

THE INSPECTION PANEL



ANNUAL REPORT

July 1, 2003, to June 30, 2004

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ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
CASS	<i>Chotanagpur Adivasi Sewa Samiti</i>
CAPECE	Petroleum Environment Capacity Enhancement
CCH	Corporación Cartagena Honesta
CCL	Central Coalfields Limited
COINBIO	Indigenous and Community Biodiversity Project
COTCO	Cameroon Oil Transportation Company
CPSP	<i>Comité de Pilotage et de Suivi des Pipelines</i> —Pipeline Steering and Monitoring Committee
CSESMP	Coal Sector Environmental and Social Mitigation Project
CSRP	Coal Sector Rehabilitation Project
EA	Environmental Assessment
EA/EMP	Environmental Assessment/Environmental Management Plan
EBY	<i>Entidad Binacional Yacyretá</i>
ECMG	External Compliance and Monitoring Group
EIA	Environmental Impact Assessment
FEDAYIM	<i>Federación de Afectados por Yacyretá de Itapúa y Misiones</i>
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
GNP	Gross National Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IAG	International Advisory Group
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPDP	Indigenous Peoples Development Plan
IPE	Independent Panel of Experts
MMRDA	Mumbai Metropolitan Region Development Authority
MSSP	Manila Second Sewerage Project
MTSP	Manila Third Sewerage Project
MUTP	Mumbai Urban Transport Project
MWSS	Metropolitan Waterworks and Sewerage Systems
NAFIN	<i>Nacional Financiera</i>
NGO	Nongovernmental Organization

NOSRP	National Oil Spill Response Plan
NTPC	National Thermal Power Corporation
OD	Operational Directive
OP	Operational Policy
PAD	Project Appraisal Document
PAP	Project-Affected Person
PDA	<i>Programa de Desborde de Arroyos</i>
PROCYMAF	Community Forestry Project
RAP	Resettlement Action Plan
SCLR	Santa Cruz-Chembur Link Road
SDR	Special Drawing Rights
SEGBA	<i>Servicios Eléctrico Del Gran Buenos Aires, S.A.</i>
SNH	<i>Société Nationale des Hydrocarbures</i>
STDs	Sexually Transmitted Diseases
US	United States of America

UNITS AND MEASUREMENTS

km	kilometers
masl	meters above sea level
mi	miles
km ²	square kilometers
mi ²	square miles
US\$	United States dollar

LETTER OF TRANSMITTAL

The Annual Report of the Inspection Panel for the period July 1, 2003, to June 30, 2004, has been prepared for the International Bank for Reconstruction and Development and the International Development Association in accordance with the Resolution establishing the Panel. It is being circulated to the President and to the Executive Directors of these institutions.

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

Edith Brown Weiss
Chairperson
June 30, 2004

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

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

Current Members. The current members of the Panel are Maartje van Putten (member since October 1999), Edith Brown Weiss (member since September 2002), and Tongroj Onchan (member since September 2003). Panel members are required to select their Chairperson annually. The present chairperson is Edith Brown Weiss. The Chairperson of the Panel works full time; the other two members work on a part-time basis as the need arises.

Former Members. The former members of the Panel are Ernst-Günther Bröder (1994–1999), Richard Bissell (1994–1997), Alvaro Umaña (1994–1998), Jim MacNeill (1997–2002), and Edward Ayensu (1998–2003).

Secretariat. The Panel has a permanent Secretariat, headed by an Executive Secretary, Eduardo G. Abbott. The office also consists of two Assistant Executive Secretaries, Andrew P. Thomson and a position being filled; two Operations Officers, Tatiana Tassoni and Serge Selwan; and two Program Assistants, Nimanthi Attapattu and Pamela Fraser. The Secretariat provides administrative support to the Chairperson and Panel members, and assists the Panel in processing Requests, conducting investigations, and responding to queries from potential Requesters. The Secretariat also coordinates outreach activities, seminars, and other events; disseminates information as the need arises; and provides general research and logistical support to the members of the Panel.

