. Management acknowledged that disclosure should have been supplemented with translations of summaries of the Resettlement Action Plan (RAP) and Environmental and Social Management Plan (ESMP) in the local language, Yoruba. Management claimed that the economic analysis considered all alternatives, including the “no project” alternative, and adequately evaluated the sustainability of the Project. Additionally, Management believed that project documents draw a realistic picture of the Project’s contribution to gas flaring reduction. With respect to the emergency response system, Management stated that WAPCo held public meetings and clearly described the actions that all parties need to take in case of accidents.

### **MANAGEMENT-PROPOSED STEPS**

Realizing that some issues still needed to be addressed, Management introduced an Action Plan to resolve the situation. Activities under the Action Plan include the facilitation of community development programs and measures to increase transparency and accountability through two supervision missions per year until Project completion. Additionally, Management states that WAPCo will disseminate nontechnical translations of RAP and ESMP summaries, including explanations of the grievance and monitoring mechanisms. Management also expects that systemwide emergency response plans will be disclosed and detailed site plans developed.

Moreover, Management will appoint an expert advisory panel to, among other things, review social and environmental issues and assess effectiveness of the grievance procedures. Management also states that it will assess whether compensation rates are sufficient to replace acquired assets and the status of income restoration. Additionally,

WAPCo will conduct professional surveys based on actual field measurements and ratings to assess the current values of each type of lost asset.

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

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

In its Report, the Panel deferred the decision on whether an investigation is warranted and recommended to the Board of Executive Directors that it approve the proposal to refrain from issuing a recommendation and await further developments on the matters raised in the Request for Inspection. The Panel expected to be able to make a determination by end of 2006 as to whether to recommend an investigation. The Board approved the Panel’s recommendation on a no-objection basis on July 27, 2006.

### FINAL ELIGIBILITY REPORT AND RECOMMENDATION AND BOARD DECISION

To ascertain the need for an investigation, the Panel followed up on the status of the Requesters’ concerns and the status of Management’s progress in addressing them. During a follow-up field visit to Nigeria, January 24–30, 2007, the Panel met with WAPCo officials, who provided updated information but noted that they had not been adequately informed by Bank Management about the content of Management’s Response and the extent to which it required actions on their part. The Panel also observed a lack of information about the compensation issues and an apparent disagreement about the situation of the fishermen and the cause of pollution. The Panel further noted that affected people repeatedly stated that their situation had remained the same in the past six months and they seemed not to have been informed or consulted about actions set forth in the Management Response. Furthermore, during this visit, a group of persons from the Escravos area of the western Niger Delta submitted a letter to the Panel to express their support for the Request and to ask that their names be added to it.

The Panel submitted its Final Eligibility Report and Recommendation to the Board on March 1, 2007. The Panel stated in the Report that it *“finds conflicting assertions of the Requesters and Management about the interpretation of issues, facts, and the compliance with Bank policies and procedures.”* The Panel added that the important questions regarding Management’s alleged failure to comply with Bank policies and procedures and the possible harm to the Requesters could only be addressed in the context of an investigation. The Panel recommended to the Board that an investigation be conducted into claims made by the Requesters. The Board approved, on a no-objection basis, the Panel’s recommendation on March 13, 2007.

## THE INVESTIGATION REPORT

As authorized by the Board, the Panel investigated the matters alleged in the Requests. The Panel submitted its Investigation Report to the Board on April 25, 2008.

On the social impacts of the Project, the Panel found that Management did not ensure that requisite socioeconomic information was gathered. The Panel found that the complexities of the traditional land tenure system were not adequately taken into account and the size of the displaced population seemed to be underestimated as a result of the methodology of averages used for their identification. The Panel added that project documents included incorrect and incomplete information on livelihood and impoverishment risks.

The Panel also found that the land-based resettlement option was not effectively offered to the displaced persons as a viable option for livelihood restoration. Livelihood restoration, resettlement assistance beyond compensation, and benefit sharing were not properly negotiated with displaced persons. The Panel found that the RAP transferred the burden for restoration of livelihoods onto displaced persons without providing additional assistance. Additionally, displaced people were paid one-tenth of what was planned in the RAP.

The Panel established that the lack of meaningful and timely consultation prevented participation and informed negotiation of resettlement options by displaced persons. The Panel added that Management did not provide adequate guidance and instructions to the project sponsor to carry out meaningful consultation with displaced people and failed to ensure that the sponsor had in place an effective grievance process to identify and redress resettlement issues. The Panel also found that Management did not assess the borrower's commitment to, and capacity for, implementing the resettlement instrument.

The Panel found that the gas supply system upstream of WAGP was within the Project's area of influence, and that associated facilities should be viewed as an interconnected system for purposes of the EA, and should consider both potential benefits and adverse impacts. The Panel also found that, although alternatives were evaluated, Management failed to conduct a full economic evaluation of the alternative offshore pipeline route. Concerning the environmental impacts, the Panel found that Management failed to establish in a timely manner an independent advisory panel.

As to the pollution of fisheries, the Panel found that no sample of substance was subjected to microscopic or microbiological examination or to chemical analysis to determine its identity and none was preserved to allow for later testing. Precisely what the offending substance was remained unknown.

For the ELPS, the Panel found that an Integrity Study was undertaken, but this document was not placed in the public domain and affected communities appear not to have been provided with understandable relevant materials on the overall environmental documentation before consultations. The Panel found that the WAGP being connected to the ELPS had the net effect of subjecting the ELPS to a thorough review and inspection; defects were detected and corrected, and safety and operational systems were modernized. The Panel also found apparent inconsistencies in Management documents with respect to the Project's expected contribution to flaring reduction. The Panel found it important to ensure transparent monitoring of the Project's impact on gas flaring.

With regard to Project supervision, the Panel found long gaps between missions. Safeguard staff were mainly concerned with Project preparation and far less involved in the construction phase, and Management was slow to address problems identified with the compensation process.

The Panel, finally, identified a number of systemic issues: (i) Management placed too much faith in the project sponsor's ability to handle complex social issues despite its troubled history in the Nigerian oil and gas sector; (ii) because of an apparent lack of available supervision resources (both funds and expertise), warning signs in the design phases of the Project were not properly interpreted and dealt with; (iii) an ongoing regional or in-country presence by Management was initially not considered; and (iv) the repeated references to secondary benefits raised expectations among those mainly interested in these benefits.

## THE MANAGEMENT RESPONSE

Management, having requested from the Board of Executive Directors an extension for the deadline to submit its Report and Recommendations, submitted its Report on June 30, 2008. This Report included a detailed Action Plan.

In its Report, Management proposed to retain the expert advisory panel through July 2009. It also proposed to translate the Executive Summary of the Environmental Management Plan (EMP) into Yoruba and disseminate it, and to endeavor to obtain annual data on the respective volumes of associated and non-associated gas sent to WAGP through the ELPS. It also stated that WAPCo would conduct emergency response plan awareness meetings with stakeholders and communities near the WAGP facilities before first gas; and would produce a safety brochure, translate it into local languages, and disseminate it.

Management proposed a minimum of two Bank supervision missions of about two weeks' duration during the remaining Project construction period (to include social and environmental specialists), and to maintain continuous formal and informal supervision. In addition, Management would strengthen input and coordination with the Country Office in Project monitoring with periodic reviews of Project implementation and would allocate adequate budgetary resources for these supervision efforts. Management also proposed to document lessons learned about the supervision of public-private partnerships, bring this to the attention of project teams handling similar complex projects, develop best practice tool kits, and undertake a more comprehensive evaluation of the sector environmental and social issues.

In its attention to the ELPS Integrity Study, Management stated that ELPS is not owned or controlled by WAPCo or N-Gas. WAPCo requested Nigerian National Petroleum Corporation to carry out an ELPS Integrity Study, and the study identified some possible safety and reliability improvements. This study confirmed that the ELPS was in satisfactory condition to deliver gas to WAGP without modification. The study could not be publicly disclosed because its contents—information on design and vulnerability to acts of sabotage—are highly sensitive for pipeline security. Management also added that new facilities to supply additional gas would not be required within the medium term (5 to 10 years) or longer; moreover, the specific nature of any potential new investments and their locations could not be predicted.

On the gas flaring concerns, Management stated that the socio-environmental conditions in the Niger Delta need to be addressed, but that this Project was not the right tool. It stated that WAGP's contribution to flaring reduction would at most be 5 percent of current flaring volume. According to Management, this Project is a vehicle that can provide incentives to Nigeria to collateralize and remove related negative environmental impacts of an otherwise wasted but important asset.

Management added that the government of Nigeria, with Bank and Global Gas Flaring Reduction assistance, drafted a Downstream Gas Act and revised the oil and gas fiscal system to support emergence of a domestic market. It also added that the Bank supports several projects in Rivers State, addressing infrastructure, human development, electricity, community development, governance, and public sector management concerns.

## **BOARD MEETING**

On August 5, 2008, the Bank's Executive Directors met to discuss the Panel's Investigation Report and the Management Report and Recommendations. At the Board meeting, there was wide agreement with the Panel's findings and the measures outlined in the Action Plan. The Action Plan was designed to address key issues for project sustainability. These actions included providing compensation at market rates to begin to restore livelihoods to Project-affected people; strengthening community development programs focused on restoration of livelihoods, skills development, and targeting the special needs of vulnerable groups; and developing robust grievance-handling procedures and appointing an independent civil society monitor to document and witness the payment process for additional compensation to restore livelihoods.

Following the endorsement of the Action Plan, it was agreed that Management would submit an update to the Board in six months and provide a project implementation report in a year's time, in consultation with the Panel.

Between November 16 and 21, 2008, a two-person Panel team returned to Nigeria and Ghana to hold meetings with community representatives, WAPCo officials, and government officials. The purpose of the meetings was to convey the results of the Panel investigation and the related meeting of the Board of Executive Directors of the Bank. The Panel team met with stakeholders in Badagry, Warri, and Abuja in Nigeria, and with stakeholders in Accra, Ghana.

## **FIRST PROGRESS REPORT**

Management sent to the Board of Executive Directors its First Progress Report on April 29, 2009. In its Report, Management relayed its progress in implementing the Action Plan.

Management stated that it completed consultations before the start of distribution of payments in September 2008, as noted by the witnessing nongovernmental organization (NGO; Nigeria Network of NGOs, or NNNGO). It added that WAPCo completed a census of Project-affected people's basic information for additional compensation, including verification of eligible Project-affected people and inter- and intra-household claims, and accomplished a transparent payment process, which was observed by the witnessing NGO and Bank representatives and was considered satis-

factory. A new methodology for calculating additional payments for crops and trees was also recommended.

Management stated that it will finalize the socioeconomic survey on key data relating to livelihood and income by first quarter 2009. It added that WAPCo will implement Phase III of the Community Development Program (CDP), with a focus on livelihood-directed programs and based on information from the socioeconomic survey, while strengthening Phases I and II of the CDP by addressing sustainability of small infrastructure operation and maintenance using agreements with local governments (for example, ensuring support for teachers in schools and medical practitioners in health centers). Management also added that WAPCo identified 64 households with vulnerable people; Community Relations Representatives have the responsibility for the coordination of programs for them.

Management stated that it found the grievance process in Nigeria to be effective because it is based on local and traditional systems of dispute resolution. Except for some cases that have been subject to litigation, the average period for grievance resolution was about two months. It also stated that WAPCo had 11 staff performing community and government relations responsibilities as its social safeguards team. It added that WAPCo safeguards training, including monitoring and evaluation, was completed in July and October 2008 and another workshop on livelihood restoration was planned for the first quarter of 2009.

Concerning actions related to the environment, Management stated that the Environment and Social Advisory Panel was retained until July 2009. It stated that the Executive Summary of the EMP was translated into Yoruba and disseminated to local communities in Nigeria, Benin, Togo, and Ghana in August 2008. It also stated that data on the respective volumes of associated and non-associated gas sent to WAGP through ELPS would not be obtained until December 2009. Management added that WAPCo conducted emergency response plan awareness briefings for more than 170 community residents in Nigeria and Ghana, and produced a safety brochure, which it translated into Yoruba and distributed 500 copies of in Nigeria. It also added that awareness briefings would continue during the following six months.

With regard to its supervision efforts, Management stated that it had instituted a system of Task Team monthly field visits. It also stated that the Regional Vice President continued to closely monitor the progress on the WAGP, requiring periodic updates, and that the quality of safeguards implementation is monitored by the Task Team and Management Implementation Status Reports. Management further stated that it had carefully documented supervision lessons on incorporating local traditions in compensation payment processes. It added that environment and social issues in the Sub-Saharan Africa region are analyzed through country portfolio reviews and reviews of regional projects. Additionally, Management was undertaking a review of regional projects in the oil and gas sector.

The Panel's and Management's Reports were made public as required by the Panel's Resolution and are available on the Panel's Web site at <http://www.inspectionpanel.org>, along with a press release about the discussions held at the Board meeting.

## Private Power Generation Project

(IDA GUARANTEE B-0130-UG)

### BOX 6. PROJECT INFORMATION AT A GLANCE

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

### THE REQUEST

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

The Project is commonly known as the Bujagali Hydropower Project. It provides for the construc-

tion of a dam and hydropower plant on Dumbbell Island along the upper stretch of the Nile River in Uganda, about 8 kilometers downstream from the source of the Nile in Lake Victoria and the existing Nalubaale and Kiira dams. The facility would provide an installed capacity of 250 megawatts of electricity. Bujagali Energy Ltd. (BEL) is responsible for financing, constructing, and operating the power plant.

The total Project cost is estimated to be about US\$750 million. The World Bank Group supports the Project with an International Development Association (IDA) Guarantee of up to US\$115 million for payment of interest and repayment of the principal amount of a loan to BEL, an International Finance Corporation (IFC) loan, and a Multilateral Investment Guarantee Agency (MIGA) guarantee. The Board approved the guarantee on April 26, 2007.

The Request claimed that the Project’s social and environmental studies do not adequately address hydrological risks, including on the long-term health of Lake Victoria; fail to address climate change impacts on power production and lake levels; and are based on outdated data. The Request contended that the commitment of the government of Uganda to establish an environmental offset at Kalagala Falls is not binding, and thus there is no guarantee that the falls will never be developed for hydropower.

The Request claimed that the economic analysis does not adequately assess alternative energy options to the dam, and that the Project is economically risky, especially in

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

The Request also alleged that the design of the Bujagali dam does not consider safety issues relating to the upstream dams as an integral part of Project design, and that the proposal to form a dam safety panel is not sufficient. With respect to social issues, the Requesters stated that the Basoga people living in the Project area should have been considered as indigenous peoples, as they are under the Constitution of Uganda, and that the existing compensation and resettlement framework for the displaced population is outdated and does not reflect current economic conditions.

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

## MANAGEMENT RESPONSE TO REQUEST

On April 5, 2007, Management submitted its Response to the Request for Inspection. The Response noted severe power shortages in Uganda and stated that the proposed Project is intended to provide the needed capacity in a *“least-cost and environmentally and socially sustainable manner.”*

The Management Response stated that the the government of Uganda has learned *“valuable lessons”* from the previous experience, which have shaped *“the current proposed project”* and that *“the economic, financial, safeguard, technical, governance, and other required analyses to date are compliant with relevant World Bank Group policies and were undertaken to high professional standards.”* The Response contended that the Project analyses considered a wide range of supply options and a wide range of demand scenarios based on the most recent data on the Ugandan economy and the electricity subsector, and assessed the impacts of both low and high hydrology scenarios.

## ELIGIBILITY REPORT AND BOARD DECISION

On May 3, 2007, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Request. To determine the eligibility of the Request and the Requesters the Panel visited Uganda April 18–25, 2007. During its visit, the Panel team met with the Requesters, other members of civil society, and locally affected communities, Bank staff, national and local authorities, Project authorities, members of

Uganda: Private Power Generation—Bujagali Falls before the construction of the dam further downstream



Parliament, and others. The Panel found that the Request and Requesters met the eligibility criteria set forth in the Resolution establishing the Panel. It also noted that the conflicting claims and assertions outlined above merited independent review and investigation.

## PANEL INVESTIGATION

On May 18, 2007, the Board of Directors authorized the Panel to carry out an investigation into issues raised by the Request. The Panel hired expert consultants in hydrology, environmental assessment, economic analysis, and social anthropological issues to assist in its investigation. The Panel conducted its on-site visit in December 2007. The Panel met with Requesters and Project-affected people, Ugandan government officials and entities, spiritual leaders and representatives of the Basoga people, the project sponsor and project implementation officials, NGOs and stakeholders, representatives of the Nile Basin Initiative and the National Fisheries Resources Research Institute, and river rafting organizations.

As described earlier in this report, the Panel broke new ground in the investigation through its cooperation with a sister accountability mechanism, the Compliance Review and Mediation Unit (CRMU) of the African Development Bank (AfDB). The CRMU had received a request for investigation similar to the one submitted to the Panel, except that it focused on whether the policies of the AfDB (also a project funder) had been met. The Panel and the CRMU developed a first-of-its-kind framework to cooperate in gathering technical information, and conducted a joint investigation visit, while retaining their respective independence and institutional mandates. The Memorandum of Understanding setting forth this cooperative approach is contained in appendix X to this publication.

In its Investigation Report, the Panel highlighted that energy is a crucial factor in Uganda's development, and that energy production requires considerable care to ensure that social, economic, and environmental aspects are properly considered in line with Bank policies. In this regard, the Panel found areas of both compliance and noncompliance by the Bank with a number of relevant operational policies and procedures.

In particular, the Panel found that the Bank met the requirements of its Policy on Environmental Assessment to assess project impacts on fisheries and complete a baseline hydrologic data series. The Project also complied with Bank Policy on Dam Safety by establishing a dam safety panel. On issues of involuntary resettlement, the Project properly issued land titles to Project-affected people, and the standard of living in the area of housing had greatly improved. The Panel also commended the Bank for its work on conserving the Kalagala Falls area as an environmental offset, in response to the Panel's investigation in 2001.

However, the Panel found that Management did not ensure that significant cultural and spiritual matters at Bujagali Falls were adequately considered in Project preparation, and when comparing the Bujagali and Karuma dam alternatives. Alternative project configurations were unduly narrowed on the basis of preconceptions rather than an exploration of all technically feasible options, including options that would not involve flooding Bujagali Falls and thus have lower social and environmental costs, so that judgments on optimal alternatives could be made with a full understanding of the trade-offs involved.

The Panel further found that the assessment of the cumulative impacts of building the dam on the river was inadequate, and that the Project improperly excluded Lake Victoria from the Project's area of influence. This latter issue was particularly important in light of questions relating to the hydrological risk posed by the dam and inter-related issues of climate change, as described in the Panel's Report.

The Panel noted that a key projection in the Project Appraisal Document appeared to be misleading and seriously at odds with the projected revenue stream of the project. The Panel also found that the power purchase arrangements led to an even higher allocation of risk to the power purchaser and the government (and away from the project sponsor), as compared with the earlier project, and increased the possibility that the government of Uganda would have to make payments under its guarantee or increase electricity tariff subsidies (or both). In this context, the Panel found that the Project may not achieve the broad objective of sustainable development and poverty reduction embodied in Bank policies.

On social issues, the Panel found that the Project did not meet Bank policy requirements to restore livelihoods for people displaced years ago in the first Bujagali project, including agriculturalists and fishermen who had been "left in limbo" in the aftermath of the earlier project. The Panel further found that the Bank followed an inadequate approach to address and mitigate the flooding of a significant cultural property of great spiritual value to the Basoga people, a local community, and was at risk of violating a major substantive provision of the Bank Policy on Natural Habitats prohibiting the destruction of critical natural habitats, which include areas recognized as protected by traditional peoples (sacred groves, for instance). The Project also failed to take into account that the adverse cultural impacts of flooding the Bujagali Falls affected not just nearby Basoga residents but the entire Basoga community of some 2 million people.

Last, the Panel identified certain “systemic” issues affecting Bank compliance, including legacy issues arising from incomplete implementation of actions under a previous project (in this case, involuntary resettlement), transparency, public-private partnerships, timely disclosure of information within the project cycle, and guidance to staff on the handling of impacts on critical natural habitat and sacred places.

## BANK MANAGEMENT RESPONSE TO INVESTIGATION

The Bank Management Response contained a summary of actions already taken by Management in response to the Panel’s earlier investigation of the Project in 2001–02. With respect to the current Project, the Response stated that it took many steps to enhance due diligence in Project preparation and supervision. On the question of Project alternatives, the Response asserted that the Project “*proceeded with the selection of Bujagali, with the knowledge that the cultural and spiritual aspects were sufficiently taken into account in its site selection.*” This varied with the Panel’s findings on this central issue.

On the issues of water flow and impacts on Lake Victoria, Management acknowledged that pressure overrides of the existing water release regime (the “Agreed Curve”) could still occur “*if Uganda experiences acute shortages of electricity supply,*” but contends that had the Bujagali dam been commissioned in 2005, “*over-abstraction and the decline in lake levels would have ceased.*” Management restated its argument that this would occur because the dam increases electricity production “*by re-using upstream water releases, thus optimizing water flows through the cascade of dams.*” The Response adds that Bank Management was working to assist Uganda’s efforts to return to the Agreed Curve “*by supporting both hydropower and other power generation investments*” and through its support for various regional efforts.

With regard to economic analysis and affordability, the Response contended that a thorough and comprehensive Economic Analysis was carried out for this Project in accordance with OP 10.04 and OP 4.01. In response to the Panel’s findings that overall

costs had increased significantly by the time of Project appraisal, Management stated simply that the Economic Study and PAD used the latest Project cost information available at the time those documents were finalized. Notably, Management’s Response argued for a significantly different analysis and set of conclusions from those presented by the Panel and its independent technical experts on this topic.

On issues relating to resettlement, the Response stated that although some aspects of the original resettlement required followup, “*the bulk of the resettlement and compensation components*” were completed by 2003. Management

Uganda: Private Power Generation—Inspection Panel and AfDB’s CRMU meeting with spiritual leader Nabamba Bujagali and project affected people at Bujagali Falls



further stated that in January 2007, before the submission of the Request for Inspection, they found deficiencies in the socioeconomic baseline information and initiated corrective action.

With respect to the issues of cultural property and the spiritual significance of Bujagali Falls to the Basoga people, the Response noted various ceremonies and actions (including payments) designed to achieve “*closure regarding the Budjagali spirits,*” and stated that “*Management found that all participants in the appeasement ceremony believed it was successful.*” Again, the Management Response came to significantly different conclusions from those of the Inspection Panel. The Response went on to state that the government in coordination with the Project sponsors “*will work with the various stakeholder groups to develop mitigation measures, including additional ceremonies, as necessary and based on experts’ advice, prior to the filling of the reservoir. These measures will be reviewed by cultural specialists, and more importantly, will be implemented in consultation with recognized local and spiritual leaders.*”

On next steps, the Response identified certain “*new actions*” for building institutional capacity, addressing the needs of vulnerable groups, cultural property management, and reviewing the results of an independent panel of environmental and social experts by the end of 2008. Other steps were described as “*ongoing actions,*” including for project monitoring and supervision, updating socioeconomic baseline information, sharing of benefits, followup on actions for the Kalagala Falls offset, and followup on the the government of Uganda commitment to disclose water release information.

## BOARD MEETING

During the meeting of the Board of Executive Directors on December 4, 2008, to receive the Panel Report and consider the Management Response, Werner Kiene, Chairperson of the Panel, stated, “*The Management Response contains some important actions. However, several key Panel findings are incompletely addressed in the Response and Action Plan, including on resettlement, protection of cultural values, and in the analysis of economics and risks.*” Dr. Kiene also noted, “*Management has expressed a commitment to address the critical issues raised. The Panel is optimistic that a Project costing several hundred million dollars can fully restore the livelihood losses among the 2,500 families who are inadvertently in its pathway.*”

The Board approved the range of actions set forth in the Management Response and the additional actions that Management intended to undertake in view of the Inspection Panel investigation and Board deliberations. These would include timely implementation of a sustainable management plan for Kalagala Falls, updating and implementing a cultural property management plan, and undertaking an enhanced socioeconomic study to support and fully achieve livelihood restoration. Management was to undertake these actions in consultation with the government of Uganda, affected people, and the project sponsor. In addition, Management will develop guidance on how to address environmental and social safeguard issues in legacy projects that suffer significant interruptions in implementation, such as in the Bujagali project. Management will report to the Board on the progress of the Action Plan in six months. At the time of writing of this Report, Management had not yet reported to the Board on such progress.

## Integrated Coastal Zone Management and Clean-Up Project

(IDA CREDIT NO. 4083 ALB)

### BOX 7. PROJECT INFORMATION AT A GLANCE

Project Name:	Albania: Integrated Coastal Zone Management and Clean-Up Project
Region:	Europe and Central Asia
Sectors:	General Water, Sanitation and Flood Protection; Solid Waste Management; General Public Administration
Environmental Category:	F
IDA Credit Amount:	US\$17.5 million equivalent
Board Approval Date:	June 21, 2005
Effective Date:	November 29, 2005
Closing Date:	March 31, 2010

### THE REQUEST

On July 30, 2007, the Inspection Panel (the “Panel”) received a Request for Inspection (the “First Request”), dated July 25, 2007, related to the Albania: Integrated Coastal Zone Management and Clean-Up Project (the “Project”). The local representatives of a number of families who are part of a community situated in the area known as Jale, which is part of the larger village of Vuno in the Himare region of Albania, submitted the Request.

On August 13, 2007, the Panel received a second Request for Inspection (the “Second Request”), dated August 5, 2007, related to the Project. Mr. Petrit Levendi, on behalf of the Association of Tourist Operators of Vlora, Albania, and other affected indi-

viduals who reside in Vlora and in the “*area covering the northern part of the Bay of Vlora, known as Treport Beach, Narta Lagoon Coastal Strip and Bisht Poro,*” submitted the Request for Inspection.

In the First Request, the Requesters stated that between April 17 and April 21, 2007, the Construction Police of the Municipality of Vlora, under the supervision of the Ministry of Public Works and “*in line with the Southern Coastal Development Plan of the World Bank,*” demolished either totally or partially their permanent residences. The Requesters were told that they did not possess building permits. In this regard, the Requesters pointed out that “*approximately 100% of construction*” in coastal Albania lacks these permits and that a summer resort and other houses were left intact.

The Requesters claimed that they requested building permits in the past, but were told that permits were not available in areas lacking an urban plan. The Requesters claimed that the lack of an urban plan is not unique to the village of Jale but rather is common to much of Albania. They also stated that they had lost confidence that an ur-

ban plan could be approved for Jale because the village is small and isolated, lacking even basic services such as fresh water. Nevertheless, they stated that in 2006 the government finally passed a law (Law 9482 “On the legalization, urbanization and integration of buildings without permits”) that allowed the Requesters and other families of Jale to apply for building permits. The Requesters claimed that they did so and received confirmation of their applications by local authorities.

Despite the pending permit applications, the Requesters claimed that they received a notice on April 3, 2007, from the Construction Police informing them that their houses were slated for demolition. They added that they later “*learned from the media and onsite managers of the project that the demolition was a result of executing the Southern Coastal Development Plan of the World Bank for the area.*” The Requesters filed a complaint with local authorities against the demolition notice. The houses were demolished, however, on April 17, 2007. According to the Requesters, “*all court dates were scheduled for after April 17, 2007.*” The house demolitions, the Requesters report, were carried out with “*unexplained urgency*” at 4:00 in the morning of April 17, and one house resident was also “*hit while inside her house in an attempt to take out her cellular phone.*”

The Requesters claimed that the Project implementation resulted in displacement of a small number of families, “*human rights violations,*” “*inhumane actions*” including violence by the police, and a “*complete lack of information and transparency regarding any projects or future plans for the area.*” The Requesters argued that the village of Jale was destroyed as a result of the Bank’s failures and oversights “*to take into consideration legal rights as well as the well being*” of the community. They claimed that the Bank also violated its policies requiring supervision of project activities and those mandating that risks of impoverishment for the community be mitigated.

The Requesters stated that after the demolitions, World Bank officials visited the site at least twice. The first time they talked with the families and asked about the size of the damage but did not provide any information. The second time they did not talk to the community at all.

The Requesters claimed that government representatives indicated that the demolitions “*were based on the law and were part of a bigger plan drafted by the World Bank for the Coastal Region of Albania.*” The Requesters also claimed that to date they have not received any “*sound explanation*” of why their village was “*targeted*” by the Project. The Requesters claimed that the demolitions not only destroyed their houses, but also destroyed existing sewage structures, roads and other constructions, and centuries-old trees in the area. In addition, following the demolitions, waste covered the valley of Jale for weeks, making the place dangerous, especially for children.

The Requesters claimed that the Project is aimed at enhancing community-driven tourism development along the coastal areas. However, they stated that “*by overnight destroying all of the community assets, the project provides no insights on how it intends to support community-driven tourism activities, or which channels would the community follow to support itself during the project implementation phase.*”

The signatories of the Second Request (Second Requesters) claimed that “*although the Project covers an area of the Albanian coastline from Butrint region in the South (Ionian Sea) to the Porto Romano in the North (Adriatic Sea), it nevertheless excludes from its scope and implementation the area covering the northern part of the Bay of Vlora up to the mouth of River Vjosa,*” the area where the Second Requesters reside,

south of Porto Romano. According to the Second Requesters, the Project's integrated coastal management and clean-up strategy has artificially divided the Vlora Bay into two regions. They believed that this is "*discriminatory, simply unnatural and fundamentally harmful*" to their interests.

The Second Requesters argued that the Project creates a "*dangerous vacuum*" by excluding the northern part of the Vlora Bay from its scope and, as a result, will significantly harm tourism development in the bay and its vicinity. According to the Requesters, the Project's discriminatory approach "*opens the way for other potentially detrimental development projects with long standing negative consequences*" for the Bay of Vlora and the Albanian Adriatic-Ionian coastline.

The Second Requesters claimed that the "*very purpose, goals and importance of the Project are being undermined*" by focusing on the southern part of the Albanian coast and excluding the north part of Vlora Bay, which is, according to the Second Requesters, "*widely accepted*" to be the "*real gateway to Albania's tourism and valorization of cultural heritage.*"

## MANAGEMENT RESPONSE

On September 17, 2007, Management submitted its Response to the First and Second Requests for Inspection. With regard to the First Request for Inspection, Management stated that the demolition of the houses was not linked to the Project either directly or indirectly, adding that the demolitions were in accordance with a government program, pursuant to national law, that had been ongoing since 2001. Management claimed that the demolitions of the houses "*were not limited to the Project area, not caused by or linked to the Project, and were not done in anticipation of the Project or to achieve the Project objectives,*" and that the government confirmed this to Management on its visit to the country. Furthermore, Management stated that the demolitions were not carried out as part of or because of the Southern Coastal Development Plan (SCDP) because that plan was yet to be prepared.

The Response stated that a group of consultants was commissioned to prepare the SCDP in 2005 and a comprehensive study with recommendations was submitted in 2006. Management stated that the study reflected the local stakeholders' views, but fell short of what the "*Government felt would be necessary to support and promote sustainable development in the area.*" Management indicated that the contract between the government and the consultants was amicably terminated. The government and the Bank reached an agreement to hire new consultants to continue work on the SCDP.

In response to the applicability and the implementation of the Bank's Safeguard Policies OP 4.01 and OP 4.12, Management stated that an Environmental and Social Safeguards Framework (ESSF) was prepared with appropriate consultations and disclosure. Management further stated that the ESSF was in line with Bank policies on Environmental Assessment, Physical Cultural Resources, and Involuntary Resettlement.

Management stated that at the design stage of the Project, the Bank considered several instances where OP 4.12 might be triggered, including the demolition of illegal buildings under the government's policy. Management stated that the Bank undertook to investigate and review the potential impact the government's demolition policy would have on the Project. Management noted that the review indicated that "*(i) the Govern-*

ment's program is aimed at enforcing existing land-use regulations in the country and follows the due process established under Albanian laws and regulations; (ii) the process does not target removing encroachments from specific locations for the purpose of promoting investments; (iii) the process predates the Bank's involvement in the Project; and (iv) the process is likely to continue regardless of the Bank's involvement in the Project." As a consequence, Management stated that the findings indicated no violation of paragraph 4 of OP 4.12; therefore, the demolitions were unrelated to the Bank's financing of the Project, and the SCDP would not be subject to the Policy on Involuntary Resettlement.



Albania: Coastal Zone Management—Panel team meeting with members of the Albanian families affected by the project

The Response stated that the Bank had been working closely with the government to address the issues related to unauthorized structures and land use for this and other projects in the country, and was also helping to develop “sustainable, equitable and humane solutions” to the problem. Management stated that the Bank had given the government its recommendations with respect to the demolitions and had advised the government to postpone any future demolitions until the recommendations were reviewed and discussed.

With regard to the Second Request for Inspection, Management stated that the purpose of the Project was “expected to serve as a pilot program, to be extended to other areas of the coast in the future.” Furthermore, Management stated that the Project was a “new approach in Albania and relatively complex to implement,” which is why the first phase of the Project concentrated only on one section of the coast—the southern coast—to maximize the chances of success and to ensure the Project’s manageability. The Response further stated that the second phase would expand and build on the results of the first. Management stated that the extension to the areas identified in the Second Request would greatly depend on the outcomes of the pilot project.

## THE PANEL’S ELIGIBILITY REPORT AND BOARD DECISION

On October 17, 2007, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Requests. To determine the eligibility of the Requests and the Requesters, the Panel reviewed the Requests for Inspection and the Management Response. The Panel also visited Albania from September 21 to September 25, 2007. During its visit, the Panel team met with signatories of both Requests for Inspection. The Panel also met with government officials, local authorities in Vlora, the Project Coordination Unit, and Bank staff in the Bank Country Office of Tirana.

The Panel determined that the First Request and Requesters met the eligibility criteria set forth in the Resolution establishing the Panel. The Panel noted that the Request and the Management Response contained conflicting assertions and interpretations of the

issues, facts, compliance with Bank policies and procedures, and actual and potential harm. The Panel recommended an investigation of the matters raised by the First Request for Inspection.

With regard to the Second Request for Inspection, the Panel noted that a Panel investigation, already approved by the Board of Executive Directors in relation to a previous Request for Inspection submitted by the same Requesters, would cover the main concerns and allegations of noncompliance contained in this Second Request, and the contention that the Second Requesters would be harmed as a result of the exclusion of the Vlora Bay area from the Project did not warrant by itself a recommendation to investigate. Consequently, the Panel did not recommend an investigation into the matters alleged in the Second Request. However, the Panel noted that in the event of new evidence or circumstances, the Second Requesters would be able to submit a new Request to the Panel.

On November 1, 2007, the Board of Executive Directors approved, on a no-objection basis, the Panel's recommendation to conduct an investigation into the matters alleged in the First Request for Inspection.

## **THE INVESTIGATION PROCESS**

The Panel conducted a two-part investigation. The first part involved detailed research into Bank records related to the Project, interviews with Bank staff in Washington, DC, and a review of relevant documents. The second part took the form of an in-country fact-finding visit in January 2008. During the visit, the Panel met with Requesters, government authorities, Project officials, and Bank staff in Tirana. The Panel also visited Jale and Vlora and met with the Requesters and the Project implementation team in Vlora. In its investigation, the Panel identified and carefully reviewed all documents relevant to the case that the Requesters, Bank staff, and other sources provided to the Panel. The Panel also analyzed other evidence gathered during the field visits or otherwise in its research, including scholarly literature. The Panel submitted its Investigation Report to the Board of Executive Directors on November 24, 2008.

## **THE INVESTIGATION REPORT**

Jale is one of the most beautiful small bays of Albania's southern coast. Administratively, Jale belongs to a larger village named Vuno. Jale has been a residential area for centuries; for several years, it also accommodated a military unit during the past regime. Most of the families living in Jale have a long residence history, inheriting and owning their lands and house plots from a common family ancestor. The houses that fell out of repair during the past regime (through 1990) have since been rebuilt and expanded using the remittances received from family members who moved abroad as migrant workers. As evidenced by the remains of the structures after demolition, the buildings were mostly residential buildings of concrete and brick construction.

On April 3, 2007, two years after approval of Project financing and in the absence of any major demolition activity in the Project area, the Requesters received a formal notice from the Construction Police and the Ministry of Public Works, Transport and Telecommunications that a decision had been made by authorities to demolish their houses. They appealed the decision within the short period granted for appeals (five days) and were

given court dates of April 17, 2007, or later for review of their appeals. However, the Construction Police began the demolitions on April 17, 2007, despite pleas from the Requesters and some local authorities to defer action until after the conclusion of pending court cases. The demolition process caused wrenching and painful scenes of opposition and resistance. The Construction Police completed the demolitions in five days.

The Requesters alleged that the demolitions were linked to a Bank-funded project and that the Bank failed to comply with its own Policy on Involuntary Resettlement. Bank Management, however, asserted that the Project was not linked to the demolitions and, therefore, the families in Jale were not entitled to benefits and rights under the Bank Policy on Involuntary Resettlement.

During its investigation, the Panel was surprised by Management's determination that there was "*no linkage*" between the government's demolition program and the objectives of the Project. The government's demolition programs aimed to enforce land-use requirements, and the very purpose of the Project was to promote sustainable development and management of the coastal zone, including through land-use planning measures and requirements and their enforcement. The Panel found that the kind of encroachment removal that the government intended to carry out in the area covered by the Bank-assisted Project clearly fell within the three categories stated in paragraph 4 of the Bank Policy on Involuntary Resettlement—to wit (i) the government's demolition program aimed to achieve objectives that are declared to be the same as the objectives pursued by the Project itself, the sustainable development and proper use of the coastal zone; (ii) as such, the activities were necessarily part of actions to achieve these objectives; and (iii) these activities were planned and carried out contemporaneously with the Project, within the meaning of paragraph 4 of OP 4.12.

In the absence of applying the Bank Policy on Involuntary Resettlement, the claimed "agreement" with the government to suspend demolitions in the Project area, stated in the Project Appraisal Document (PAD), gave the impression that a safeguard was in place to protect potentially affected people and the Bank against the critical Project risk of demolitions. During its investigation, however, the Panel learned that the government had not made such a commitment and had not agreed with what was stated in the PAD. This crucial statement in the PAD turned out to be unfounded and incorrect. During the Board meeting approving the Project, Management did not inform the Board about this fact, although Executive Directors indicated that they welcomed the existence of this agreement.

The Panel found that without the alleged agreement with the government to suspend demolitions in the Project area, without an agreement on a cut-off date, and above all without applying the Bank's Policy on Involuntary Resettlement to ongoing demolitions, Management failed to safeguard people potentially affected by Project-related activities, and thus failed to comply with the Bank's Policy on Involuntary Resettlement. Management did not protect the Bank from a significant reputational risk acknowledged in the PAD.

In addition, the Panel found that the objectives and content of the Project, including the SCDP, went well beyond regulation of natural resources and, therefore, the Bank's Policy on Involuntary Resettlement should have applied. As part of "good project design" in the preparation of the SCDP, Management agreed with the borrower that it would develop certain criteria and procedures to assist "*affected people who lose their*

*primary residence or main source of livelihood due to encroachment removal.*” The Panel noted, however, that this promise became effective only once the SCDP was prepared. As a result, Project design did not enable the provision of assistance to people who lost their homes or sources of livelihood in Jale.

The Panel investigation revealed an important and direct connection between the Project and the demolitions in Jale. Indeed, Project records indicated an active relationship between the Project and the Construction Police and that aerial photography financed under the Project identified the buildings that were demolished.

On March 26, 2007, the Project Coordination Unit sent a letter, on the official letterhead of the Bank-financed Project and signed by the Project Coordinator, to almost all relevant high-level government authorities, including the General Director of the Construction Police, notifying them of what the Coordinator characterized as illegal construction along the Ionian Coast. Attached to the letter were two compact discs with aerial photos of the coast, which had been financed by the Project. In its response letter, the Construction Police stated that they had administered all the necessary procedures and the decision to demolish these buildings had been communicated to the respective parties.

Project records showed that the Project provided support, both material and technical, to the Construction Police for the demolitions leading to this Request for Inspection, the most important item being the aerial photographs used to identify the houses to be demolished. This constituted direct and material support by the Project to the demolitions in Jale. The Panel noted that this Project activity was not acknowledged or described in the Management Response. To the contrary, the Response stated in no uncertain terms that “[t]he demolitions were not linked to the Project directly or indirectly.”

The analysis and facts established by the Panel during its investigation showed that the Bank Policy on Involuntary Resettlement should have been applied to the demolitions related to the Project. This conclusion was based on the assistance provided by the Project to the Construction Police for undertaking their functions, Project-financed aerial photographs identifying the demolished houses, and the official communications of the Project Coordination Unit calling on the Construction Police to deal with the alleged illegal construction.

The Panel found no merit in Management’s statement that “[t]he demolitions were not linked to the Project directly or indirectly.” Indeed, the Panel found a direct link between the demolitions in Jale and the Project and its objectives. Consequently, the Panel found that Management failed to comply with the requirements of the Bank Policy on Involuntary Resettlement with respect to the demolitions that took place in Jale. In this sense, the Project also failed to address the poverty reduction objectives set forth in the Bank Policy on Poverty Reduction.