MESSAGE FROM THE PANEL

The Inspection Panel has engaged in many activities during the past year in an effort to implement its mandate to provide an effective forum for affected people to complain that they have suffered or may suffer harm from a World Bank financed project or program because the Bank has not complied with its policies and procedures.

During the past year, the Panel registered five requests: one each from the Philippines, Mexico, and Colombia, and two from India. The Panel did not make a formal recommendation regarding an inspection in the first two requests, but retained the option of making a recommendation later pending satisfaction of a procedural requirement (the Philippines Request) or specific developments (the Mexico Request). The Panel recommended an investigation in response to the request from Colombia, which the Board of Executive Directors has approved on a non-objection basis. The requests from India relate to the same project and are being processed jointly. The Panel's recommendation on those requests will be completed during the next fiscal year.

The Panel completed its investigation of the Yacyretá Hydroelectric Project, which was undertaken in response to a request from Paraguay, and presented its findings before the Board of Executive Directors on May 6, 2004. The Project is financed in part by the Paraguay: Reform Project for Water and Telecommunications Sectors, and the Argentina: SEGBA V Power Distribution Project. At the request of the Board, the Panel will review and assess Management's actions in response to the Panel's Report and the Board's discussion. Management is to report back to the Board in ninety days from the Board's meeting. On July 22, 2003, the Panel presented its findings on two other investigations: one on the Petroleum Development and Pipeline Project and the Petroleum Environment Capacity Enhancement Project in Cameroon and the other on the Coal Sector Environmental and Social Mitigation Project in India.

At the invitation of the Board of Executive Directors, the Chairperson of the Panel presented a statement to the Board regarding the Panel's role in a proposed pilot project for using a country systems approach to implementing the Bank's safeguard and other policies. The Panel's Chairperson and the Senior Vice President and General Counsel issued a Joint Statement to the Board affirming the continued role of the Inspection Panel under the country systems approach.¹

A major focus of the Panel this year has been outreach to civil society. To celebrate its 10th anniversary, the Panel prepared a book entitled *Accountability at the World Bank: Ten Years On*, which has been published in four languages. The book provides an his-

¹ The text of the Joint Statement is in Annex 2.

torical introduction to the Panel; analyzes Requests for Inspection brought to the Panel through June 1993; provides various maps, figures, and tables regarding the requests; and includes an extensive bibliography of literature on the Panel. The Panel has also produced a new brochure, which includes basic information about the requirements for filing a Request for Inspection and for contacting the Panel. The brochure has been published in 12 languages. The Panel has also developed posters and flyers, which have been made available at various public meetings and are intended for posting in Public Information Centers and/or Country Offices of the World Bank. In addition, the World Bank Web site now contains more accessible and detailed references to the Inspection Panel, including a specific link to the Panel on its initial page for projects. The Panel is re-designing its own Web site, to facilitate easier access to relevant materials and to ensure that reports from all of its requests are readily accessible.

At the 2003 Annual Meetings of the World Bank and the International Monetary Fund held in Dubai, UAE, the Panel presented a seminar on Accountability and the Inspection Panel as part of the official Program of Seminars. In January 2004, the Panel was invited to speak at a seminar at the World Social Forum in Mumbai, India. In addition, the Panel has organized or co-organized symposia on accountability and the Inspection Panel in several regions, including one co-organized with the Ghana Academy of Sciences with the assistance of the Panel's former Chairman, Prof. Edward Ayensu; one with the Graduate Institute of International Studies in Geneva, Switzerland; and one with the CEE Bankwatch Network in Tbilisi, Georgia. Panel Members have also spoken at various international meetings, and held regular meetings with nongovernmental organizations.

On May 21, 2004, the Inspection Panel held the first informal meeting of principals of the various accountability mechanisms at international financial and related institutions. These included the International Finance Corporation, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Monetary Fund, the Japan Bank for International Cooperation, Export Development Canada, and the Citizens' Submissions Unit of the North American Commission on Environmental Cooperation. Participants exchanged views on a wide range of issues of mutual concern.