In addition to the documentary evidence linking the Project to the demolitions in Jale, the Panel found that debates had occurred in the Albanian Parliament and that several news articles had appeared in the Albanian press that explicitly linked the demolition to the Bank-financed Project. Furthermore, the Panel found that the fact-finding mission that took place May 3–5, 2007, left out essential facts and did not comply with Bank Policy on Supervision.

With respect to the presentation of the Project to the Board of Executive Directors, the Panel found that the mistake in the PAD about the agreement with the government to suspend demolitions was not corrected, although two Executive Directors had issued

written statements welcoming the government's agreement as conveyed in the PAD. The Panel found that the paragraph allegedly included in Management's statement to the Board, which would have corrected the mistake, and given to the Panel by Management during its eligibility visit, was not read to the Board. The Panel found that this statement would have provided to the Board crucial factual information on the status of a critical risk mitigation measure in the PAD that had been welcomed and relied upon by the Board members when approving the Project.

On September 2, 2008, months after becoming aware of the Panel's discovery about this statement in the PAD indicating government agreement to suspend demolitions, Management circulated to the Board a corrigendum. The corrigendum informed the Board that the PAD, which had been approved by the Board more than three years earlier, had been amended in its public version by deletion of this key statement. The Panel noted that the use of a corrigendum to modify such a substantive statement in the PAD, which had been relied upon by the Board, without any explanation or consideration by the Board, may set a very serious and disturbing precedent. The Panel noted this as a fundamental issue of Board-Management relations.

In conclusion, the Panel found that the initial decision not to apply the Bank Policy on Involuntary Resettlement at the decisive stage of Project appraisal was a root cause of Management's mishandling of the Jale demolitions. The Panel found that, not only during Project design and appraisal but also during Project implementation, the Bank failed to comply with its Policy on Involuntary Resettlement. The Project, which included components known to be associated with demolitions in the Project area, harbored a critical risk that could have been avoided with an appropriate contractual framework and adequate supervision. The Panel found that Management failed to supervise the Project, as required under the Bank's Policy on Supervision. The Panel also concluded that the Management Response was particularly unhelpful and non-informative, and at times in total conflict with factual information that had long been known to Management.

## **MANAGEMENT REPORT AND RECOMMENDATION—ACTION PLAN**

In its Report and Recommendation, submitted to the Board on January 9, 2009, Management acknowledged that a series of errors was committed throughout the Project cycle, including during Project preparation, Board presentation, and Project supervision, as well as in the preparation of the first Management Response in September 2007 and the issuance of the corrigendum to the PAD in September 2008. Management noted that these errors were unacceptable and point to a serious breakdown of Management's accountability, responsibility, and oversight mechanisms for the Project. Management expressed its appreciation to the Panel for having brought these errors to its attention and agreed with the Panel that Bank Policies on Investment Lending: Identification to Board Presentation and Project Supervision were violated.

With respect to the Policy on Involuntary Resettlement, Management noted that, at the time the Project was presented to the Board, Management judged that the policy did not apply to land-use planning activities such as the SCDP. Management acknowledged that relevant provisions of the policy were ambiguous and needed to be clarified. Management indicated that it would review the application of safeguard policies in projects



Albania: Coastal Zone Management—Members of family who lived in one of the demolished houses recounting their ordeal to the Panel

that support land-use planning and would issue guidance to address environmental and social issues.

The Management Report and Recommendation listed a range of lessons learned. Management noted that complex projects require experienced Task Teams with a broad range of technical skills and intensive and continuous managerial oversight. Risks and their mitigation measures needed to be addressed fully and presented comprehensively and candidly in project documents. Social risks, in particular, must be given adequate attention. When designing complex land-use planning projects, it is important to pay attention to the legal and institutional framework. Preparation for Board meetings should

be thorough, errors must be acknowledged promptly, and outstanding issues following the Board meeting should be dealt with immediately.

Management indicated that the government of Albania had informed Management that it did not agree to amend the Credit Agreement to reflect a stay on demolitions of existing buildings, a step that Management considered essential to ensuring that the Project had a sound legal basis for successful implementation. In the absence of such an amendment, Management informed the Board that the Project was suspended on January 9, 2009.

As part of its Report and Recommendations, Management prepared an Action Plan containing (i) assistance to the poor or vulnerable among the Requesters; (ii) a timely, independently monitored, case-by-case review before the Albanian Judiciary of the Requesters' claims that they were harmed as a result of the April 2007 demolitions and that they should be compensated as a result of those demolitions; and (iii) World Bank financing for the independent observer and legal services required by the Requesters. Management indicated that the Bank would confirm the government's assurance of all possible efforts for the expeditious completion of this review, while recognizing and committing to fully respect the independence of the judiciary. The Bank would also confirm that the government will provide all available documentation necessary for the review, and that the government will not object to a reasonable proposal to consolidate the Requesters' claims. Furthermore, the Bank would also confirm that the government will abide by, and promptly comply with, any and all court decisions resulting from this review, including any decisions to compensate plaintiffs. The Action Plan stated that if the process is judged unsatisfactory by the independent observer or the Bank, Management reserves the option to (i) suspend disbursements under the Project, if the Project were to be restructured; and (ii) directly provide assistance to the Requesters, even though the Bank is not legally obligated to do so.

With regard to Project supervision, Management stated that the Project remains suspended until a decision is reached either to cancel the entire IDA Credit or to restructure the Project to maintain support for important infrastructure investments. Management stated that all land-planning activities would be canceled and the associated funds allocated to other activities.

In addition, Management noted that World Bank Senior Management had carried out a Bank-wide review of 1,550 projects in the portfolio as well as of quality control arrangements in all regions. In view of the seriousness of the errors identified under the Project, the President of the World Bank asked the Acting General Counsel to undertake a review of the circumstances surrounding the issuance of the corrigendum in September 2008. Building on this review, the President asked the World Bank's Department of Institutional Integrity to lead an Accountability Review into alleged misrepresentation to the Inspection Panel and events surrounding Project preparation, Board presentation, and Project supervision.

## BOARD MEETING

On February 17, 2009, the Bank's Executive Directors met to discuss the Panel's Investigation Report and the Management Report and Recommendation. The President of the World Bank Group said, *"From basic project management to interactions with the Board and the Inspection Panel, the Bank's record with this project is appalling."* He added, *"We take very seriously the concerns raised by the Inspection Panel and we are moving promptly to strengthen oversight, improve procedures, and help the families who had their buildings demolished. The Bank cannot let this happen again."*

Board members noted that this investigative process demonstrates the value of an independent Inspection Panel in strengthening the Bank's accountability and effectiveness. It was agreed that Management would report back to the Board in three months on progress. On June 30, 2009, Management submitted a first Progress Report to the Board. The Progress Report was to be made public after a Technical Briefing to the Board. At the time of writing of this Annual Report, the Technical Briefing was to take place on July 9, 2009.

The Panel's and Management's Reports were made public and available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>, along with a press release about the discussions held at the Board meeting.

## Second Urban Environmental Sanitation Project

(CREDIT NO. 3889-GH)

### BOX 8. PROJECT INFORMATION AT A GLANCE

Project Name:	Ghana: Second Urban Environmental Sanitation Project
Region:	Sub-Saharan Africa
Sector:	Sanitation
Environmental Category:	A
IDA Credit Amount:	US\$62.0 million equivalent
Board Approval Date:	April 29, 2004
Effective Date:	October 27, 2004
Closing Date:	June 30, 2010

### THE PROJECT

The Project aims to improve urban living conditions in Ghana, with special emphasis on the poor and with respect to environmental health, sanitation, and solid waste management. The Project includes preparation of integrated solid waste management strategies, support for operation and monitoring of new sanitary landfills, and closure and rehabilitation of active and discontinued refuse dumps. The Project has five components: to address flooding through storm drainage; to increase access to adequate sanitation; to develop sustainable solid waste management;

to upgrade community infrastructure in low-income communities; and to strengthen institutions.

The Request for Inspection concerns the proposed sanitary landfill at Kwabenya, which is a subproject under the solid waste management component. The Project was classified as a repeater project to Urban Environmental Sanitation Project I (UESP I), although UESP I did not include the Kwabenya landfill element. A separate effort had been undertaken to construct a landfill at Kwabenya beginning in 2000, with financial assistance from Britain's Department for International Development (DfID). The Project is financed by an IDA Credit of 41.6 million Special Drawing Rights (equivalent to US\$64.39 million), approved by the Board of Executive Directors in April 2004. US\$25.7 million is allocated to the solid waste management component.

### THE REQUEST

On August 16, 2007, the Inspection Panel received a Request for Inspection ("the Request") related to the Ghana: Second Urban Environmental Sanitation Project (UESP II; "the Project") financed by the International Development Association. The Request was

submitted by the Centre on Housing Rights and Evictions on behalf of the Agyemankata Community. The Panel registered the Request on August 22, 2007.

UESP II is classified as a repeater project to UESP I. The objectives of the Project are to improve urban living conditions in Accra, Kumasi, Sekondi-Takoradi, Tamale, and Tema with regard to environmental health, sanitation, drainage, vehicular access, and solid waste management in a sustainable fashion, with special emphasis on the poor. The Project consists of five components including one relating to sustainable solid waste management. The Request relates specifically to the subcomponent under the solid waste management component, whereby a sanitary landfill is to be constructed in Kwabenya to meet the sanitation requirements of the Greater Accra region.

The Requesters contend that, because of the Project-funded sanitary landfill, their community will be detrimentally affected. They claim that the landfill will have a negative impact on those living in its proximity and possibly pollute their water supply. These impacts would result in an involuntary displacement of much of the Agyemankata Community and leave the remainder living in conditions detrimental to their health.

The Requesters claimed that the community was not meaningfully consulted during the design phase of the project and that the information provided to them by the authorities was through local newspapers and radio announcements and often after decisions were made. They added that they wrote the Bank requesting it to withdraw its support for the landfill subcomponent. The Requesters also added that several letters were sent to the authorities, but no response had been received. Additionally, the Requesters claimed that they have, on several occasions, expressed their concerns to Bank officials in Accra, but feel that their concerns have not been dealt with satisfactorily.

The Requesters asserted that the Bank did not comply with various provisions of OP/BP 4.01 on Environmental Assessment; OP/BP 4.12 on Involuntary Resettlement; and Operational Manual Statement 2.20 on Project Appraisal.

## MANAGEMENT RESPONSE

On September 21, 2007, Management submitted its Response to the Request. In this Response, Management asserted that the Project was processed in line with the Bank's requirements, including the Bank's environmental and social safeguard policies.

Management stated that the Kwabenya subcomponent was delayed. It added that on several occasions, it discussed the implementation problems with the government, indicating that if evidence of satisfactory progress on the drafting of a RAP was not available by December 2007, it would likely cancel the financing for the subcomponent.

Management's Response indicated that an Environmental Impact Study (EIS) for the proposed landfill was commissioned in 1999 and the construction of a roadway to the site was commenced thereafter. It further stated that at the time of the EIS, there were practically no resettlement needs. However, with the roadway, people began to move closer to the site, and construction of the landfill was delayed as a result of land rights claims.

Management noted that the EIS was used as the basis for preparing the Environmental and Social Assessment (ESA) for UESP II. According to Management, the ESA contained an updated Environmental Management Plan (EMP) and Resettlement Policy Framework (RPF). In relation to the resettlement issues, the Response stated that the



Ghana: UESP II—Stone cutters at Kwabenya, site of proposed landfill

RPF was reviewed and found to be in line with the Bank's resettlement policy. Management further stated that it was aware that further information would be needed to prepare an adequate RAP. Management has stated that the Bank will not proceed with the Kwabenya subcomponent until a RAP for the subcomponent is satisfactorily completed.

Management further stated that a great deal of analysis of the environmental impacts of the project was undertaken and publicly disclosed, and the consultations carried out during the drafting of the RPF were considered satisfactory.

## ELIGIBILITY PHASE AND BOARD DECISION

The Panel visited Ghana October 9–12, 2007, to determine the eligibility of the Request. The Panel submitted its report and recommendation on eligibility to the Board on October 24, 2007. On November 9, 2007, the World Bank Board of Executive Directors approved, on a no-objection basis, the Inspection Panel's recommendation to conduct an investigation into the issues raised in the Request for Inspection.

## PANEL INVESTIGATION

The Chair of the Panel, Werner Kiene, led the investigation. The Panel Secretariat and two expert consultants—on social issues and resettlement, and on environment—assisted the Panel in the investigation. The Panel team carried out its investigation visit to the areas affected by the Project in February 2008. The Investigation Report was submitted to the Board of Executive Directors on March 13, 2009.

In its Report, the Panel noted the importance of the overall Project in addressing environmental sanitation issues in Accra, including through the development of an engineered sanitary landfill that would avoid the conditions and problems encountered at other waste disposal sites in Ghana. The Panel determined that the Bank did not comply with several provisions of Bank policies on Environmental Assessment, Involuntary Resettlement, and Project Supervision. The Panel, however, appreciated that Bank staff acknowledged several of these issues, and noted that additional significant actions were under way at the time of the Report. These included the development of an updated EIA and RAP. The Panel noted that these ongoing actions presented the opportunity for important additional analysis and decisions that could address issues identified during the investigation, including the need to revisit the analysis of alternatives; the size of the buffer zone; and other measures to avoid, mitigate, or compensate for potential adverse impacts.

The Panel found that the Project was correctly categorized as "Category A" for the purpose of OP/BP 4.01 on Environmental Assessment but that the EA failed to meet

several key requirements for a Category A EA as explained in the following paragraphs. The 2003 Project's ESA did not adequately examine alternative sites for the future landfill and did not assess adequately the implications of the influx of people and changing conditions in the years since the earlier studies (1993 and 1999), on which it relied, had been prepared. The roadway built into the area under the abandoned DfID first attempt to construct the landfill in 2000 enabled more people to move into and closer to the site proposed for the landfill. Management informed the Panel that the new EA then being prepared would examine potential alternative sites for the landfill.

The Panel further found that the 2003 ESA did not adequately identify the full extent of the "area of influence" of the proposed landfill, nor its potential impacts on nearby people and residents. In this regard, the 2003 ESA did not adequately assess or justify the use of a buffer zone of 250 meters or less, as compared with the larger buffer zones noted in related documents and in view of significant concerns about capacity to properly and safely maintain the landfill. In the Panel's view, the landfill could also result in indirect adverse impacts on people who live in the area adjacent to the buffer zone, but within the Project area of influence. This analysis is also important to determine who may be entitled to compensation and resettlement under OP 4.12. The Panel further found that the EMP included in the 2003 ESA was noticeably deficient in most aspects, such as costing, provisions for capacity building and monitoring, and strategies for mitigation of impacts. Significant risks of inadequate operation of a landfill at Kwabenya were also downplayed in project documents.

With respect to the consultation process, attempts were made by the government to consult with the affected population, but the level of tension between the local community and Project authorities had been increasing. The Panel noted that meaningful consultations did not take place with those living nearest the proposed landfill but also acknowledged the difficulties of conducting such meaningful consultations under the prevailing conditions.

The Panel assessed whether the decision to proceed with an RPF rather than a full RAP during Project appraisal was in compliance with Bank policy. The Panel noted that the preparation of a RAP would have helped to surface the crucial and difficult questions involving resettlement planning before the time of Project appraisal, rather than leaving these to Project implementation. However, the Panel also observed that the ability to prepare a policy-consistent RAP hinged on conditions not present at the time of Project preparation, including an adequate consultation process.

The RAP for the Kwabenya site was under preparation at the time of the Panel's Report, as was an updated EA, as noted above, which would examine, among other things, alternative sites for the landfill. This, the Panel noted, posed a dilemma for the Project because it was surprising and possibly inappropriate under Bank Policy to conduct the final EIA after completion of the RAP. The Panel noted its concern that there was inadequate consideration of the dilemmas posed by these interrelationships among the relevant policies, during both Project design and implementation.

With respect to the RPF, the Panel found that although important elements were included in the RPF, the risks related to land acquisition and compensation were not sufficiently considered. The Panel concurred with an earlier Bank Quality at Entry Assessment that the RPF seemed to have underestimated the people's objections to the

proposed landfill. In addition, contrary to the requirements of Bank policies, no records were available to show that the draft RPF was disclosed to the affected people and that the affected population was provided with an information sheet in local languages or in English or French setting out the purpose of the survey, or explaining the resettlement and compensation procedures.

The Panel found that supervision of the Kwabenya subcomponent was lacking until well into the implementation of the Project, especially with respect to the social issues. However, as Project implementation progressed, and particularly after the submission of the Request for Inspection, Management became more active in responding to emerging problems. In assessing Bank actions and policy compliance, the Panel highlighted that the concerns about safety of Bank staff at the Kwabenya site should not be underestimated.

The Panel concluded its Report with expressions of concern about carrying out projects in challenging circumstance, when positions among project stakeholders have hardened, trust has been lost, and an impasse has been reached; and about legacy issues and the effect of changing circumstances in the field when a Project is interrupted for a number of years.

## **MANAGEMENT REPORT AND RECOMMENDATIONS**

On April 24, 2009, Management submitted its Report and Recommendations in response to the Panel's findings. Management acknowledged and agreed with key findings of the Panel's Investigation Report and, in response to ongoing challenges in the Project, it proposed a two-pronged approach that would address the need for adequate solid waste management in Accra. Under the first set of actions, Management proposed to continue the dialogue with the government to work on capacity building and planning for an Integrated Solid Waste Management Strategy to address medium- and long-term problems. In this context, the Bank would also support the preparation of a Strategic Environmental Assessment. The second set of actions is more Project specific and relates to the preparation of the EA, which will evaluate, among other things, alternative sites for the landfill.

## **BOARD DECISION**

On June 18, 2009, the Bank's Board of Executive Directors met to discuss the Management's Response to the Panel's Investigation Report. The Board approved the Action Plan proposed by Management and it was agreed that Management would report back to the Board in six months regarding progress in implementing these measures.

The Panel's and Management's Reports were made public and available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>, along with a press release about the discussions held at the Board meeting.

## III. INVESTIGATIONS IN PROCESS

### ALBANIA

REQUEST NO. 46

### Power Sector Generation and Restructuring Project

(IDA CREDIT NO. 3872 ALB)

#### THE REQUEST

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

According to the Request, *“if built, the Vlora Thermal Power Plant [TEP] will destroy environment, tourism, safe fisheries, natural habitat, ecosystem, coral colonies as well as the unique historical and cultural significance of the entire Vlora Bay and Narta Lagoon.”* The Requesters expressed serious concerns about the adequacy of Management’s consideration of alternative sites to Vlora. Some of the concerns expressed by the Requesters relate to the potential harm that could be caused by the thermal power plant’s emissions in both the water and the air, which, because of prevailing winds and currents, could affect the enclosed Vlora Bay and contaminate the air of the city. They stated that these effects would have a negative impact not only on local population and fishing but also on the tourism industry, which is an important source of employment and income in the area. The Requesters stated that the prospect of economic growth of the area is mostly based precisely on the activities that could be harmed by the Project, namely tourism and fishing.

The Requesters claimed that the Environmental Assessment (EA) misrepresents the Project site. They stated their objection to the representation of the site in the EA as *“green field site ... relatively barren coastal area with little vegetation or wildlife.”* The Requesters noted the proximity of the Project site to the Narta Lagoon, which is a pro-

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

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

tected area composed of beaches, sand dunes, forests, and wetlands and is home to a number of endangered species. The Requesters asserted that the area is sanctuary to important animals, plants, and coral colonies, which might be significantly harmed by the Project. They alleged that these conditions were not considered during the preparation of the EA. The Requesters further asserted that the Project site is located only 746 meters from the Narta Lagoon, rather than the 2 kilometers indicated in the Project documents. The Requesters claimed that the Project would have significant negative impacts on the protected area.

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

Furthermore, the Requesters claimed that the Bank failed to ensure public participation and consultation in decision making regarding the Project. According to the Request, *“the procedures concerning the Vlora Thermal Power Plant were already found in violation of Article 6 of the Aarhus Convention on Access to Information, Public Participation and Access to Justice, as determined by the Aarhus Convention Compliance Committee in its Draft Finding and Recommendations of March 23, 2007.”*

The Requesters also indicated that the Project site has important archeological and historical significance. The Requesters stated that the site is close to an ancient Mediterranean port city, Treport Cape/Aulona, that has archeological significance, and that it

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

## MANAGEMENT RESPONSE

On June 1, 2007, Management submitted its Response. The Response stated that Albania has suffered from electricity shortages since the summer of 2000 as the result of both growth in electricity demand and impacts from adverse

Albania: Power Sector—  
Beach at project site



hydrology on Albania's predominantly (95 percent) hydropower-based system. Management stated that hydropower is subject to considerable variability because it is dependent on rainfall. Management asserted that domestic thermal generation capacity was needed to reduce dependence on imported electricity and to diversify domestic generation.

Management stated that following a request from the government of Albania for assistance in arranging donor financing for a new thermal electric power plant, the Bank initiated discussions with the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) regarding cofinancing of a TEP. The Bank informed the government in January 2002 that the three institutions were prepared to assist in financing the Project. Management stated that in 2002 an internationally recognized consulting firm prepared a siting and feasibility study of the proposed TEP, with financing from the United States Trade and Development Agency, and that this consulting firm also prepared the EA for the Project in 2003.

Management indicated that the Project was assigned a Category A rating for its EA, in acknowledgment of the potential significant impacts on the environment and the need for avoidance, mitigating, and monitoring measures. Particular areas of concern included the impacts on air quality from stack emissions, water quality from cooling water discharge, and any ancillary impacts on the Narta Lagoon, which, according to Management, is located about 2 kilometers from the Project site.

According to Management, alternatives were analyzed as part of the Project appraisal process. Management further noted that the Project feasibility study considered other sites as well as other fuels as alternatives to the use of distillate oil in a combined-cycle generating unit at Vlora. Management noted that there was a close correspondence between the ordering of the sites on the basis of the 10 criteria and the ordering on the basis of "levelized" cost alone. Management stated that in both cases, the recommended Vlora site was ranked first over the site at Fier, which was ranked second. Management indicated that the option of a natural gas-fired combined-cycle unit at each of the proposed sites was found to be more costly than the distillate fuel option but that, if and when imported natural gas is brought to Albania, the Vlora plant could be readily converted to gas.

Management stated that the Vlora site could physically accommodate additional units for a total installed capacity of 300 megawatts. Management further stated that *"the Project being financed by the Bank, EBRD and EIB is limited to one facility of 97 MW capacity and the final EA focused on that only."* Management added that *"if the Government decides to proceed with additional generation units (either at the Vlora site or another location), then a new comprehensive EA will be required."*

With respect to public consultation, Management stated that a public meeting was held in Vlora on October 31, 2002, to discuss the findings of the final siting study (dated October 21, 2002), and the draft feasibility study (dated August 6, 2002), which included a detailed preliminary environmental analysis and a draft outline of an EA. Management indicated that following the standard Bank procedures for Category A projects, public consultations were held at the early EA preparation stage on April 2, 2003, and draft EA report stage on September 3, 2003.

With respect to the Requesters' concern about the Project's potential impacts on ecosystems (*"fisheries, natural habitat, ecosystem, coral colonies"*), Management stated that the EA and measures to be taken during implementation were adequate. Manage-

ment indicated that the Project site is outside the protected area around the Narta Lagoon, designated as such in 2004 by the government, and is not anticipated to have an impact on this area.

In its Response, Management agreed that the EA insufficiently covered the matter of the review of potential cultural property. Management indicated that when this issue was subsequently raised, a supervisory visit was made in July 2006. Management noted that as a result of the visit, it was concluded *“that the site is not of archaeological significance due to the known locations of the ancient city sites in the Vlore Bay region and the lack of any evidence of human habitation during digging for the adjacent fishing harbor in the early 1980s and beyond. Consequently a surface survey of the selected site prior to the start of construction is neither necessary nor justifiable.”*

Management also stated that monitoring of excavations during construction of the plant and related civil works to identify and protect “chance finds” was deemed the only action that needed to be taken, consistent with established Bank practice.

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

To determine the eligibility of the Request and the Requesters, the Panel reviewed the Request for Inspection and Management Response. The Panel also visited Albania from June 24 to June 30, 2007. During its visit, the Panel team met with a wide array of Project stakeholders and visited the Project site, the city of Vlora, and the Fier site. The Panel team noted that the selection of Vlora as the Project site is a source of significant dispute and controversy for the local community.

The Panel determined that the Request and Requesters met the eligibility criteria set forth in the Resolution establishing the Panel. On July 2, 2007, the Panel submitted to the Board of Executive Directors its Report and Recommendation regarding the eligibility of the Request. The Panel noted that the Request and the Management Response contained conflicting assertions and interpretations of the issues, facts, compliance with Bank policies and procedures, and actual and potential harm.

On July 18, 2007, the Board of Executive Directors approved, on a no-objection basis, the Panel’s recommendation to conduct an investigation into the matters alleged in the Request for Inspection. The Request, Management Response, and the Panel’s Report and Recommendation were made public shortly after the Board of Executive Directors authorized the inspection sought by the Requesters.

## **THE INVESTIGATION PROCESS**

As authorized by the Board of Executive Directors, the Panel is in the process of investigating the matters alleged in the Request. As of the end of June 2009, the Inspection Panel was finalizing the Investigation Report.

## Santa Fe Road Infrastructure Project

(IBRD LOAN NO. 7429-AR)

### THE PROJECT

The Argentina: Santa Fe Road Infrastructure Project (“the Project”) aims at improving transport conditions of a segment of National Route 19 between the Province of Santa Fe (PSF) and the Province of Cordoba, Argentina. According to project documents, under the Project’s Component 1, Route 19 will be widened from the existing two lanes to a four-lane road (motorway or *autovía*)—two lanes in each direction—between the town of Santo Tomé in the PSF and the border of the Province of Cordoba. These works are planned to be the first stage of a program aimed at eventually converting Route 19 into a limited-access high-speed freeway (*autopista*). This Project component provides also for ancillary works such as ground-level interchanges at the intersections with rural and urban roads, and turn lanes and returns at intervals of 6 kilometers. The Bank supports the Project with a US\$126.7 million loan to the PSF. The loan is guaranteed by the Republic of Argentina.

#### BOX 10. PROJECT INFORMATION AT A GLANCE

Project Name:	Argentina: Santa Fe Road Infrastructure Project
Region:	Latin America and the Caribbean
Sector:	Roads and Highways
Environmental Category:	B
IBRD Loan Amount:	US\$126.7 million
Board Approval Date:	February 13, 2007
Effective Date:	August 17, 2007
Closing Date:	June 30, 2012

### REQUEST FOR INSPECTION

The Panel received a Request for Inspection related to the Project on September 13, 2007. The Request was submitted by residents of Franck, a town along the segment of Route 19 to be upgraded under the Project, on behalf of themselves and of other residents of the Project-affected area. The Requesters believed that, based on the current route design and expropriation plans, the Project could cause them harm because the Project design does not adequately provide for water drainage and, as a result, the proposed elevation of the new carriageway will increase the risk of flooding of lands



Argentina: Santa Fe—  
Panel team meeting with  
requesters on the site of  
Route 19

surrounding the road by rain, rather than addressing the existing serious flooding problem. They also claimed that the disclosure of information and consultation with project-affected people about the expropriation process and the environmental impacts of the Project were not adequate.

## MANAGEMENT'S RESPONSE

On November 20, 2007, the Panel received Management's Response to the Request for Inspection. According to the Response, the Bank consistently complied with the policies on Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12), and all the studies and simulations conducted and plans de-

signed during Project preparation meet the requirements of all applicable Bank policies and procedures.

Addressing the issue of flooding that may result from the proposed elevation (0.80 meters) of the new carriageway to be constructed under the Project, the Response stated that the Requesters' claims were not "*well founded*" and provided no engineering or other evidence in support of their allegations, while from a safety and engineering point of view, the proposed elevation is necessary to prevent water from crossing the new improved Route 19, as has happened in the past during intense rain with the present configuration of the route.

According to Management, the engineering designs were also re-examined with respect to the risk of flooding after severe rain and flooding of Route 19 in March 2007. A Bank mission traveled to the area to check the Project designs, while the national authorities withheld approval of these designs until the PSF again analyzed and re-examined them to ensure "*their robustness.*" The reviews conducted by both the Bank and the PSF confirmed the soundness of the designs and concluded that the Project would not increase the risk of flooding of the areas surrounding Route 19. In view of the foregoing, Management claimed that the Project would not worsen the hydrological situation of the area, but, to the contrary, would reduce the risk of flooding compared with current conditions.

With respect to the consultation process, Management stated that project-affected people have had numerous opportunities to express their concerns, including in public meetings and through an electronic mailbox and physical mailboxes in 15 communities. Management noted that the Project design underwent a number of changes resulting from the consultations with affected people, whose concerns were key in the decision-making process regarding, for example, road alignments of bypasses, the location of road crossings, and the types of restoration programs for urban areas. Management also stated that the Requesters "*have participated actively in the consultation process and their concerns about access to productive land*

*have been accommodated in the Project.*” Management further stated that the Bank’s Project team had participated actively in the consultation by participating in meetings, talking to landowners, and communicating their concerns to the Project Implementation Unit.

Management further stated that in an area where the average size of the properties is 100 hectares, *“in fifty percent of the properties less than 4 hectares will be acquired to expand the ROW [right of way]”* under the Project. The Response stated that a RAP was prepared in accordance with OP/BP 4.12 on Involuntary Resettlement and will be implemented before commencing the physical works. Management added that the RAP includes an information and communication program. For landowners and households and businesses that will be displaced, *“additional programs are included.”* For those physically displaced, the program provides support for families and businesses *“to restore their socioeconomic conditions to the level that existed prior to displacement.”*

## **ELIGIBILITY PHASE**

As part of the eligibility phase, the Panel visited Argentina once more and met with signatories of the Request for Inspection and with other affected people in the area near Santa Fe. The Panel also met with federal and provincial government officials, and with local authorities in Santa Fe. During this phase, the Panel’s attention was called to the fact that recent changes in the PSF government and possible changes in the Project Implementation Unit could have had an impact on the Project and the Requesters’ concerns. After discussing the matter with the Executive Director for Argentina and with the Requesters, the Panel determined that the interests of all parties would be better served if the Panel delayed the issuance of its eligibility report and recommendation. Based on the foregoing, the Panel requested the Board of Executive Directors on December 21, 2007, to extend the deadline for submitting the Report and Recommendation for about 90 days.

## **PANEL REPORT AND RECOMMENDATION**

Because there were no significant changes to the Project, the Requesters asked the Panel to proceed with the eligibility process. After reviewing the eligibility of the Request for Inspection and Bank Management’s Response to the Request, the Panel determined that the Request and the Requesters satisfy the eligibility criteria for an Inspection. The Panel also noted that the Request and the Management Response and additional communications of both parties with the Panel contain conflicting assertions and interpretations of the issues, the facts, compliance with Bank policies and procedures, and harm, that could be addressed only with an investigation.

The Panel noted, however, that Management outlined in a communication to the Panel certain actions that Management intends to carry out to improve transparency of land-related information (soil maps and cadastre data), provide capacity building on resettlement and consultations, monitor compensation payments, and ensure continued review of Project design.

Argentina: Santa Fe—  
Project affected people  
meeting with the Panel  
team



The Panel recommended an investigation of the matters raised in the Request for Inspection. The Panel noted that “*the investigation would take into account progress in the implementation of the actions noted in the Management Response and other actions being carried out to address the concerns of the Requesters.*” It added that the investigation, therefore, “*will focus on issues raised in the Request that still remain pending, particularly issues related to route design and flood risks, as well as disclosure of information and consultation with project affected people on resettlement and environmental aspects.*”

The Panel submitted its Report and Recommendation to the Board of Executive Directors on April 18, 2008. The Inspection Panel’s recommendation was approved by the Board on May 2, 2008, on a no-objection basis. At the time of writing of this Annual Report, the Panel was finalizing its Investigation Report and expected to submit it to the Board in early July, 2009.

## IV. ACTIONS ON EARLIER REQUESTS AND INVESTIGATIONS

INDIA

REQUEST NOS. 32 AND 33

### Mumbai Urban Transport Project

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

#### BACKGROUND

On April 28, 2005, the Panel received the first of four successive and jointly processed Requests for Inspection related to the India: Mumbai Urban Transport Project. The Panel issued its Investigation Report on December 21, 2005. Management submitted its Report and Action Plan in response to the Panel's findings to the Board on February 27, 2006.

On March 1, 2006, the Bank suspended disbursement to the road and resettlement component of the Project. The State of Maharashtra agreed to a 10-condition strategy for lifting the suspension of disbursements. The Board of Executive Directors discussed the Panel's Investigation Report and Management's Report and Recommendation in response to the Investigation Report and approved both Reports and endorsed the Management Action Plan. It was agreed that Management would submit a Progress Report to the Board within six months and that the Panel would report on progress to the Board.

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

On March 1, 2007, Management submitted its first Progress Report to the Board of Executive Directors. The Panel submitted its progress review on June 5, 2007. While the Panel observed that the overall situation at the resettlement sites seemed to have improved, it noted that a number of issues still needed to be resolved and that many target dates listed in Management's Action Plan had not been met. More specifically, the Panel noted that the situation of the first group of Requesters, the United Shop Owners Association

#### BOX 11. PROJECT INFORMATION AT A GLANCE

Project Name:	India: Mumbai Urban Transport Project
Region:	South Asia
Sector:	Urban Transport; 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



India: MUTP—House half-demolished as a result of road widening

(USOA), had still not been resolved and that acceptable solutions for the shopkeepers had not been found. The Panel also noted ongoing discussions between the USOA and the local agency Mumbai Metropolitan Region Development Authority (MMRDA) about a proposal for in situ development. The Panel was also informed about land reservations that would have to be removed to develop the area and to realize the in situ development.

On May 1, 2008, the first group of Requesters, the USOA, submitted a letter to the Chairperson of the Inspection Panel

expressing “[T]hanks for your kind support for expediting of our in-situ project.” They also expressed their gratitude toward the local agencies involved as well as the World Bank for “expediting our in-situ project as per your promise.” In their letter they informed the Panel that they had vacated Project-affected land as agreed and that the developer had supported them in setting up the necessary infrastructure. With regard to the land reservations on the land needed for the in situ development, the USOA wrote that they “would appreciate the Government of Maharashtra and all component departments if the necessary clearance will be provided at the priority basis to expedite the in-situ project.”

## NEW DEVELOPMENTS

Management submitted its second Progress Report on November 13, 2007, and its third Progress Report on April 23, 2009. In the second Progress Report, Management stated that “significant progress had been achieved with resettlement” but that “key challenges” remain in the implementation of the full Action Plan. The third Progress Report said that “progress in implementation of the Borrower Action Plan has been real but moderate” with some Action Plan components making more progress than others. Management said it will continue to provide technical assistance to MMRDA for implementation of the Action Plan and will report on progress again in one year’s time. This could be the last Progress Report if Management determines that “satisfactory closure has been reached regarding the shopkeepers and long-term sustainability of post-resettlement activities.”

The USOA sent another letter to the Panel on July 24, 2008, in which it stated that the “issue of resettlement [is] almost resolved with USOA and MMRDA” and that “every condition has been approved by the MMRDA Commissioner and Chief R&R” but they were waiting for a memorandum of understanding between MMRDA and the USOA. The Panel remains in contact with the USOA and has forwarded Management’s Progress Reports to them.

Another significant development, as seen in earlier sections of this report, was the submission of a new complaint on May 29, 2009, by Messrs. Ambries Mehta, Deepak Mehta, and Hinesh Mehta, who are joint owners of a property in Powai, Mumbai, which they claim will be affected by Phase II of the Jogeshwari-Vikhroli Link Road component of the Mumbai Urban Transport Project. The Panel registered the Request on June 9, 2009, and is awaiting Management’s Response, due on July 9, 2009.

# DEMOCRATIC REPUBLIC OF CONGO

REQUEST NO. 37

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

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

### THE REQUEST

The Panel received a Request for Inspection on the Transitional Support for Economic Recovery Credit Operation (TSERO) project and the Emergency Economic and Social Reunification Support Project (EESRSP) on November 19, 2005. The Request, dated October 30, 2005, was submitted by the Indigenous Pygmy Organizations and Pygmy Support Organizations in the Democratic Republic of Congo (DRC) on their own behalf and on behalf of affected local communities living in the provinces of Orientale, Equateur, Maniema, Bandundu, Sud-Kivu, and Nord-Kivu.

The Panel registered the Request on December 1, 2005. The Requesters claimed that they have been harmed and will be harmed by the forestry sector reforms supported by the TSERO project and the EESRSP. They claimed that if the Projects are implemented without consulting the indigenous peoples and considering their interests, the Projects may cause irreversible harm and lead to violations of their rights to occupy their ancestral lands, to maintain the integrity of their lands, to access existing resources, to manage their forests and resources according to traditional knowledge and practices, and to protect their cultural and spiritual values.

### BOX 12. PROJECT INFORMATION AT A GLANCE

Project Name:	Democratic Republic of Congo: Transitional Support for Economic Recovery Country Project (TSERO)/ Emergency Economic and Social Reunification Support Project (EESRSP)	
	<b>TSERO</b>	<b>EESRSP</b>
Region:	Sub-Saharan Africa	Sub-Saharan Africa
Sector:	General Finance	Central Government Administration
Environmental Category:	Not categorized	B
IDA Credit Amount:	US\$90 million equiv.	US\$214 million equiv.
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



DRC-Forest: TSERO and EESRSP Requester with Panel team

The Requesters contended that the EESRSP Project was erroneously classified as Category B instead of Category A, under OP 4.01 (Environmental Assessment). The Requesters stated that the Bank ignored the application of OD 4.20 (Indigenous Peoples) despite the presence of indigenous people in the Project implementation area. The Requesters further stated that Bank activities pertaining to the forestry sector in the DRC are not consistent with OP 4.36 (Forests). According to the Requesters, the EESRSP is based on the Forest Code, which was adopted without the participation of civil society or the involvement of the indigenous population and without implement-

ation of any safeguards. The Requesters feared that the Projects would lead to the lifting of the moratorium on granting titles for forest exploitation.

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

## MANAGEMENT RESPONSE

On January 13, 2005, Management submitted its Response to the Request for Inspection in which it stated 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. 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 intended 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, Management recognized that OD 4.20 should have been triggered during Project preparation.

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 its efforts have led to an unprecedented decrease of the areas under concessions. Management stated that 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 culturally appropriate social and economic benefits.

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

The Panel submitted its Report and Recommendation to the Board on February 16, 2006. In this Report, the Panel stated that the Requesters and the Request met the eligibility criteria. The Panel added that the Request and Management Response contained conflicting assertions and interpretations, which justified an investigation. 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 PANEL'S INVESTIGATION REPORT**

On August 31, 2007, the Panel submitted its Investigation Report to the Board of Executive Directors. As a result of its investigation, the Panel found that while no reliable census data are available, DRC is home to between 250,000 and 600,000 Pygmy people. However, Project documents do not mention Pygmy peoples, or assess potential issues or risks to them posed by Project activities. The Panel observed that Pygmies in the DRC should be considered as Indigenous People under OD 4.20. The Panel found that Management failed to identify the existence of Pygmy communities in Project-affected areas.

Concerning the environmental categorization of the Project, the Panel found that no EA had been completed for the pilot zoning and logging concession elements contained in Component 2 of the Project. The Panel found that it should have been clear at Project design that the Project's involvement in the review of the logging concessions carried very significant environmental and social implications.

The Panel observed that financing of policy and institutional reforms in a sensitive sector like the forests of DRC can lead to highly significant environmental and social impacts. In that context, the Panel found that the Bank's determination that there were no significant environmental or social effects of the forest component of the TSERO was not consistent with the objective of Bank policies, especially when the Project essentially carried forward Component 2 of the EESRSP, subject to full Bank safeguard policies.

The Panel noted in its Investigation Report that it heard repeatedly that the 2002 moratorium on allocation of new forest concessions had been bypassed on a large scale. Reportedly, areas deemed unproductive were "swapped" or exchanged for higher-quality forest areas. Furthermore, substantial portions of concession areas canceled in 2002 reemerged as concession areas under consideration for validation in the concession conversion process supported by EESRSP. These transactions affected an estimated 15 million hectares and involved areas where Pygmies and other vulnerable peoples live. The Panel found that Management did not make timely follow-up efforts at a sufficiently high level to ensure necessary action in response to moratorium violations. The Panel also noted that none of the supervision documents after July 2005 referred to "swaps" or any potential moratorium violation.

Concerning the interministerial commission, the Panel noted that a representative of indigenous people will be included for each concession under review if the concession is in proximity to indigenous people. The Panel also understood that under new draft

legislation, a permanent representative and an alternate representative of indigenous peoples' organizations may be included in the commission. The Panel commended the Bank for its efforts to encourage participation of indigenous people in the process.

The Panel observed that dropping the pilot zoning element instead of bringing it into compliance with Bank policies and procedures delayed the gathering of important information. The Panel noted that the forest concession conversion process served as de facto zoning under which legal and economic interests of logging companies would be considered for long-term recognition, while consideration and recognition of land tenure and livelihood rights of people living in the forests or dependent upon them will be delayed.