Part of the Panel's mission this year has been to familiarize World Bank staff with the Inspection Panel and to respond to any questions they may have. On November 4, 2003, the Panel held for the first time a Town Hall Meeting, open to all staff, in which Panel Members spoke about the Panel and responded to comments and questions from the audience. The Panel also prepared for the first time a staff brochure, which provides basic details about the Panel and lets staff know what to expect should one of their projects or programs be subject to a Request. The brochures have been distributed at headquarters and to the country offices.

In all of these efforts, the Panel's Secretariat has been essential. The Panel takes this opportunity to express its gratitude for the excellent support that members of the Secretariat have provided and for their continued dedication to the mission of the Panel.

Edith Brown Weiss, Chairperson
Maartje van Putten
Tongroj Onchan
June 30, 2004

THE INSPECTION PANEL

The World Bank created the Inspection Panel in 1993, on the eve of the Bank's 50th anniversary, to serve as an independent mechanism to ensure accountability in Bank operations with respect to its Policies and Procedures.² It was an unprecedented act in the history of international financial institutions. Since its inception, the Panel has provided people affected by Bank-financed Projects with direct access to an international forum where their complaints can be addressed. After almost five years of the Panel's operation, in April 1999, the Board confirmed "the importance of the Panel's function, its independence and integrity."³

Subject to Board approval, the three-member Panel is empowered to investigate problems that are alleged to have arisen as a result of the Bank having not complied with its own Operating Policies and Procedures. As directed by the Resolution that established the Panel, the Executive Directors reviewed the Panel's experience after two years of operations. The review was concluded on October 17, 1996, with the approval of certain Clarifications of the Resolution. In March 1998, the Board launched a second review of the Panel's operations, which ended in April 1999 with the approval of the second Clarifications of the Resolution (see Annexes 1, 2, and 3, respectively, for the full texts of the Resolution and the 1996 and 1999 Clarifications).

PANEL PROCESS

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

- The Panel decides whether the Request is or is not barred from Panel consideration.
- The Panel registers the Request—an administrative procedure.

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

³ *Conclusions of the Board's Second Review of the Inspection Panel* (hereinafter "1999 Clarifications"), IBRD and IDA Board of Executive Directors, April 20, 1999, at paragraph 1.

- The Panel promptly notifies the members of the Board that a Request has been received and sends the Request to them and to Bank Management.
- Bank Management has 21 working days to respond to the allegations of the Requesters.
- Upon receipt of Management’s Response, the Panel conducts a 21-working-day review to determine the eligibility of the Requesters and the Request.
- The Panel delivers its eligibility report and any recommendation on an investigation to the Board for its approval on a non-objection basis.
- If the Panel does not recommend an investigation and the Board accepts that recommendation, the case is considered closed.⁴
- After the Board’s approval of the Panel’s recommendation, the Requesters are notified.
- Shortly after the Board decides whether an investigation should be carried out, the Panel’s Report (including the Request for Inspection and Management’s Response) is publicly available at the Bank’s InfoShop and the respective Bank Country Office, as well as on the Panel’s Web site (www.inspectionpanel.org).
- If the Board approves the Panel’s recommendation for an investigation,⁵ the Panel undertakes an investigation. The investigation is not time-bound.
- When the Panel completes an investigation, it sends its findings on the matters alleged in the Request for Inspection to the Board and to Bank Management for its response to the Panel’s findings.
- Bank Management has six weeks to submit its recommendations to the Board on what, if any, actions the Bank should 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 Bank’s InfoShop and the applicable country office.
- The Panel’s Report, Management’s Response, and a press release concerning the Board’s decision are posted on the Panel’s Web site (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.