In its report, the Panel noted the importance of developing a more balanced approach that would emphasize appropriate models of community forests and other actions to support community participation, land tenure, and use rights in forests. This approach would be developed by linking it to a recently proposed Bank-administered fund to pilot instruments for reducing carbon emissions from deforestation and forest degradation.

The Panel recognized that it is important for the Bank to remain engaged in the forest sector in the DRC. It is also essential that the Bank comply with its social and environmental safeguard policies, as well as its other policies, to ensure that the forests benefit both present and future generations in the DRC.

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

The Panel received Management's Report and Recommendation on November 5, 2007. Management stated that in 2002, the government cancelled 163 concessions—bringing the total area under concessions from 45 million hectares to 20 million hectares—and established a ban on new concession allocations. A review of the legality of remaining concessions and others possibly awarded or exchanged illegally between 2002 and 2005 was being conducted with a view to rescinding those not in compliance with prevailing legislation.

Management agreed that with regard to the EESRSP, the quality of the Bank's intervention would have been enhanced by the preparation of an EA for Component 2. However, Management clarified that the design of the pilot zoning activity, had it started, included the elements required by OP 4.01, and was setting the stage for future multipurpose forest management.

Concerning involuntary resettlement, Management clarified that OP 4.12 was triggered during project preparation, adding that no resettlement would derive from the forest-related activities supported by the Project. Management noted that the Legal Review is designed to cancel illegal concessions and introduce additional social provisions in remaining compliant concessions.

With regard to indigenous peoples, Management clarified that (i) the design of the dropped pilot zoning activity identified the possible presence of Pygmy populations in the pilot area and included the consultation, disclosure, baseline data collection, and analytical work required; and (ii) a Consultation Protocol was being implemented to ensure full participation of indigenous peoples for the Legal Review.

Management agreed with the finding that the EESRSP was consistent with OP 4.36 for (i) not financing significant conversion of critical forest areas or natural habitats; (ii)

advising the government to cancel illegal or expired concessions; (iii) considering the development of a good-quality legal framework; (iv) helping establish an independent observer in the Legal Review; and (v) promoting independent monitoring to tackle illegal logging.

Management also clarified that the policies supported by the Development Policy Operation regarding forests helped preserve the forests and forest peoples' rights. Management stated that investment lending and development policy lending instruments cannot be used interchangeably and that the choice of a develop-

ment policy grant to support a small set of policy and institutional actions was appropriate and consistent with Bank policies.

As part of its Report, Management prepared an Action Plan in which it committed to strengthen safeguards quality control to better monitor and manage environmental and social risks. It also committed to undertake more consultations so that the concerns of affected peoples are adequately considered. With regard to addressing indigenous peoples' issues, Management planned to integrate indigenous peoples as a cross-cutting theme across its activities in the DRC. Management stated that it would (i) analyze the current situation of vulnerable groups, including Pygmies, in the DRC, and draw upon and disseminate lessons from ongoing efforts to reach and support them with access to education, health, and rural infrastructure, and the dialogue would be in the context of the forest reforms; and (ii) ensure that upcoming road, agriculture, and forest projects include capacity-building components to implement Indigenous Peoples Frameworks.

With regard to forest reforms, Management stated that it would continue to monitor the Legal Review and the moratorium and assist the government to ensure compliance with the 2005 Presidential Decree. Additionally, Management planned to continue mobilizing the attention of the highest level of government and ensure that forest governance, capacity building, participatory zoning, customary rights, critical natural habitats, law enforcement, and independent monitoring feature in forthcoming forest-related operations.

Finally, Management welcomed the finding that the various parties, including the Requesters, believed it important that the Bank remain involved in the forest sector in the DRC. Management stated its commitment to support the authorities and other relevant groups in the DRC in implementing the work started in 2002 and implement the Action Plan. Management proposed to provide the Board with a progress report in December 2008.



DRC-Forest: Logs gathered in the Kisangani area

## **BOARD DISCUSSIONS**

On January 10, 2008, the Bank's Executive Directors met to discuss the Panel's Investigation Report and the Management Report and Recommendations. At the Board meeting, there was wide agreement with the findings of the Panel, the measures outlined in the Action Plan, and an emphasis on the need to take and further develop specific steps to correct shortcomings and apply lessons learned. It was also agreed that Management would provide a progress report on implementation of the Action Plan to the Board within 12 months.

Between February 27 and March 1, 2008, a two-person Panel team returned to Kinshasa, DRC, to hold meetings with representatives of the Requesters and government officials and convey the results of the Panel investigation and the related Board meeting.

## **FIRST PROGRESS REPORT**

In its first Progress Report, delivered in March 2009, Management stated that with regard to safeguards, the region made progress through decentralization of staff in charge of safeguards, safeguard training for Task Team leaders, country environment and social clinics, and the use of lending to strengthen countries' environmental and social management capacity.

Regarding indigenous peoples in the DRC, Management stated that work had begun with the government, development partners, and key stakeholders on a Pygmy Development Strategy aiming to analyze factors threatening the cultural identity of Pygmy populations and contributing to their impoverishment. This strategy would provide information to form the foundation for a national and longer-term strategy to be developed by the government in 2010. The implementation of this work has been constrained because of security issues and the practical difficulties of working in remote areas.

Regarding forestry, Management stated that the government is moving toward a modern approach to forest management supporting a mosaic of different uses. It completed the Legal Review of concessions, resulting in a dramatic reduction in the area under concession management, from 43.5 million hectares in 2002 to 9.7 million hectares in 2008. It is supporting community-based forest management; respecting the rights of traditional users; developing innovative ecosystem services models; and ensuring community participation and consultation in all decision-making processes related to forest management. Management added that it will scale up support of capacity building, community forest management, and conservation.

Regarding outreach and communications, Management stated that it held four meetings with indigenous groups to discuss the indigenous peoples-related actions. Five radio interviews, a 45-minute television broadcast, three forest mission debriefings with indigenous representatives, as well as various briefings and interviews with journalists were organized in 2008. In addition, 15 sessions were held with local people from the project area to discuss the design of the upcoming Bank-assisted forest and nature conservation project. Management also stated that 215 representatives of Pygmy populations participated in these meetings between April and December 2008.

In conclusion, Management stated that substantial progress had been made in implementing the Action Plan. Two areas in particular require sustained attention: the safeguard strengthening work, where the upscaling will take time to yield results; and the field implementation of Indigenous Peoples Plans, where the logistical difficulties of working in remote areas of the DRC are considerable. Management also stated that over the coming year it would continue monitoring the portfolio across the region for compliance with safeguards and work on strengthening country capacity to mainstream sound environmental and social assessment into program design and implementation. Management will also work with country stakeholders to ensure that the rights of indigenous peoples and marginalized groups are better respected, though it must be recognized that issues of social exclusion and marginalization are deeply rooted in many societies and take decades to overcome.

The Request for Inspection and the Panel's and Management's Reports are public and are available on the Inspection Panel's Web site at <http://www.inspectionpanel.org>, along with a press release about the discussions held at the Board meeting.

## V. OUTREACH AND OTHER ACTIVITIES

### **Workshops with Members of Civil Society in Ho Chi Minh City, Vietnam, and Jakarta, Indonesia**

Panel Chairperson Mr. Werner Kiene and Deputy Executive Secretary Mr. Dilek Barlas participated in two outreach workshops organized jointly with the Bank Information Center, the Vietnam Rivers Network, and Vietnam’s Institute of Tropical Biology, entitled “How Do the World Bank’s Accountability Mechanisms Work?” The workshop in Ho Chi Minh City, Vietnam, took place on April 3, 2009, as part of a five-day training workshop. The workshop in Jakarta, Indonesia, took place on April 7, 2009. The Compliance Advisory Ombudsman from the International Finance Corporation of the World Bank Group also participated in the workshops. Workshop participants included representatives of NGOs and community-based organizations, and academics. In addition to Vietnam and Indonesia, representatives came from Cambodia, the Philippines, and Thailand. The events in both Ho Chi Minh City and Jakarta focused on the issue of accountability in general and in Bank-financed projects, and the role and functions of the Inspection Panel and the Compliance Advisory Ombudsman.



Participants at workshop in Jakarta, Indonesia

### Right to Appeal for Affected Communities, Rome, Italy

On December 12, 2008, Senior Operations Officer Ms. Tatiana Tassoni participated in an event organized in Rome, Italy, by Counter Balance, a network of European NGOs, and Campagna per la Riforma della Banca Mondiale (Campaign for the Reform of the World Bank), an Italian NGO. The event, which included presentations by members of the Complaints Office of the European Investment Bank, introduced the Right to Appeal of local communities affected by projects financed by international financial institutions, to achieve better accountability from these institutions. Ms. Tassoni discussed in particular the results of the Inspection Panel's activities for affected people and the World Bank, and the challenges facing the Inspection Panel's role and function.

### Introducing the Inspection Panel to Academia

Ms. Tassoni teamed with staff from the Bank's External Affairs department to introduce the World Bank's activities in general and the Inspection Panel's work within the Bank to groups of students from local universities. The Panel regularly conducts such outreach activities with students of universities—especially the American University Human Rights Summer Program and the Columbia University Human Rights Advocates Program—to present the Panel, its role, its function, and the outcome of its activities.

### World Social Forum in Belem, Brazil

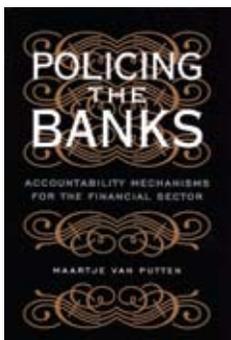
On January 29, 2009, an Inspection Panel team participated in an event at the World Social Forum in Belem, Brazil, as part of its efforts at outreach and building awareness of the Panel's availability as a recourse mechanism. The Panel team, composed of Chairperson Mr. Werner Kiene, Executive Secretary Mr. Peter Lallas, and Consultant Mr. Eduardo Abbott, partnered with the Grupo de Trabalho Amazonico (GTA) and the Environmental Defense Fund (EDF) in organizing and leading the discussions at the session. The discussions addressed the topic "Community-Led Accountability: How Can Communities Hold International Financial Institutions Accountable and Have Their Voices Heard at the World Bank?" As part of the discussions, the Panel described its role as an accountability mechanism and responded to many questions from participants.



Audience at State University of Rio de Janeiro

### Awareness Building in Rio de Janeiro, Brazil

The Panel Chairperson Mr. Werner Kiene and the Executive Secretary Mr. Peter Lallas participated in the seminar “The World Bank Inspection Panel and Public Administration in Brazil,” organized by the Fundação Getulio Vargas, the country’s leading economic research institute, and which took place in Rio de Janeiro on February 2, 2009. Mr. Kiene also gave a lecture on “Transparency, Accountability and the Rule of Law” at the Military Police Academy Dom João VI in Rio de Janeiro on February 3, 2009. Finally, Mr. Kiene, Mr. Lallas, and Mr. Eduardo Abbott participated in a roundtable on “The World Bank Inspection Panel: Evaluation and Administration of Public Policies in the Modern World” at the State University of Rio de Janeiro, also on February 3, 2009.



### More Accountability for International Financial Institutions, Brussels, Belgium

On March 17, 2009, the Chairperson of the Inspection Panel Dr. Werner Kiene and the Commissioner for Economic and Monetary Affairs in the European Union Mr. Joaquin Almunia presented Dr. Maartje van Putten’s book *Policing the Banks* to members of the European Parliament. Dr. Kiene arrived in Brussels on that occasion to join in the introduction of the book and to reflect on practices and lessons learned in accountability among international financial institutions. Dr. van Putten was a Member of the Panel from October 1999 to September 2004.



Inspection Panel Open-House reception during World Bank Spring Meeting

## Inspection Panel Activities during Spring Meetings 2009

The Inspection Panel took part in a number of activities during the 2009 Spring Meetings of the World Bank and the International Monetary Fund. The Panel hosted an Open House in its Washington, DC, offices on April 24, 2009, where Panel Members and Secretariat staff interacted with visiting civil society representatives and Bank staff. Other events included participation by the Panel's Chairperson Mr. Werner Kiene in the Orientation Session for civil society organizations on April 22; Mr. Kiene's keynote address in a discussion on "The Inspection Panel and Human Rights at the World Bank" on April 23, cohosted by the International Accountability Project and the Center for International Environmental Law (CIEL); and a briefing to civil society representatives about the Panel's recent activities in a meeting hosted by the Bank Information Center and CIEL on April 24.

## Civil Society Meeting in Cairo, The Arab Republic of Egypt

On November 23 and 24, 2009, civil society groups convened in Cairo and organized two separate events to discuss the Bank-financed West Delta Irrigation Project and the function of the World Bank Inspection Panel as an avenue for recourse. The discussion was organized by the Land Center for Human Rights and the Habi Center for Environmental Rights and was attended by officials from the Egyptian Ministry of Irrigation, members of opposing political parties, representatives of the World Bank office in Cairo, Project-affected farmers, investors, geologists, environmentalists, and journalists as well as an international NGO. Panel Operations Officer Mr. Serge Selwan was invited to attend the discussions, which covered topics including the irrigation and agriculture policies in Egypt, impacts of climate change, national legislation governing the project, and applicable Bank policies. The participants raised many concerns about the effects of the project on surrounding lands and on the food crisis in Egypt. The meeting was considered a success for civil society, which succeeded in bringing the government and downstream farmers into a meaningful discussion of the project.



Workshop on Accountability for Sustainable Development in Beirut, Lebanon

### **Middle East Civil Society Meeting in Beirut, Lebanon**

On March 30 and 31, 2009, Panel Chairperson Mr. Werner Kiene, and Panel Operations Officer Mr. Serge Selwan attended two workshops in Beirut to raise awareness of accountability for sustainable development and to explain the significance of the Inspection Panel as a recourse mechanism to people and communities affected by Bank-financed projects. The first workshop was organized for the Beirut-based staff of the World Bank and was also attended by staff from the Iraq and Jordan Country Offices via video-conference. On March 31, the Panel team met with civil society organizations from Egypt, Jordan, Lebanon, and the Republic of Yemen. The meeting was organized by the Bank Information Center to discuss the Bank's policies and the function of the Bank's Inspection Panel. In addition to the two workshops, on April 1, 2009, the Panel team, accompanied by the Director of the Bank's Country Office in Lebanon Mr. Demba Ba, met with Minister of Finance Mr. Mohamed Chatah.

### **Access to Independent Review Mechanisms in Dakar, Senegal**

On June 2 and 3, 2009, the Independent Review Mechanism of the African Development Bank (AfDB) organized a two-day event on the recourse mechanisms of various international financial institutions. The two-day workshop included a site visit to a project proposed for joint AfDB and Bank financing. The opening remarks were made by AfDB Resident Representative in Senegal Mr. Mohamed H'Midouche and

Participants of workshop on recourse mechanisms in Dakar, Senegal



National Programme Coordinator in Guinea-Bissau Mr. Ansumane Mane. The presentations concerning the different mechanisms were made by Mr. Per Eldar Sovik, director of AfDB's Compliance Review and Mediation Unit (CRMU), Mr. Samba Idrissa, Consultant, and Mrs. Adila Abusharaf, CRMU principal compliance officer, from the Independent Review Mechanism of the AfDB; Ms. Julia Gallu, Specialist Ombudsman, and Ms. Emily Horgan, Program Officer, from the Compliance Advisor/Ombudsman office of the International Finance Corporation; and Mr. Serge Selwan, Operations Officer, from the World Bank Inspection Panel. The workshop was well attended and, in addition to civil society organizations from Senegal, included representatives from civil society organizations in Cape Verde, The Gambia, Guinea-Bissau, Mali, and Mauritania.



---

APPENDIXES II-XII

## APPENDIX II

---

### BIOGRAPHIES OF PANEL MEMBERS AND EXECUTIVE SECRETARY



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



**Mr. Roberto Lenton** (Argentina) was appointed to the Panel in September 2007. He earned a Civil Engineering degree from the University of Buenos Aires and a Ph.D. from the Massachusetts Institute of Technology (MIT). A specialist in water resources and sustainable development with more than 30 years of international experience in the field, he serves as Chair of the Water Supply and Sanitation Collaborative Council and Member of the Board of Directors of WaterAid America, and served until July 2009 as Chair of the Technical Committee of the Global Water Partnership. Mr. Lenton is a co-author of *Applied Water Resources Systems* and co-editor of "Integrated Water Resources Management in Practice," and a lead author of *Health, Dignity and Development: What Will It Take?*, the final report of the United Nations Millennium Project Task Force on Water and Sanitation, which he co-chaired. Mr. Lenton was earlier Director of the Sustainable Energy and Environment Division of the United Nations Development Programme in New York, Director General of the International Water Management Institute in Sri Lanka, and Program Officer in the Rural Poverty and Resources program of the Ford Foundation in New Delhi and New York. He has served as Adjunct Professor in the School of International and Public Affairs at Columbia University and Assistant Professor of Civil and Environmental Engineering at MIT.

**Mr. Alf Jerve** (Norway) was appointed to the Panel in November 2008. Mr. Jerve brings to the Panel close to three decades of work in the field of development. A social anthropologist by training, he has been engaged in a wide range of development activities including extensive field research in Africa and Asia. Among his assignments was a three-year posting to Tanzania with the Norwegian Agency for Development Cooperation as coordinator of a rural development program. From 1993 to 1995 he was responsible for resettlement and rehabilitation issues with projects in Bangladesh during an assignment with the World Bank. In 1995 he became Assistant Director, and served as Director in 2005 and 2006, at the Christian Michelsen Institute in Norway, an internationally recognized development research institution, where he has also devoted his energies and expertise to research and analysis of a wide variety of policy and program issues affecting people in developing countries. Over the years, Mr. Jerve also has led and participated in numerous independent evaluations commissioned by bilateral and multilateral development agencies, and served as a Member of the Roster of Experts for the Asian Development Bank's Inspection Function. He earned his magister degree in social anthropology from the University of Bergen and his bachelor's degree is in the areas of environmental science and biology. His publications have focused on rural development, decentralization, and poverty reduction and most recently on issues of ownership in development aid cooperation.