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

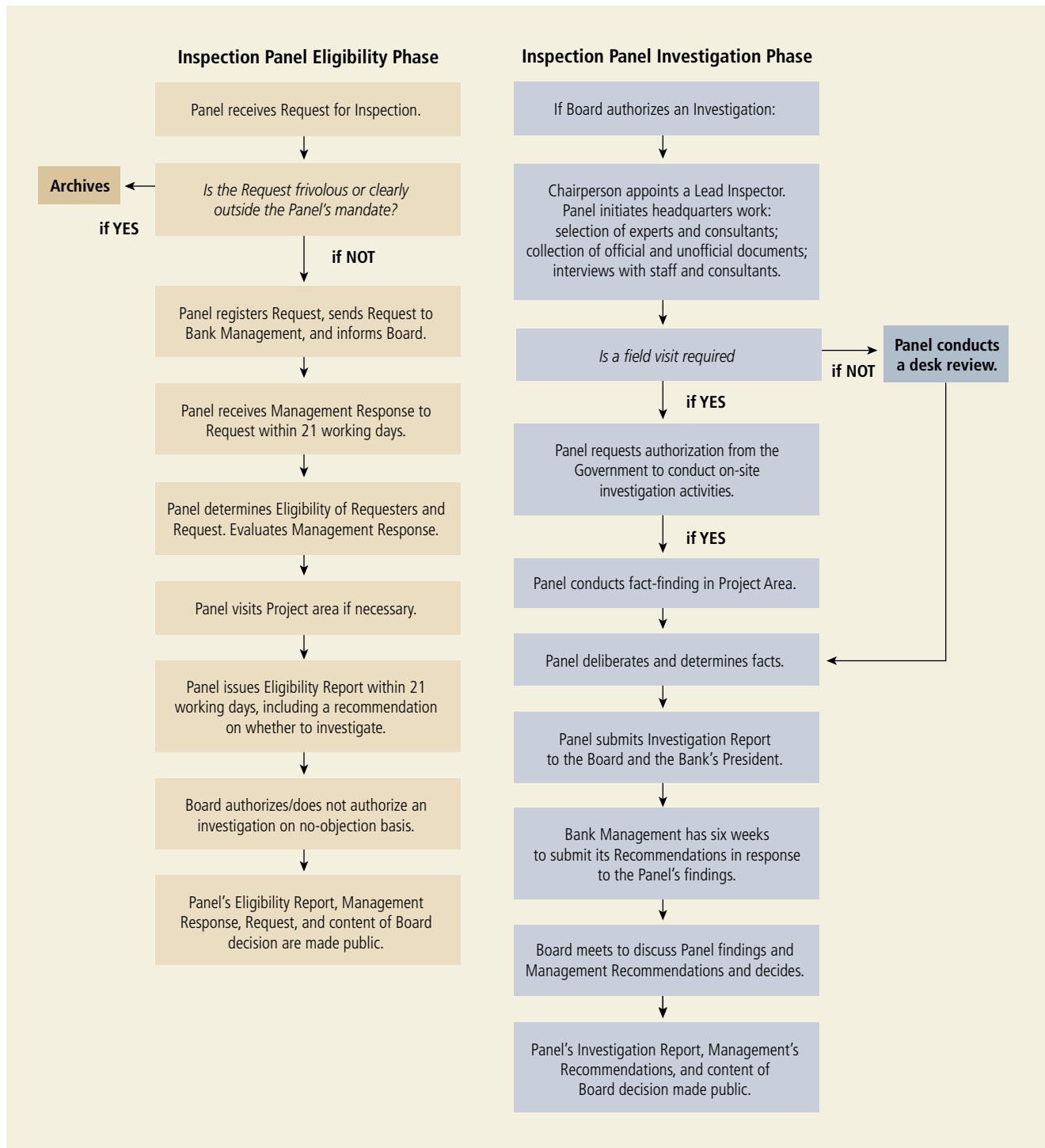
⁵ See Conclusions of the Board’s Second Review of the Inspection Panel, paragraph 9: “If the Panel so recommends, the Board will authorize an investigation without making judgment on the merits of the claimant’s request....” See 1999 Clarifications, available on the Inspection Panel’s Web site (www.inspectionpanel.org).

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

What are the criteria for recommending an Investigation?