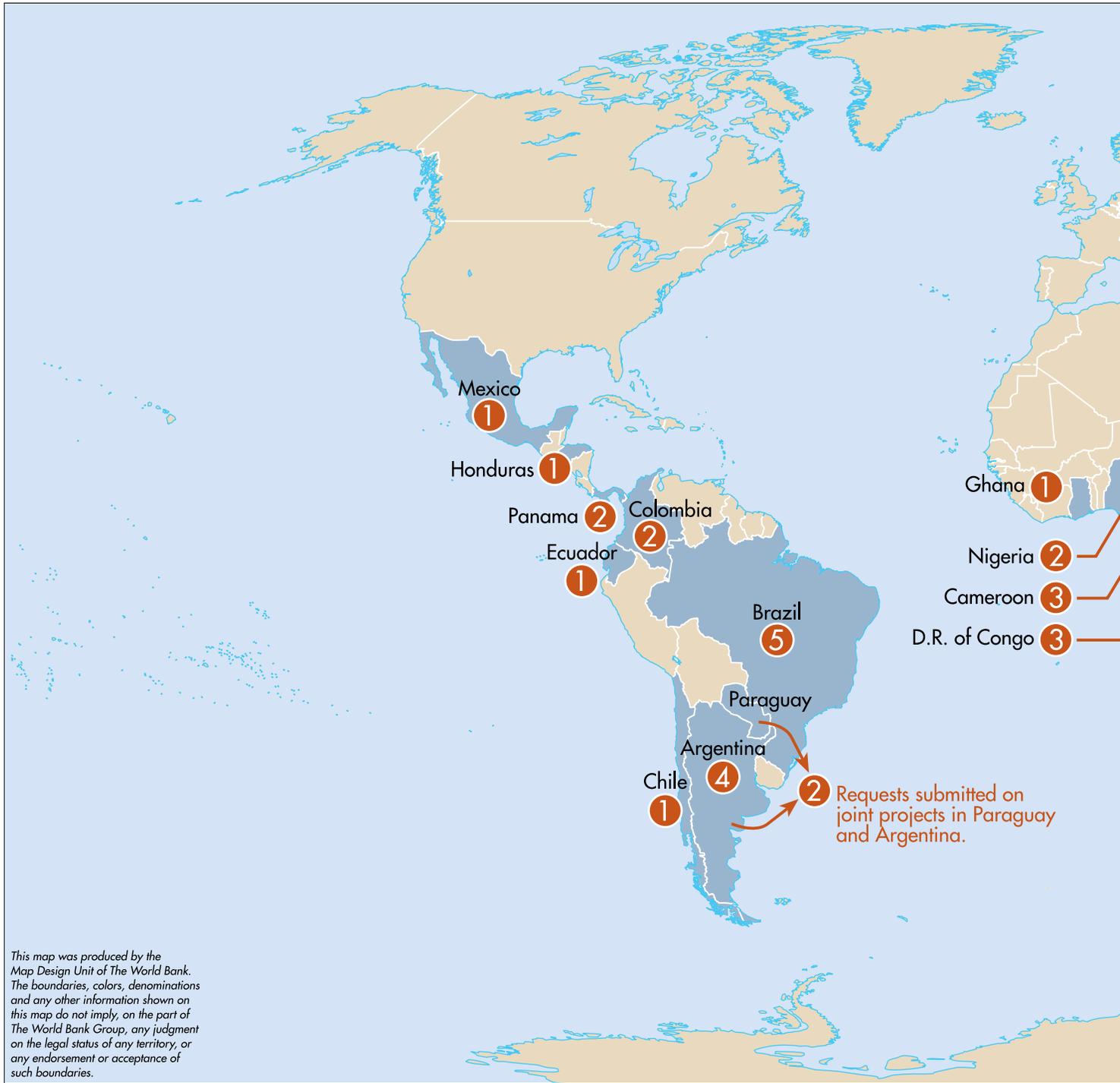


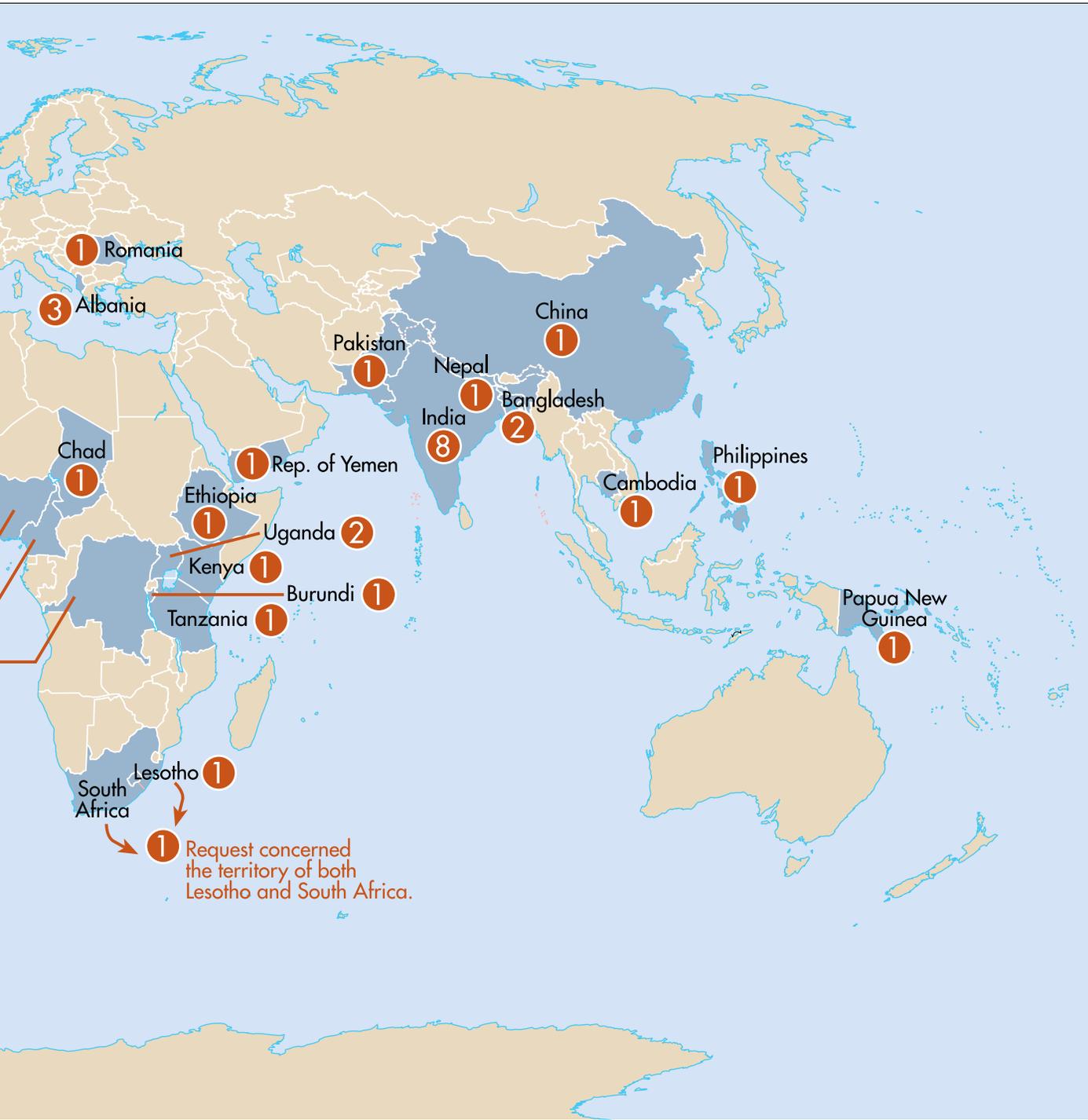
**Mr. Peter Louis Lallas** (United States) became the Inspection Panel's Executive Secretary on January 1, 2007, following the retirement of the Panel's long-time Executive Secretary Mr. Eduardo Abbott. Mr. Lallas has nearly two decades of experience in the fields of international cooperation and law, working in a variety of institutions, settings, and countries. He has held positions as legal advisor on international law and organizations in the United Nations Food and Agriculture Organization (FAO) in Rome; as director of the International Environmental Law Office of the U.S. Environmental Protection Agency in Washington, DC; in the Commission of the European Communities in Brussels; and in an active Brussels law practice in international law, trade law, and European Community law. Mr. Lallas served as the Inspection Panel's Deputy Executive Secretary prior to becoming Executive Secretary. He holds a J.D. from Harvard University Law School (1986) and a B.A. in economics with Distinction and Honors from Stanford University (1981). Over the years, Mr. Lallas has taught on international law and policy issues, including as adjunct professor on international environmental policy in the Masters of Science Program of Georgetown University. He has authored and coauthored a number of publications on topics of international law, cooperation, and sustainable development and has been honored many times for his work.



# APPENDIX III

## GEOGRAPHICAL DISTRIBUTION OF REQUESTS FOR INSPECTION





IBRD 32336R16

## APPENDIX IV

### TABLES

**TABLE IV–A: SUMMARY OF INSPECTION PANEL CASES<sup>a</sup>**

JUNE 30, 2009

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
1. <b>Nepal:</b> Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	October 24, 1994	Yes	Investigation	Yes	Eligibility Report and Investigation Report
2. <b>Ethiopia:</b> Compensation for Expropriation and Extension of IDA Credits to Ethiopia	May 2, 1995	No	—	—	—
3. <b>Tanzania:</b> Power VI Project	May 16, 1995	Yes	No investigation	Yes	Eligibility Report
4. <b>Brazil:</b> Rondônia Natural Resources Management Project	June 16, 1995	Yes	Investigation	No	Eligibility Report, Additional Review report, and Review of Progress in Implementation
5. <b>Chile:</b> Financing of Hydroelectric Dams in the Bio-Bio River	November 17, 1995	No	—	—	—
6. <b>Bangladesh:</b> Jamuna Multipurpose Bridge Project	August 23, 1996	Yes	No investigation	Yes	Eligibility Report and Report on Progress on Implementation of Action Plan
7. <b>Argentina/Paraguay:</b> Yacyretá Hydroelectric Project (1996)	September 30, 1996	Yes	Investigation	No	Eligibility Report and Review of Present Project Problems and Assessment of Action Plans
8. <b>Bangladesh:</b> Jute Sector Adjustment Credit	November 13, 1996	Yes	No investigation	Yes	Eligibility Report
9. <b>Brazil:</b> Itaparica Resettlement and Irrigation Project	March 12, 1997	Yes	Investigation	No	Eligibility Report and Action Plan review
10. <b>India:</b> NTPC Power Generation Project	May 1, 1997	Yes	Investigation	Yes	Eligibility Report and Report on Desk Investigation

Note: IDA = International Development Association

a. 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; Burundi: Public Works and Employment Creation Project; and Cameroon: Urban Development). 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. Because the Bank's loans for this project were then long closed, the Panel was precluded from processing this Request. Furthermore, because the Request had already been 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
11. <b>India:</b> Ecodevelopment Project	April 2, 1998	Yes	Investigation	No	Eligibility Report
12. <b>Lesotho/South Africa:</b> Phase 1B of Lesotho Highlands Water Project (1998)	May 6, 1998	Yes	No investigation	Yes	Eligibility Report
13. <b>Nigeria:</b> Lagos Drainage and Sanitation Project	June 17, 1998	Yes	No investigation	Yes	Eligibility Report
14. <b>Brazil:</b> Land Reform Poverty Alleviation Project	December 14, 1998	Yes	No investigation	Yes	Eligibility Report
15. <b>Lesotho:</b> Highlands Water Project (1999)	April 26, 1999	Yes	No investigation	Yes	Eligibility Report
16. <b>China:</b> Western Poverty Reduction Project	June 18, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
17. <b>Argentina:</b> Special Structural Adjustment Loan	July 26, 1999	Yes	No investigation	Yes	Eligibility Report
18. <b>Brazil:</b> Land Reform Poverty Alleviation Project, Second Request	September 14, 1999	Yes	No investigation	Yes	Eligibility Report
19. <b>Kenya:</b> Lake Victoria Environmental Management Project	October 12, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
20. <b>Ecuador:</b> Mining Development and Environmental Control Technical Assistance Project	December 13, 1999	Yes	Investigation	Yes	Eligibility Report and Investigation Report
21. <b>India:</b> NTPC Power Generation Project, Second Request	November 27, 2000	No	—	—	—
22. <b>Chad:</b> Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity Building Project	March 22, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
23. <b>India:</b> Coal Sector Environmental and Social Mitigation Project and Coal Sector Rehabilitation Project	June 21, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
24. <b>Uganda:</b> Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	July 27, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
25. <b>Papua New Guinea:</b> Governance Promotion Adjustment Loan	December 6, 2001	Yes	No investigation	Yes	Eligibility Report

*continued*

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
26. <b>Paraguay/Argentina:</b> Reform Project for the Water and Telecommunication Sectors, SEGBA V Power Distribution Project (Yacyretá 2002)	May 17, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
27. <b>Cameroon:</b> Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	September 25, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
28. <b>Philippines:</b> Manila Second Sewerage Project (MSSP)	September 26, 2003	Yes	No recommendation, as the Requesters failed to satisfy a procedural criterion—that is, that the Requesters had brought the subject matter to Management's attention and that, in the Requesters' view, Management failed to respond adequately.	Yes	Eligibility Report
29. <b>Cameroon:</b> Petroleum Development and Pipeline Project	November 26, 2003	No	—	—	—
30. <b>Mexico:</b> Indigenous and Community Biodiversity Project (COINBIO)	January 26, 2004	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
31. <b>Colombia:</b> Cartagena Water Supply, Sewerage, and Environmental Management Project	April 20, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
32. <b>India:</b> Mumbai Urban Transport Project	April 28, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
33. <b>India:</b> Mumbai Urban Transport Project—Gazi Nagar	June 29, 2004	Yes	Investigation as part of Request number 32, <b>India:</b> Mumbai Urban Transport Project	Yes	Eligibility Report and Investigation Report completed as part of case Request number 32, <b>India:</b> Mumbai Urban Transport Project
34. <b>Burundi:</b> Public Works and Employment Creation Project	September 17, 2004	No	—	—	—
35. <b>Pakistan:</b> National Drainage Program Project	September 10, 2004	Yes	Investigation	Yes	Eligibility Report and Investigation Report
36. <b>Cambodia:</b> Forest Concession Management and Control Pilot Project	January 28, 2005	Yes	Investigation	Yes	Eligibility Report and Investigation Report

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
37. <b>Democratic Republic of Congo:</b> Transitional Support for Economic Recovery Credit Operation (TSERO) and Emergency Economic and Social Reunification Support Project (EESRSP)	November 19, 2005	Yes	Investigation	Yes	Eligibility Report and Investigation Report
38. <b>Honduras:</b> Land Administration Project	January 3, 2006	Yes	Investigation	Yes	Investigation Report
39. <b>Romania:</b> Mine Closure and Social Mitigation Project	January 6, 2006	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
40. <b>Nigeria:</b> West African Gas Pipeline Project	April 27, 2006	Yes	Investigation	Yes	(First) Eligibility Report and Final Eligibility Report Investigation Ongoing
41. <b>Brazil:</b> Paraná Biodiversity Project	July 10, 2006	Yes	No investigation	Yes	(First) Eligibility Report and Final Eligibility Report
42. <b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	August 28, 2006	Yes	No recommendation, as the Requesters failed to satisfy a procedural criterion, that the Requesters had brought the subject matter to Management's attention and that, in the Requesters' view, Management failed to respond adequately.	Yes	Eligibility Report
43. <b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	September 21, 2006	Yes	Eligibility as part of Request number 42, <b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	Yes	Eligibility Report completed as part of Request number 42, <b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project
44. <b>Uganda:</b> Private Power Generation Project	March 5, 2007	Yes	Investigation	Yes	Eligibility Report Investigation Ongoing
45. <b>India:</b> Uttaranchal Decentralized Watershed Development Project	March 7, 2007	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
46. <b>Albania:</b> Power Sector Generation and Restructuring Project	April 30, 2007	Yes	Investigation	Yes	Eligibility Report Investigation Ongoing
47. <b>Albania:</b> Integrated & Coastal Zone Management	July 30, 2007	Yes	Investigation	Yes	Eligibility Report Investigation Ongoing
48. and Clean-Up Project	August 13, 2007	Yes			

*continued*

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
49. <b>Ghana:</b> Second Urban Environment Sanitation Project (UESP II)	August 16, 2007	Yes	Investigation	Yes	Eligibility Report Investigation Ongoing
50. <b>Cameroon:</b> Urban Development Project and Second Urban Project	September 5, 2007	No	—	—	—
51. <b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	September 13, 2007	Yes	Investigation	Yes	Eligibility Report Investigation Ongoing
52. <b>Colombia:</b> Bogotá Urban Services Project	October 30, 2007	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 Requesters' view, Management failed to respond adequately.	Yes	Eligibility Report
53. <b>Panama:</b> Land & Administration Project	February 25, 2009	Yes	—	—	—
56.	March 17, 2009	Yes			
54. <b>Democratic Republic of Congo:</b> Private Sector Development and Competitiveness Project	February 25, 2009	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
55.	March 13, 2009	Yes			
57. <b>Yemen:</b> Institutional Reform Development Policy Financing	April 13, 2009	Yes	—	—	—
58. <b>India:</b> Mumbai Urban Transport Project	May 29, 2009	Yes	—	—	—

Source: Inspection Panel.

**TABLE IV–B: ALLEGED VIOLATIONS OF POLICIES AND PROCEDURES PER REQUEST**

JUNE 30, 2009

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
1. 10/24/1994	<b>Nepal:</b> Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	Economic evaluation of investment operations (OP/BP 10.04) Disclosure of operational information (BP 17.50) Outline for a project information document (BP 10.00, Annex A) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20)
2. 05/2/1995	<b>Ethiopia:</b> Compensation for Expropriation and Extension of IDA Credits to Ethiopia (not registered)	Dispute over defaults on external debt, expropriation, and breach of contract (OMS 1.28)
3. 05/16/1995	<b>Tanzania:</b> Power VI Project	Article V Section 1(c), IDA Articles of Agreement Article V Section 1(d), IDA Articles of Agreement Article V Section 1(g), IDA Articles of Agreement Environmental aspects of Bank work (OMS 2.36) Environmental assessment (OD 4.01)
4. 06/16/1995	<b>Brazil:</b> Rondônia Natural Resources Management Project	Project supervision (OD 13.05) Forestry (OP 4.36) Wildlands (OPN 11.02) Indigenous peoples (OD 4.20) Involving nongovernmental organizations in Bank-supported activities (GP 14.70) Project monitoring and evaluation (OD 10.70) Investment lending—identification to the Board presentation (BP 10.00) Suspension of disbursements (OD 13.40) Accounting, financial reporting, and auditing (OD 10.60) Procurement (OD 11.00) Use of consultants (OD 11.10) Borrower compliance with audit covenants (OD 13.10)
5. 11/17/1995	<b>Chile:</b> Financing of Hydroelectric Dams in the Bio-Bío River (not registered)	Environmental policy for dam and reservoir project, Annex B (OD 4.00) Indigenous peoples (OD 4.20) Wildlands (OPN 11.02) Management of cultural property in Bank-financed projects (OPN 11.03) Involuntary resettlement (OD 4.30) Project supervision (OD 13.05)
6. 08/23/1996	<b>Bangladesh:</b> Jamuna Multipurpose Bridge Project	Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Involving nongovernmental organizations in Bank-supported activities (GP 14.70)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
7. 09/30/1996	<b>Argentina/Paraguay:</b> Yacyretá Hydroelectric Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Project monitoring and evaluation (OD 10.70) Project supervision (OD 13.05) Wildlands (OPN 11.02) Management of cultural property in Bank-financed projects (OPN 11.03) Environmental aspects of Bank work (OMS 2.36) Suspension of disbursements (OD 13.40)
8. 11/13/1996	<b>Bangladesh:</b> Jute Sector Adjustment Credit	Adjustment lending policy (OD 8.60) Project supervision (OP 13.05) Suspension of disbursements (OP 13.40)
9. 03/12/1997	<b>Brazil:</b> Itaparica Resettlement and Irrigation Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
10. 05/1/1997	<b>India:</b> NTPC Power Generation Project	Economic evaluation of investment operations (OD 10.04) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
11. 04/2/1998	<b>India:</b> Ecodevelopment Project	Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Forestry (OP 4.36)
12. 05/6/1998	<b>Lesotho/South Africa:</b> Phase 1 B 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 reduction (OD 4.15) Water resources and management (OP 4.07)
13. 06/17/1998	<b>Nigeria:</b> Lagos Drainage and Sanitation Project	Involuntary resettlement (OD 4.30) Poverty reduction (OD 4.15) Gender dimensions of development (OD 4.20) Project monitoring and evaluation (OD 10.70) Economic evaluation of investment operations (OP/BP 10.04) Article V, Section 1(g), IDA Articles of Agreement
14. 12/14/1998	<b>Brazil:</b> Land Reform Poverty Alleviation Project, First Request	Poverty reduction (OD 4.15) Disclosure of operational information (BP 17.50) Environmental assessment (OD 4.01) Involving nongovernmental organizations in Bank-supported activities (GP 14.70)
15. 04/26/1999	<b>Lesotho:</b> Highlands Water Project	Disputes over defaults on external debt, expropriation, and breach of contract (OP/BP 7.40) Disclosure of operational information (BP 17.50)
16. 06/18/1999	<b>China:</b> Western Poverty Reduction Project	Disclosure of operational information (BP 17.50) Involuntary resettlement (OD 4.30) Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Pest management (OP 4.09) Safety of dams (OP/BP 4.37) Retroactive financing (OD 12.10) Investment lending (OD 10.00)