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

FIGURE 1



REQUESTS RECEIVED IN FISCAL 2004

Manila Second Sewerage Project

(LOAN NO. 4019-PH)

BOX 1. PROJECT INFORMATION AT A GLANCE

Project Name:	Manila Second Sewerage Project
Region:	East Asia and Pacific
Sector:	Water, Sanitation, and Flood Protection
Environmental Category:	A
IBRD Loan Amount:	US\$57,000,000
Board Approval Date:	May 21, 1996
Effective Date:	March 17, 1998
Closing Date:	December 31, 2004

THE REQUEST

The Panel received a Request for Inspection on this Project on September 26, 2003. The Request was submitted by Timpuyog-Zambales, Inc., a local nongovernmental organization (NGO) based in Zambales, a province in the western section of the central Luzon region, along the coast of the South China Sea. The NGO submitted the Request on its own behalf and on behalf of about 1,300 local residents, mostly members of 28 local people's organizations and environmental advocates from Zam-

bales and Metro Manila. The Panel registered the Request on October 1, 2003.

The Requesters claimed to be adversely affected by one component of the Manila Second Sewerage Project (MSSP): sea dumping of liquid wastes from Metro Manila into the South China Sea 69 kilometers from Corregidor Island near the provinces of Bataan and Zambales, where the claimants live. The Requesters claimed that this component of the Project, scheduled to be carried out over five years from 2002 to 2007, was the source of pollution and harm to their communities and was not the least costly method of managing the sewage system. They claimed that effective land-based methods could be used that were more environmentally friendly and less costly, and that would provide a long-term, ecologically sound, and more cost-efficient approach. The Requesters claimed that concerns raised by various potentially affected sectors had not been adequately addressed. These concerns included possible health risks posed by the sea dumping; negative economic impacts on the coastal areas near the dumping site as the result of "red tide" or "fish kill" phenomena that could jeopardize the fishing industry; and destruction of coastal tourist destinations.

According to the Request, the concerned local governments and populations did not receive adequate information, nor were they consulted regarding the dumping. The Re-

requesters stated that the Provincial Board of Zambales passed several resolutions disapproving this component of the Project. One resolution demanded the cancellation of the project's Environmental Compliance Certificate because of the lack of adequate information to and consultation with the concerned local governments and their constituents. The Requesters noted that the Philippines Coast Guard had suspended the issuance of a dumping permit.

The Requesters also claimed that the project's implementing agency, Metropolitan Waterworks and Sewerage Systems (MWSS), conducted "dumping testing" between October 2001 and March 2002 but did not release the findings of the tests. The Requesters noted that MWSS failed to report the results of its monitoring activities to Project stakeholders, such as local governments and organized groups in affected areas.

In its Notice of Registration, the Panel stated that the Requesters' claims might constitute violations by the Bank of various provisions of the following Operational Policies and Procedures: OD 4.01 Environmental Assessment, OP/BP 10.04 Economic Evaluation of Investment Operations, OD/OP/BP 13.05 Project Supervision, and OP/BP 17.50 Disclosure of Information.

MANAGEMENT RESPONSE

The Panel received Management's Response to the Request on October 23, 2003. In its Response, Management stated that the Bank had followed the applicable Policies and Procedures and added that it did not believe that the Requesters' rights or interests had been, or were likely to be, directly and adversely affected by a failure of the Bank to implement its own Policies. Management stated that the Bank had agreed with the Borrower to undertake an Action Plan to address the Requesters' concerns and to stop ocean dumping under the Project. Management stated that it planned to initiate a dialogue with the Requesters and proposed to ask the Borrower to carry out several actions to deal with their concerns. These actions included disclosing the information (including the monitoring reports) requested by the Requesters and conducting an additional environmental review of the disposal option for lahar (hot mudflow composed of volcanic debris and water), with appropriate consultation and disclosure of the results, as part of the preparation for the proposed Manila Third Sewerage Project (MTSP). Management stated that it would continue to review and support the Borrower's preparation of the MTSP to expand sewerage and sanitation services in Metro Manila.



Management noted in its Response that it regretted that the Requesters' concerns were not raised with Bank staff before the Request was sent to the Panel, because the issues were already being addressed. Management stated that it believed the Bank had made every effort to apply its Policies and Procedures and to pursue its mission statement in the context of the Project.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION



During its visit to the Philippines to ascertain the eligibility of the Request for Inspection, the Panel met with the Requesters, Government authorities and officials of the implementing agencies, and Bank officials in the country office. The Panel also visited Zambales, the area potentially affected by the Project and met with local authorities, the fishermen's association, and many concerned citizens. The Panel found that the Request for Inspection and the Management Response contained conflicting assertions about and interpretations of the issues, the facts, compliance with Bank Policies and Procedures, and harmful effects. The Panel could only address these issues in the course of an investigation. However, the Panel found that the Requesters did not satisfy the procedural criterion in paragraph 9(c) of the 1999 Clarifications that they bring their concerns to the World Bank's attention before approaching the Panel, since they acknowledged that they contacted the Bank

and the Panel at the same time. The Panel observed that Management's Response indicated it had discussed sea dumping operations with the citizens of Zambales and with Timpuyog, who had opposed sea dumping from the beginning. This would seem to suggest that the procedural criterion had been met. But the Panel could find no instance in which World Bank staff had contact with them. Since the procedural criterion was not satisfied, the Panel could not make a recommendation on whether to investigate the subject matter of this Request. The Panel also noted that, since the Panel did not make a recommendation on the Request, the Requesters could approach the Panel again if they were dissatisfied with Management's actions on their claims.

The Panel submitted its Report and Recommendation to the Board on November 25, 2003. The Board approved the Panel's recommendation on a non-objection basis on December 15, 2003. The Request, Management Response, and Panel Eligibility Report were made public a few days later and are available on the Inspection Panel's Web site: www.inspectionpanel.org.

Subsequent to the filing of the Request for Inspection with the Panel, the subject matter of the Request was effectively addressed. An Amendment to the Loan Agreement signed by the Government of the Philippines on December 10, 2003, cancelled the sea dumping component of the Project. In addition, MWSS informed the Panel during its visit that the findings of the test dumping conducted between October 2001 and March 2002 would be disclosed to the Requesters. The results were disclosed on January 12, 2004.

Petroleum Development and Pipeline Project

(LOAN NO. 7020-CM)

THE REQUEST

On November 26, 2003, the Panel received a Request for Inspection regarding the Cameroon portion of the Petroleum Development and Pipeline Project. The Request referred to claims concerning inadequate compensation resulting from the Bank's non-compliance with its operational policy OD 4.30 on Involuntary Resettlement. The Panel did a preliminary assessment of the Request and found that it was inadmissible because it did not meet three of the necessary eligibility criteria as stated by paragraphs 12, 13, and 14 (d) of the Resolution and paragraphs 9 (a), (c), and (f) of the 1999 Clarifications.

First, the Request was submitted by only one signatory. Second, the Requester did not assert that he had first contacted Management to resolve the problem and was not satisfied with Management's response. Third, the Panel had already made a recommendation on the subject matter in its Report dated May 2, 2003.⁶ Therefore, the Panel did not register the Request.

On November 26, 2003, the Panel notified the Requester, Executive Directors, and President. The Panel forwarded the Requester's letter to the appropriate Management staff.

⁶ Under the terms of the Resolution that established the Panel, the Panel is prohibited from accepting a Request for Inspection, *inter alia*, if it is sent by a single individual, if the subject matter has not been reported to Management, and if the Panel has already made a recommendation on this matter in response to a previous Request and the current Request does not contain new evidence or information unknown at the time of the first Request.