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
17. 07/26/1999	<b>Argentina:</b> Special Structural Adjustment Loan	Project supervision (OD 13.05) Poverty reduction (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. 09/14/1999	<b>Brazil:</b> Land Reform Poverty Alleviation Project, Second Request	Poverty reduction (OD 4.15) Project supervision (OD 13.50) Disclosure of operational information (BP 17.50)
19. 10/12/1999	<b>Kenya:</b> Lake Victoria Environmental Management Project	Environmental assessment (OD 4.01) Poverty reduction (OD 4.15) Economic evaluation of investment projects (OP 10.04) Project supervision (OD 13.05)
20. 12/13/1999	<b>Ecuador:</b> Mining Development and Environmental Control Technical Assistance Project	Environmental assessment (OD 4.01) Wildlands (OPN 11.02) Indigenous peoples (OD 4.20) Project supervision (OD 13.05)
21. 11/27/2000	<b>India:</b> NTPC Power Generation Project, Second Request (not registered)	Involuntary resettlement (OD 4.30) Project supervision (OD 13.05) Environmental assessment (OD 4.01)
22. 03/22/2001	<b>Chad:</b> Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity Building Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Pest management (OP 4.09) Poverty reduction (OD 4.15) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) 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. 06/21/2001	<b>India:</b> Coal Sector Environmental and Social Mitigation Project and Coal Sector Rehabilitation Project	Environmental assessment (OD 4.01) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Disclosure of operational information (BP 17.50) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OD 13.05)
24. 07/27/2001	<b>Uganda:</b> Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	Environmental assessment (OD/OP 4.01) Natural habitats (OP 4.04) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Safety of dams (OP 4.37) Management of cultural property in Bank- financed projects (OPN 11.03) Economic evaluation of investment operations (OP 10.04) Poverty reduction (OD 4.15) Disclosure of operational information (BP 17.50) Project monitoring and evaluation (OD 10.70) Project supervision (OD 13.05)
25. 12/6/2001	<b>Papua New Guinea:</b> Governance Promotion Adjustment Loan	Forestry (OP 4.36) Adjustment lending policy (OD 8.60) Project supervision (OD/OP/BP 13.05)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
26. 05/17/2002	<b>Paraguay:</b> Reform Project for the Water and Telecommunication Sectors  <b>Argentina:</b> SEGBA V Power Distribution Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Project supervision (OD/OP/BP 13.05) Project monitoring and evaluation (OD 10.70) Suspension of disbursements (OD 13.40)
27. 09/25/2002	<b>Cameroon:</b> 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. 09/26/2003	<b>Philippines:</b> Manila Second Sewerage Project	Environmental assessment (OD 4.01) Economic evaluation of investment operations (OP 10.04) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
29. 11/26/2003	<b>Cameroon:</b> Petroleum Development and Pipeline Project (not registered)	Involuntary resettlement (OD 4.30)
30. 01/26/2004	<b>Mexico:</b> Indigenous and Community Biodiversity Project (COINBIO)	Indigenous peoples (OD 4.20) Project supervision (OD/OP/BP 13.05)
31. 04/20/2004	<b>Colombia:</b> Cartagena Water Supply, Sewerage and Environmental Management Project	Environmental assessment (OD 4.01) Natural 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. 04/28/2004	<b>India:</b> Mumbai Urban Transport Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of information (January 2002) Project supervision (OP/BP 13.05)
33. 06/29/2004	<b>India:</b> Mumbai Urban Transport Project—Gazi Nagar	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of information (January 2002) Project supervision (OP/BP 13.05)
34. 09/10/2004	<b>Pakistan:</b> National Drainage Program Project	Environmental assessment (OD 4.01) Natural habitats (OP 4.04) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Management of cultural property in Bank-financed projects (OPN 11.03)
35. 09/17/2004	<b>Burundi:</b> Public Works and Employment Creation Project (not registered)	Project supervision (OP/BP 13.05) Procurement (OP/BP 11.00)

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
36. 01/28/2005	<b>Cambodia:</b> 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	<b>Democratic Republic of Congo:</b> Transitional Support for Economic Recovery Credit Operation and Emergency Economic and Social Reunification Support Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) 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. 01/03/2006	<b>Honduras:</b> Land Administration Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Tribal people in Bank-financed projects (OMS 2.34) Indigenous peoples (OD 4.20) Indigenous peoples (OP/BP 4.10) Project supervision (OD/OP/BP 13.05) Disclosure of operational information (BP 17.50)
39. 01/06/2006	<b>Romania:</b> Mine Closure and Social Mitigation Project	Environmental assessment (OD 4.01) Project supervision (OD/OP/BP 13.05) Disclosure of information (January 2002)
40. 04/27/2006	<b>Nigeria:</b> West African Gas Pipeline Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Poverty reduction (OD 4.15) Economic evaluation of investment operations (OP/BP 10.04) Project supervision (OP/BP 13.05) Disclosure of information (January 2002)
41. 07/10/2006	<b>Brazil:</b> Paraná Biodiversity Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Forestry–1993 (OP/BP 4.36) Project supervision (OP/BP 13.05)
42. 08/28/2006	<b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Disclosure of information (January 2002)
43. 09/21/2006	<b>Argentina:</b> Santa Fe Infrastructure Project and Provincial Road Infrastructure Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12)

*continued*

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
44. 03/05/2007	<b>Uganda:</b> Private Power Generation Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Environmental action plans (OP 4.02) Water resource management (OP 4.07) Indigenous peoples (OP/BP 4.10) Physical cultural resources (OP/BP 4.11) Involuntary resettlement (OP/BP 4.12) Safety of dams (OP 4.37) Projects on international waterways (OP/BP 7.50) Economic evaluation of investment operations (OP/BP 10.04) Poverty reduction (OP 1.00) Disclosure of information (January 2002)
45. 03/07/2007	<b>India:</b> Uttaranchal Decentralized Watershed Development Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Poverty reduction (OD 4.15) Forests (OP/BP 4.36) Project supervision (OP/BP 13.05)
46. 04/30/2007	<b>Albania:</b> Power Sector Generation and Restructuring Project	Project appraisal (OMS 2.20) Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Involuntary resettlement (OP/BP 4.12) Economic evaluation of investment operations (OP/BP 10.04) Management of cultural property in Bank-financed projects (OPN 11.03) Project supervision (OP/BP 13.05)
47. 07/30/2007	<b>Albania:</b> Integrated Coastal Zone Management and Clean-Up Project	Poverty reduction (OP 1.00) Project appraisal (OMS 2.20) Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Project supervision (OP/BP 13.05)
48. 08/13/2007	<b>Albania:</b> Integrated Coastal Zone Management and Clean-Up Project	Project appraisal (OMS 2.20) Environmental assessment (OP/BP 4.01) Management of cultural property in Bank-financed projects (OPN 11.03)
49. 08/16/2007	<b>Ghana:</b> Second Urban Environment Sanitation Project (UESP II)	Project appraisal (OMS 2.20) Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12)
50. 09/05/2007	<b>Cameroon:</b> Urban Development Project and Second Urban Project (not registered)	Environmental assessment (OD 4.01) Poverty reduction (OD 4.15) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Project supervision (OD 13.05) Disclosure of operational information (BP 17.50)
51. 09/13/2007	<b>Argentina:</b> Santa Fe Road Infrastructure Project	Poverty reduction (OP 1.00) Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Project supervision (OP/BP 13.05) Disclosure of information (January 2002)
52. 10/30/2007	<b>Colombia:</b> Bogotá Urban Services Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OP/BP 4.12) Project supervision (OP/BP 13.05)
53. 02/25/2009	<b>Panama:</b> Land Administration Project	Indigenous peoples (OD 4.20) Project supervision (OP/BP 13.05)

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
54. 02/25/2009	<b>Democratic Republic of Congo:</b> Private Sector Development and Competitiveness Project	Poverty reduction (OD 4.15) Bank financing (OP/BP 6.00) Financing severance pay in public sector reform operations (OpMemo) Project supervision (OP/BP 13.05)
55. 03/13/2009	<b>Democratic Republic of Congo:</b> Private Sector Development and Competitiveness Project	Poverty reduction (OD 4.15) Bank financing (OP/BP 6.00) Financing severance pay in public sector reform operations (OpMemo) Project supervision (OP/BP 13.05)
56. 03/17/2009	<b>Panama:</b> Land Administration Project	Indigenous peoples (OD 4.20) Project supervision (OP/BP 13.05)
57. 04/13/2009	<b>Yemen:</b> Institutional Reform Development Policy Financing	Development policy lending (OP/BP 8.60) World Bank policy on disclosure of information dated June 2002
58. 05/29/2009	<b>India:</b> Mumbai Urban Transport Project	Involuntary resettlement (OP 4.30) Project supervision (OP/BP 13.05)

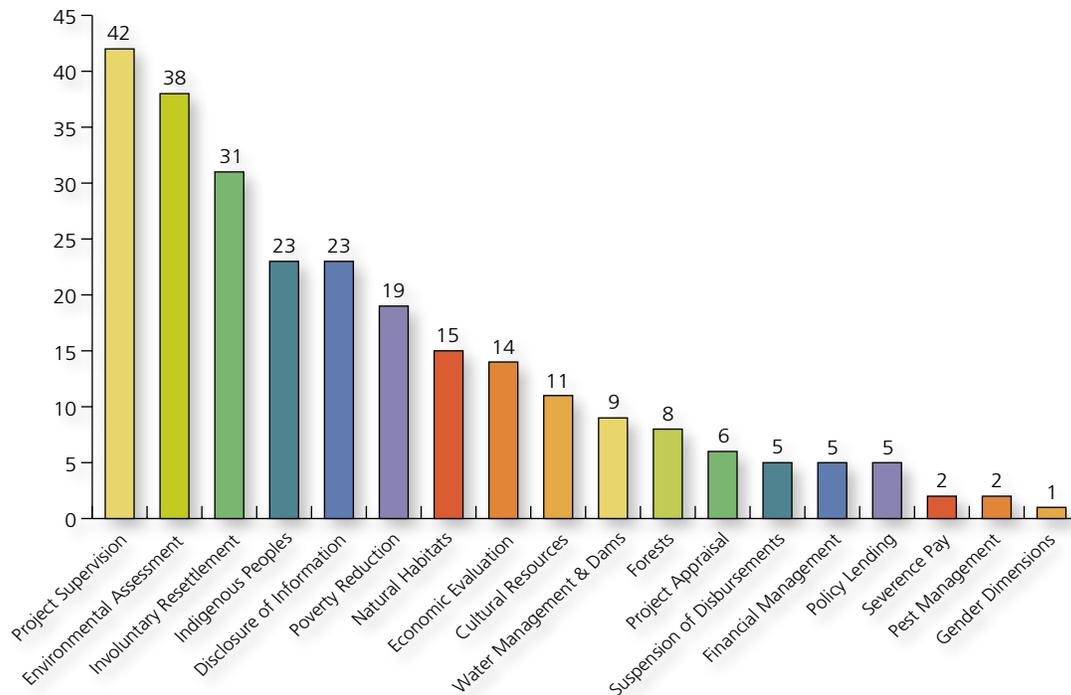
Source: Inspection Panel.

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

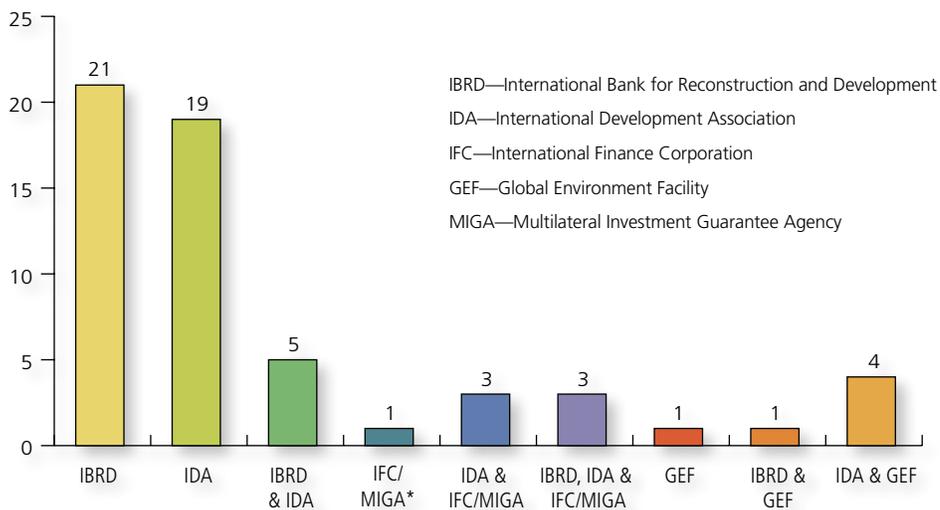
## APPENDIX V

### FIGURES

**FIGURE V–A POLICY-RELATED ISSUES MOST OFTEN RAISED IN REQUESTS**  
As of June 30, 2009

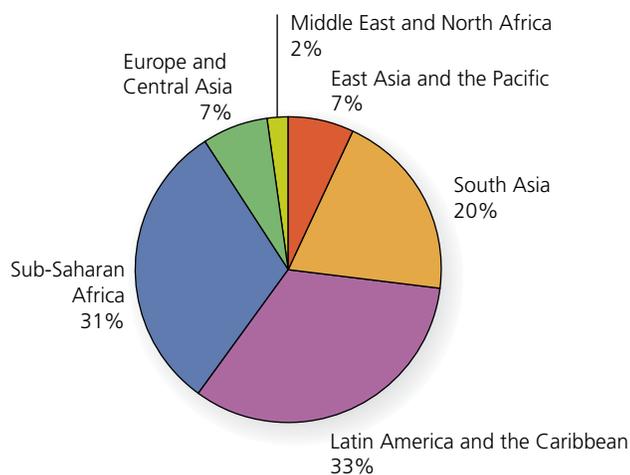


**FIGURE V–B FINANCING FOR PROJECTS SUBJECT TO REQUESTS**  
June 30, 2009

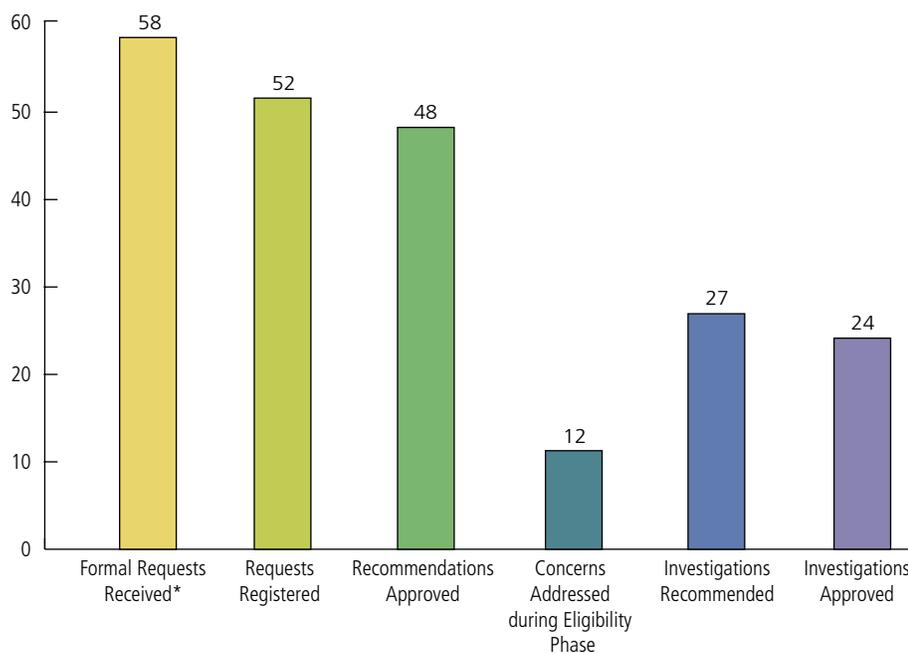


\* The Panel's mandate does not cover IFC/MIGA. However, in November 1995, the Panel received a Request regarding a project financed solely by IFC/MIGA, and it forwarded the Request to the Bank's President. Thereafter, in 1999, the Bank established IFC/MIGA's Compliance Advisor/Ombudsman.

**FIGURE V–C PERCENTAGE OF REQUESTS RECEIVED PER REGION**  
As of June 30, 2009



**FIGURE V–D PANEL'S REQUEST RECORD**  
As of June 30, 2009



\* Since Requests 42 and 43 related to the same Project, the Argentina—Santa Fe Infrastructure Project and Provincial Road Infrastructure Project (Loan No. 7301-AR), they were processed in the same Eligibility timeframe and the Recommendations to both Requests were issued in the same Eligibility Report. The same was done for Requests 47 and 48, which related to the same Project, the Albania: Integrated Coastal Zone Management and Clean-Up Project (Credit No. 4083-ALB), also for Requests 53 and 56, which related to the same Project, the Panama: Land Administration Project (Loan No. 7045-PAN), and also for Requests 54 and 55, which related to the same Project, the Democratic Republic of Congo: Private Sector Development and Competitiveness Project (Credit No. 3815-DRC).

### THE RESOLUTION ESTABLISHING THE INSPECTION PANEL

September 22, 1993

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

*Resolution No. IBRD 93-10*

*Resolution No. IDA 93-6*

**"THE WORLD BANK INSPECTION PANEL"**

The Executive Directors:  
Hereby resolve:

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

**COMPOSITION OF THE PANEL**

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

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

## **POWERS OF THE PANEL**

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

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

13. The Panel shall satisfy itself before a request for inspection is heard that the subject matter of the request has been dealt with by the Management of the Bank and Management has failed to demonstrate that it has followed, or is taking adequate steps to follow, the Bank's policies and procedures. The Panel shall also satisfy itself that the alleged violation of the Bank's policies and procedures is of a serious character.
14. In considering requests under paragraph 12 above, the following requests shall not be heard by the Panel:
  - (a) Complaints with respect to actions which are the responsibility of other parties, such as a borrower, or potential borrower, and which do not involve any action or omission on the part of the Bank.
  - (b) Complaints against procurement decisions by Bank borrowers from suppliers of goods and services financed or expected to be financed by the Bank under a loan agreement, or from losing tenderers for the supply of any such goods and services, which will continue to be addressed by staff under existing procedures.
  - (c) Requests filed after the Closing Date of the loan financing the project with respect to which the request is filed or after the loan financing the project has been substantially disbursed.<sup>1</sup>
  - (d) Requests related to a particular matter or matters over which the Panel has already made its recommendation upon having received a prior request, unless justified by new evidence or circumstances not known at the time of the prior request.
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.

---

<sup>1</sup> This will be deemed to be the case when at least 95 percent of the loan proceeds have been disbursed.

## 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.

## APPENDIX VII

---

### FIRST 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*

## APPENDIX VIII

---

### SECOND REVIEW OF THE RESOLUTION ESTABLISHING THE INSPECTION PANEL

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

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

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

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

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

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

- e. The related loan has not been closed or substantially disbursed (Resolution para. 14c).
  - f. The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request (Resolution para. 14d).
10. Issues of interpretation of the Resolution will be cleared with the Board.
  11. The “preliminary assessment” concept, as described in the October 1996 Clarification, is no longer needed. The paragraph entitled “The Panel’s Function” in the October 1996 “Clarifications” is thus deleted.
  12. The profile of Panel activities, in-country, during the course of an investigation, should be kept as low as possible in keeping with its role as a fact-finding body on behalf of the Board. The Panel’s methods of investigation should not create the impression that it is investigating the borrower’s performance. However, the Board, acknowledging the important role of the Panel in contacting the requesters and in fact-finding on behalf of the Board, welcomes the Panel’s efforts to gather information through consultations with affected people. Given the need to conduct such work in an independent and low-profile manner, the Panel—and Management—should decline media contacts while an investigation is pending or under way. Under those circumstances in which, in the judgment of the Panel or Management, it is necessary to respond to the media, comments should be limited to the process. They will make it clear that the Panel’s role is to investigate the Bank and not the borrower.
  13. As required by the Resolution, the Panel’s report to the Board will focus on whether there is a serious Bank failure to observe its operational policies and procedures with respect to project design, appraisal, and/or implementation. The report will include all relevant facts that are needed to understand fully the context and basis for the panel’s findings and conclusions. The Panel will discuss in its written report only those material adverse effects, alleged in the request, that have totally or partially resulted from serious Bank failure of compliance with its policies and procedures. If the request alleges a material adverse effect and the Panel finds that it is not totally or partially caused by Bank failure, the Panel’s report will so state without entering into analysis of the material adverse effect itself or its causes.
  14. For assessing material adverse effect, the without-project situation should be used as the base case for comparison, taking into account what baseline information may be available. Non-accomplishments and unfulfilled expectations that do not generate a material deterioration compared to the without-project situation will not be considered as a material adverse effect for this purpose. As the assessment of material adverse effect in the context of the complex reality of a specific project can be difficult, the Panel will have to exercise carefully its judgment on these matters, and be guided by Bank policies and procedures where relevant.
  15. A distinction has to be made between Management’s report to the Board (Resolution para. 23), which addresses Bank failure and possible Bank remedial efforts,

and “action plans,” agreed between the borrower and the Bank, in consultation with the requesters, that seek to improve project implementation. The latter “action plans” are outside the purview of the Resolution, its 1996 clarification, and these clarifications. In the event of agreement by the Bank and borrower on an action plan for the project, Management will communicate to the Panel the nature and outcomes of consultations with affected parties on the action plan. Such an action plan, if warranted, will normally be considered by the Board in conjunction with the Management’s report, submitted under Resolution para. 23.

16. The Panel may submit to the Executive Directors for their consideration a report on their view of the adequacy of consultations with affected parties in the preparation of the action plans. The Board should not ask the Panel for its view on other aspects of the action plans nor would it ask the Panel to monitor the implementation of the action plans. The Panel’s view on consultation with affected parties will be based on the information available to it by all means, but additional country visits will take place only by government invitation.
17. The Board underlines the need for Management to make significant efforts to make the Inspection Panel better known in borrowing countries, as specified in the 1996 “Clarifications.”
18. The Board emphasizes the importance of prompt disclosure of information to claimants and the public, as stipulated in the Resolution (paras. 23 and 25) and in its 1996 Clarifications. The Board requires that such information be provided by Management to claimants in their language, to the extent possible.
19. The Board recognizes that enhancing the effectiveness of the Inspection Panel process through the above clarifications assumes adherence to them by all parties in good faith. It also assumes the borrowers’ consent for field visits envisaged in the Resolution. If these assumptions prove to be incorrect, the Board will revisit the above conclusions.