Indigenous and Community Biodiversity Project

(GEF TRUST FUND GRANT NO. TF24372)

BOX 2. PROJECT INFORMATION AT A GLANCE

Project Name:	Indigenous and Community Biodiversity Project
Region:	Latin America and Caribbean
Sector:	Agriculture, Fishing, and Forestry
Environmental Category:	B
GEF Grant Amount:	SDR 5,800,000 (about US\$7.5 million)
Board Approval Date:	November 28, 2000
Effective Date:	June 6, 2001
Closing Date:	June 30, 2008

THE REQUEST

Members of the Comité Estatal de COINBIO Oaxaca (the Project's State Committee for Oaxaca), the Secretary of the Project's Natural Resources Committee representing Yautepec-Itsmo, and the Chief of the Commissioner's Office of Ixtlán de Juárez, Oaxaca, submitted a Request for Inspection related to this Project. The Panel received the Request (which was dated November 25, 2003) on January 26, 2004. The Requesters claimed that they were appointed members of the Project's Natural Resources Committees to represent the communities living

in Yautepec-Itsmo and Costa Sur in the state of Oaxaca. The Panel registered the Request on January 30, 2004.

The Requesters claimed that they, and the communities they represented, would be adversely affected by certain aspects of the execution of the Indigenous and Community Biodiversity (COINBIO) Project. The Project is partially financed by a Global Environmental Facility (GEF) grant; according to the grant documents, it provides for, among other things, the establishment of "State Committees" in the states of Oaxaca, Michoacan, and Guerrero. The committees were to be made up of six members, three of whom would represent the communities and *ejidos*.⁷

According to the Request, the Bank violated its Policies and Procedures on Project Supervision and Indigenous Peoples by proposing a restructuring of the Project without

⁷ An *ejido* is a land-holding consisting of either indigenous or nonindigenous members with rights, stipulated in law, in communal resources under which an individual family has a right to an individual plot of land allocated by communal decision, as well as access to communally owned lands (often forest lands, pasture, and watercourses).

involving the State Committees. The Requesters stated that, in their view, the restructuring proposal meant that the State Committees would be stripped of their powers, and the Project would revert to a vertical decision-making approach rather than the horizontal decision-making approach used so far, which is required by the Bank's Indigenous Peoples Policy and the Grant Agreement. The Requesters claimed that the Bank violated these policies by giving its approval, on a non-objection basis, to the removal of the State Coordinators for Oaxaca and Guerrero without consulting the State Committees, as required by the Grant Agreement.

The Requesters stated that they believed their rights had been adversely affected as a result of the Bank's breach of the agreement. They stated that they did not agree with the unjustified removal of the coordinators for the states of Oaxaca and Guerrero, because it created an environment of uncertainty in the regions where the Project was being implemented. They claimed that this violation of the process had led the beneficiary communities to fear that the Project currently under way would not be continued or that the rules of operation governing the Project would be changed and the money for the Project given directly to service providers rather than to the communities. The Requesters stated that they had been actively participating in the COINBIO meetings in Oaxaca but feared that their views would not be taken into account. They claimed that the Bank was responsible for the situation because it supported the removal of the State Coordinators and their replacement by coordinators from the Community Forestry Project (PROCYMAF), which is also financed by the Bank but unrelated to COINBIO. The Requesters further claimed that the Bank had suggested modifications to the Project "to divest the State Committees of their authority and vest the national coordinator with full powers." The Requesters stated that they had submitted their complaints to Bank officials but had failed to receive a positive response. They also alleged that Bank officials did not honor an agreement made in a November 5, 2003, meeting to authorize reinstating the previously removed State Coordinators.

MANAGEMENT RESPONSE

Management submitted its Response to the Panel on March 2, 2004. The Response described the participatory nature of the Project, explained the organization of rural communities in Mexico, and provided the historical background and organizational structure of the Project. Management addressed compliance with OD 4.20 Indigenous Peoples during Project preparation and analyzed the issue of compliance with OD 13.05 and OP/BP 13.05 Supervision.

The Response asserted that, with respect to the requirements of OD 4.20, the Project design incorporated the requisite elements of an Indigenous Peoples Develop-





ment Plan (IPDP) and that the Project Appraisal Document (PAD) was regarded in its entirety as an IPDP, as 80 percent of the people affected by the Project are indigenous peoples. The Response emphasized that Project preparation benefited from intensive social assessment and that many meetings were held with indigenous communities and groups of leaders to develop the Project design, which incorporated local patterns of community governance and traditional leadership. Management added that the grant recipient, Nacional Financiera (NAFIN), had ensured that community traditions were respected by fostering participation of community representatives in various decisions regarding the Project.