## APPENDIX IX

---

### JOINT STATEMENT ON THE USE OF COUNTRY SYSTEMS

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

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

We are in agreement that the country systems strategy would not change the role of the Inspection Panel as set forth in the 1993 Resolutions establishing the Panel. The Inspection Panel will continue to investigate whether Management is in compliance with its policies and procedures in the design, appraisal, and implementation of projects and programs. This means that if a request were filed with the Inspection Panel in the context of the Mexico Decentralized Infrastructure Reform and Development Loan Project, the Inspection Panel could, with regard to the issues raised, examine Management's assessment of the equivalence of the relevant Bank policies and procedures with the country system (and any additional measures agreed upon to achieve equivalence) in materially achieving the objectives of Bank policies and procedures, as well as Management's supervision of the project. The operational framework for the specific project or program agreed upon with the borrower would be the frame of reference for the borrower's performance and the Bank's supervision.<sup>1</sup>

Edith Brown Weiss  
Chairperson  
The Inspection Panel

Roberto Danino  
Senior Vice President and General Counsel  
The World Bank

*June 8, 2004*

---

<sup>1</sup> The Bank would continue to be bound by OP/BP 13.05 on Supervision, and the Inspection Panel would review Bank compliance with OP/BP 13.05. The Borrower will be supervised by the Bank, based on its implementation of the contractual arrangements reflected in the legal agreements.

## APPENDIX X

---

### **MEMORANDUM OF UNDERSTANDING, THE WORLD BANK INSPECTION PANEL AND THE COMPLIANCE REVIEW AND MEDIATION UNIT OF THE AFRICAN DEVELOPMENT BANK, NOVEMBER 28, 2007**

November 28, 2007

#### **MEMORANDUM OF UNDERSTANDING**

1. The World Bank Inspection Panel and the Compliance Review and Mediation Unit (CRMU) of the African Development Bank (AfDB) Group intend to cooperate in certain aspects of their respective investigations into the Uganda: Private Power Generation Project (Bujagali)/Bujagali Hydropower and Bujagali Interconnection Projects (the “Project”). This memorandum of understanding (MOU) sets forth the elements of this cooperation, which focus on the use of consultants to assist the Inspection Panel and CRMU in carrying out the investigations of the Project.
2. This cooperation is intended to promote efficiency so that each entity can carry out its investigation in an effective manner, consistent with the mandate and independence of each. The nature of cooperation described below is feasible and desirable given the respective mandates of the institutions, the similarities in process that they follow, and the similar nature of the matter which is subject to investigation. At all times, the cooperation must remain within the requirements and constraints of their respective mandates, rules and procedures, including requirements of confidentiality and disclosure of information.

#### *General*

3. The Inspection Panel is conducting an investigation, authorized by the World Bank’s Board of Executive Directors on May 18, 2007, into whether the Bank observed its policies and procedures during the design, appraisal and supervision of the Uganda: Private Power Generation Project (Bujagali).
4. The CRMU is conducting a compliance review, authorized by the AfDB Groups’ Boards of Directors on 7 September 2007, into whether the Bank Group has complied with its own policies and procedures in the design, appraisal and implementation of the Uganda: Bujagali Hydropower and Bujagali Interconnection Project.

### *The Consultants*

5. It is anticipated that the following consultants (“the Consultants”) will be involved to assist in the investigations of the Project:

The Inspection Panel and the CRMU, as required, have provided these consultants with separate terms of reference for their assignments, which address a number of matters and issues of common concern to the investigations.

#### **a. Sharing of Information Developed by Consultants**

6. Set forth below are the elements of cooperation between the Inspection Panel and the CRMU in sharing information developed by the Consultants. It is understood at all times that each entity, the Inspection Panel and the CRMU, will apply its own policies and procedures in their respective investigations and will arrive independently at its own finding and conclusions regarding the application of the policies and procedures of the World Bank/IDA and the African Development Bank Group, respectively, and related issues of harm.

##### *(i) The Investigation Visit in Uganda*

7. The Inspection Panel and the CRMU intend to carry out a joint inspection visit to the Project area as part of the investigation process. The visit is expected to take place at a mutually agreeable time sometime in November or December 2007. The visit will include, among other elements, meetings and interviews with requesters and project-affected people and communities, government officials, the Project sponsor, members and representatives of civil society, and others. The visit is likely to last around 7 to 12 days.
8. Is it expected that four of the Consultants, noted above, would participate in the joint inspection visit. One or more of the Consultants may be able to stay for a shorter or longer period of time, based on the needs of the investigation and the respective Terms of Reference (TORs).
9. The Inspection Panel and the CRMU agree that it would be equitable to split the time and the travel costs of the Consultants for their participation in the joint inspection visit. The modalities of their terms will be developed in line with the procedures and requirements of the respective institutions.

##### *(ii) Draft Reports Prepared by Consultants (the “Common Report”)*

10. The Inspection Panel and the CRMU intend to each pay an equitable share of the analysis of the Consultants to cover the development by each Consultant of a draft report on factual and technical issues addressed in their TORs. This shall be known as the “Common Report,” and it will address matters of common interest and concern to the respective investigations.

##### *(iii) Additional Analysis and other Related Tasks by Consultants*

11. As needed, each entity may decide to use and pay for additional time for one or more of the Consultants for purposes of follow-up analysis, interviews of staff members, report writing and other related tasks. It is agreed that these activities of

the Consultants will be arranged and paid for by each entity individually, in accordance with the relevant terms of reference and internal contracting procedures.

*(iv) Participation of Consultants in Interviews (other than in-country visit)*

12. Each institution will carry out separately and independently interviews of relevant staff and Consultants of the respective institutions involved in the Project, in line with its own procedures. The contents of these interviews will remain fully confidential, and their use and disclosure is protected by the individual contracts between the institutions and the Consultants.
13. The Inspection Panel and the CRMU may use one or more of the Consultants to participate in their respective interviews. It is agreed that these activities of the Consultants will be arranged and paid for by each entity individually, in accordance with the relevant terms of reference.

**b. Confidentiality**

14. The cooperation and sharing of information between the Inspection Panel and CRMU shall be subject to the confidentiality and disclosure of information requirements of each respective institution. While the reports and follow-up analysis provided by the Consultants may be shared among the two entities, such reports and analysis and all other information gathered and produced by Consultants shall otherwise remain subject to all applicable confidentiality requirements, including those specified in the respective terms of reference and letters of appointment or contracts.

*Modifications, Unforeseen Circumstances*

15. The Inspection Panel and the CRMU enter the above arrangements in good faith and in a spirit of cooperation, in support of their respective missions and mandates. Both entities appreciate that this effort at cooperation is perhaps the first of its kind, and that unforeseen circumstances or other factors might arise that pose difficulties in relation to one or more of the elements noted above. The cooperation also will depend on the ability of the Consultants to work effectively in the above-described manner of cooperation.
16. Accordingly, each entity considers that the above elements should be applied with a degree of flexibility to allow for change and adjustment as may be needed, and in light of circumstances as they arise. Any such changes or adjustments should be considered and carried out in a spirit of cooperation and consultation.

For the Inspection Panel  
Peter Lallas  
*Executive Secretary*

For the CRMU  
Per Eldar Sovik  
*Director*

## APPENDIX XI

---

### GUIDANCE ON THE INSPECTION PANEL

#### PANEL PROCESS

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

- The Panel determines whether the Request is barred from Panel consideration.
- If not, the Panel registers the Request—an administrative procedure.
- The Panel promptly notifies the members of the Board that a Request has been received and sends the Request to them and to Bank Management.
- Bank Management has 21 working days to respond to the allegations of the Requesters.
- Upon receipt of Management's Response, the Panel conducts a review in 21 working days to determine the eligibility of the Requesters and the Request for an Investigation.
- The Panel delivers its Eligibility Report and any recommendation on an Investigation to the Board for its approval on a no-objection basis.
- If the Panel does not recommend an investigation, the Board of Executive Directors may still instruct the Panel to conduct an investigation if warranted.
- After the Board's approval of the Panel's recommendation, the Requesters are notified.
- Shortly after the Board decides whether an investigation should be carried out, the Panel's Report (including the Request for Inspection and Management's Response) is publicly available at the Bank's InfoShop and the respective Bank Country Office, as well as on the Panel's Web site (<http://www.inspectionpanel.org>).
- If the Board approves the Panel's recommendation for an investigation,<sup>1</sup> the Panel undertakes an investigation. The investigation is not time bound.
- When the Panel completes an investigation, it sends its findings on the matters alleged in the Request for Inspection to the Board and to Bank Management for its response to the Panel findings.

---

<sup>1</sup> See "1999 Clarification 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 . . ." <http://www.inspectionpanel.org> and included in appendix 8 of this report.

- 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 makes the final decision on what should be done based on the Panel's findings and Bank Management's recommendations.
- Shortly after the Board's decision, the Panel's Report and Management's Recommendation are publicly available through the Inspection Panel's Web site and Secretariat, the Bank's InfoShop, and the respective Country Office.
- The Panel's Report, Management's Response, and the press release concerning the Board's decision are posted on the Panel's Web site (<http://www.inspectionpanel.org>).

### **WHO MAY SUBMIT A REQUEST FOR INSPECTION?**

- Any two or more persons directly affected by a Bank-supported Project
- Local representatives on behalf of directly affected persons with proper proof of authorization
- Subject to Board approval, a nonlocal representative (in exceptional circumstances where local representation is not available) may file a claim on behalf of locally affected persons.
- An Executive Director

### **WHAT ARE THE CRITERIA FOR RECOMMENDING AN INVESTIGATION?**

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

## **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 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. Do you know that the Bank is responsible for the aspects of the project that 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 separate documents as much other information as you think necessary. 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 The Inspection Panel, P.O. Box 27566, Washington, DC 20038, USA  
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

## APPENDIX XII

---

### THE INSPECTION PANEL BUDGET

JULY 1, 2008–JUNE 30, 2009

(THOUSANDS OF U.S. DOLLARS)	
Consultants <sup>a</sup>	690.7
Salaries <sup>b</sup>	1,012.3
Temporaries	55.5
Publications	65.8
Travel	435.5
Benefits	506.2
Communications and IT Services	96.2
Equipment and Building Services	2.4
Representation and Hospitality	5.9
Contractual Services	37.4
Other Expenses	15.6
Office Occupancy	168.0
<b>Total Expenses</b>	<b>3,091.5</b>
<b>Current Budget</b>	<b>3,146.2</b>

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

a. Includes Panel Members' fees.

b. Includes Chairperson's salary.

## REFERENCES

---

- Alfredsson, Gudmundur. 2001. "Introduction – Broadening the Scope of Applicable Standards." In *The Inspection Panel of the World Bank: A Different Complaints Procedure*, ed. G. Alfredsson and Rolf Ring, 47–66. The Hague; Boston: Martinus Nijhoff Publishers.
- Ayensu, Edward S. 2002. "Remarks of the Chairman of the Inspection Panel to the Board of Executive Directors on the Chad-Cameroon Pipeline Projects." World Bank, Washington, DC.
- Bello, Olusola, and Martin Ayankola. 2008. "Fresh \$400m Compensation Paid over W/African Pipeline." *Businessday*, October 22. [http://www.businessdayonline.com/index.php?option=com\\_content&view=article&id=758:fresh-400m-compensation-paid-over-wafrican-gas-pipeline&catid=1:latest-news&Itemid=18](http://www.businessdayonline.com/index.php?option=com_content&view=article&id=758:fresh-400m-compensation-paid-over-wafrican-gas-pipeline&catid=1:latest-news&Itemid=18).
- Blagescu, Monica, and Robert Lloyd. 2006. *2006 Global Accountability Report: Holding Power to Account*. London: One World Trust.
- Bissell, Richard E. 1997. "Recent Practice of the Inspection Panel of the World Bank." *American Journal of International Law* 91: 741–4.
- . 2001. "Institutional and Procedural Aspects of the Inspection Panel." In *The Inspection Panel of the World Bank: A Different Complaints Procedure*, ed. G. Alfredsson and Rolf Ring, 107–26. Leiden, the Netherlands: Kluwer Law International.
- Boisson de Chazournes, Laurence. 1999. "Public Participation in Decision Making: The World Bank Inspection Panel." In "The World Bank, International Financial Institutions, and the Development of International Law," ed. E. Brown Weiss, A. Rigo Sureda, and L. Boisson de Chazournes. *Studies in Transnational Legal Policy* No. 31, American Society of International Law.
- . 2001. "Compliance with International Standards: The Contribution of the World Bank Inspection Panel." In *The Inspection Panel of the World Bank: A Different Complaints Procedure*, ed. G. Alfredsson. New York: Springer Publishing. Cited in Alfredsson, Gudmundur, and Rolf Ring, eds. 2001. *The Inspection Panel of the World Bank: A Different Complaints Procedure*. The Hague; Boston: Martinus Nijhoff Publishers.
- . 2005. "The World Bank Inspection Panel: About Public Participation and Dispute Settlement." In *Civil Society, International Courts, and Compliance Bodies*, eds. Tullio Treves and others. 187–203. The Hague: TMC Asser Press.
- Boisson de Chazournes, Laurence, Cesare P. R. Romano, and Ruth Mackenzie, eds. 2002. *International Organizations and International Dispute Settlement: Trends and Prospects*. Ardsley, NY: Transnational Publishers.
- Bottelier, Pieter. 2001. "Was World Bank Support for Qinghai Anti-Poverty Project in China Ill-Considered?" *Harvard Asia Quarterly* 5 (1). [http://www.asiaquarterly.com/index.php?option=com\\_content&task=view&id=96&Itemid=40](http://www.asiaquarterly.com/index.php?option=com_content&task=view&id=96&Itemid=40).
- Bradlow, Daniel D. 1994. "International Organizations and Private Complaints: The Case of the World Bank." *Virginia Journal of International Law* 34: 553–613.

- . 2001. “Lessons from the NGO Campaign Against the Second Review of the World Bank Inspection Panel: A Participant’s Perspective.” *Journal of International and Comparative Law* 7 (Spring): 248.
- . 2005. “Private Complainants and International Organizations: A Comparative Study of the Independent Inspection Mechanisms in International Financial Institutions.” *Georgetown Journal of International Law* 36 (Winter): 403.
- Bridgeman, Natalie, and David Hunter. 2008. “Narrowing the Accountability Gap: Toward a New Foreign Investor Accountability Mechanism.” *Georgetown International Environmental Law Review*, January 1.
- Bridgeman, Tess. 2008. “Accountability and Credibility at the World Bank: An Analysis of the Effectiveness of the World Bank Inspection Panel in its First Decade.” Unpublished briefing paper.
- Brown Weiss, Edith, and Harold K. Jacobson, eds. 2000. *Engaging Countries: Strengthening Compliance with International Environmental Accords*. Boston, MA: MIT Press.
- Brown Weiss, Edith, Peter L. Lallas, and Anna Sophie Herken. 2009. “The World Bank Inspection Panel: Participation and Accountability.” In *Envisioning Reform: Enhancing UN Accountability in the 21st Century*, ed. Sumihiro Kuyama and Michael Ross Fowler. Tokyo: United Nations University Press.
- Carrasco, Enrique, and Alison K. Guernsey. 2008. “The World Bank’s Inspection Panel: Promoting True Accountability Through Arbitration.” *Cornell International Law Journal* 41 (3): 577–630.
- Chambers, Robert. 1994. “Foreword .” In *Beyond Farmer First: Rural People’s Knowledge, Agricultural Research and Extension Practice*, ed. Ian Scoones and John Thompson. London: Intermediate Technology Publications.
- Clark, Dana L. 2002. “The World Bank and Human Rights: The Need for Greater Accountability.” *Harvard Human Rights Journal* 15 (Spring): 205–26. <http://www.law.harvard.edu/students/orgs/hrj/iss15/clark.shtml>.
- . 2003. “Understanding the World Bank Inspection Panel.” In *Demanding Accountability: Civil Society Claims and the World Bank Inspection Panel*, ed. D. Clark, J. Fox, and K. Treakle, 1–24. Lanham, MD: Rowman & Littlefield Publishers.
- Clark, Dana, Jonathan Fox, and Kay Treakle. 2003. *Demanding Accountability: Civil-Society Claims and the World Bank Inspection Panel*. Lanham, MD: Rowman & Littlefield.
- Debroux, L. T. Hart, D. Kaimowitz, A. Karsenty, and G. Topa, eds. 2007. *Forests in Post-Conflict Democratic Republic of Congo: Analysis of a Priority Agenda*. Bogor, Indonesia: CIFOR, World Bank, CIRAD.
- Fifty Years is Enough. 1999. “The World Bank’s Inspection Panel: Background and an Update.” Economic Justice News Online 2.3. <http://www.50years.org/cms/ejn/story/223>.
- FOEI (Friends of the Earth International) and IAP (International Accountability Project). 2004. “Strategic Guide: Strategic Tips for Filing Complaints with International Financial Institutions.” Friends of the Earth International and International Accountability Project, Berkeley, CA
- Fox, Jonathan. 2001. “The World Bank Inspection Panel and the Limits of Accountability.” In *Reinventing the World Bank*, ed. Jonathan R. Pincus, and Jeffrey Winters, 131–63. Ithaca, NY: Cornell University Press.
- Freestone, David. 2003. “The Environmental and Social Safeguard Policies of the World Bank and the Evolving Role of the Inspection Panel.” In *Economic Globalization and Compliance with International Environmental Agreements*, ed. Alexandre Kiss, Dinah Shelton, and Kanami Ishibashi, 139–56. The Hague, The Netherlands: Kluwer Law International.

- Hunter, David. 1996. Interview with Juliette Majot of BankCheck. *BankCheck Quarterly* No. 14, May.
- . 2003. “Using the World Bank Inspection Panel to Defend the Interests of Project-Affected People.” *Chicago Journal of International Law* 4 (1): 201–11.
- Hunter, David, and Lori Udall. 1994. “The World Bank’s New Inspection Panel: Will it Increase the Bank’s Accountability.” CIEL Brief No. 1, Center for International Environmental Law, Washington, DC.
- Inspection Panel. 2003. “Accountability at the World Bank: The Inspection Panel 10 Years On.” World Bank, Washington, DC.
- Lloyd, Robert, Jeffrey Oatham, and Michael Hammer. 2007. *2007 Global Accountability Report*. London: One World Trust.
- Morse, Bradford, and Thomas Berger. 1992. *Sardar Sarovar: Report of the Independent Review*. Ottawa: Resource Futures International.
- Orakhelashvili, Alexander. 2005. “The World Bank Inspection Panel in Context: Institutional Aspects of the Accountability of International Organizations.” *International Organizations Law Review* 2 (1): 57–102.
- Perrault, Anne, and Steve Herz. 2008. “Bringing Human Rights Claims to the World Bank Inspection Panel.” Unpublished.
- Skogly, Sigrun. 2003. *The Human Rights Obligations of the World Bank and the IMF*. London: Cavendish Publishing.
- Sohn, Louie. 1982. “The New International Law: Protection of the Rights of Individuals Rather than States.” *American University Law Review* 32 (1): 1–64.
- Talpur, Mustafa, and Ann-Kathrin Schneider. 2007. “Shattered Lives and Broken Promises: The Unresolved Legacy of the World Bank’s National Drainage Program in Pakistan— an Eyewitness Account.” *International Rivers Network*, Berkeley, CA.
- Udall, Lori. 1994. “Statement of Lori Udall on Behalf of International Rivers Network, Friends of the Earth, Bank Information Center, Environmental Defense Fund, Greenpeace, Sierra Club.” In “World Bank Disclosure Policy and Inspection Panel: Hearing before the Subcommittee on International Development, Finance, Trade, and Monetary Policy of the Committee on Banking, Finance, and Urban Affairs—House of Representatives. 103rd Congress, Second Session (June 21).” Government Printing Office, Washington, DC.
- UN (United Nations). 1987. *Our Common Future*. New York: Oxford University Press.
- Wapenhans, Willi, et al. 1992. “Report of the Portfolio Management Task Force.” Unpublished, World Bank, Washington, DC.
- World Bank. 1996. “Review of the Resolution Establishing the Inspection Panel: 1996 Clarification of Certain Aspects of the Resolution.” World Bank, Washington, DC. <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/1996ReviewResolution.pdf>.
- . 1998. *The World Bank Inspection Panel: The First Four Years*. Washington, DC: World Bank
- . 1999. “1999 Clarification of the Board’s Second Review of the Inspection Panel.” World Bank, Washington, DC. <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/1999ClarificationoftheBoard.pdf>.
- . 2002. “The World Bank’s Environmental and Social Safeguard Policies.” World Bank, Washington, DC.
- Woods, Ngaire. 2001. “Making the IMF and the World Bank More Accountable.” *International Affairs* 77 (1): 83–100.