With regard to the Requesters' claims that Project implementation was not in compliance with OD 4.20 Indigenous Peoples, Management stated that it believed Project implementation was in compliance with the OD. Management claimed that the representatives of the forest communities had participated actively in decision making for the Project in the three participating states and that, to date, 93 Subprojects (16 in Guerrero, 42 in Oaxaca, and 35 in Michoacan) had been approved by the State Committees and had received financing from the GEF Grant.

With regard to project supervision, Management stated that since June 2001, eight supervision missions had been undertaken. In addition, as required by the Grant, NAFIN had submitted Progress Reports and Annual Reviews on Project Implementation. Management acknowledged some problems with the implementation of the Project, such as the late hiring of a National Coordinator, but claimed that, since mid-2002, actions had been taken to improve Project implementation and achieve compliance with the GEF Grant Agreement. The Response noted that the Bank proposed measures to improve Project implementation and conducted intensive supervision that led to changes in the status quo of the Project; these changes caused apprehension and led to resistance from the State Coordinators of the three states and some members of the State Committee of Oaxaca.

The Response noted that the Project was two years behind schedule; the targets for the Subprojects had not been met; and implementation had not begun for some of the components.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found that the Request and the Management Response contained conflicting assertions and interpretations about the issues, the facts, compliance with Bank Policies and Procedures, and harm. However, the Panel noted that in this case several considerations applied and stated that "with regard to the Requesters' claim regarding the termination of the State Coordinators, Management has already admitted that the procedures for terminating the coordinators were inadequate and has committed in discussion to remedying its participation in the Project. An investigation on this issue, which could be a rather lengthy process, might not contribute to the appropriate and speedy resolution

of the State Coordinator problem and other personnel issues raised by the Requesters.” The Panel added: “On the other hand, the Panel continues to be very concerned that a restructuring of the Project not be detrimental to the interests of the indigenous communities. Because the specific proposals for Project changes and restructuring have emerged only during the Workshop in mid-March after the Request was filed and since Bank Management has committed to having the State Committees consent to Project restructuring or other changes, the Panel believes that an investigation would not be the best course of action at this time. Since the Panel is not making a recommendation on this issue, the Requesters may still have recourse to the Panel if they consider there are serious violations of Bank policies and procedures causing material adverse effects which are based on specific acts or omissions of the Bank relating to restructuring and implementation of the Project. In this event, the Panel may recommend an investigation to the Board of Executive Directors.”

The Panel submitted its Report and Recommendation to the Board on March 31, 2004. The Board approved the Panel’s position on a non-objection basis on April 22, 2004. The Request, Management Response, and Panel Eligibility Report were made public a few days later and are available on the Inspection Panel’s Web site: www.inspectionpanel.org. Since the Panel’s Report, the issues relating to the termination of the State Coordinator of Oaxaca have been addressed, and significant steps have been taken regarding the structure of the Project to ensure the participation of the communities.

Cartagena Water Supply, Sewerage, and Environmental Management Project

(LOAN NO. 4507-CO)

BOX 3. PROJECT INFORMATION AT A GLANCE

Project Name:	Cartagena Water Supply, Sewerage, and Environmental Management Project
Region:	Latin America and Caribbean
Sector:	Water, Sanitation, and Flood Protection
Environmental Category:	A
IBRD Loan Amount:	US\$85,000,000
Board Approval Date:	July 20, 1999
Effective Date:	June 6, 2001
Closing Date:	December 31, 2004

THE REQUEST

On April 20, 2004, the Inspection Panel received a Request for Inspection dated April 19, 2004, from members of a Colombian nongovernmental organization (NGO), Corporación Cartagena Honesta. The Request was filed on behalf of the NGO and 125 Punta Canoa residents, 139 Arroyo de Piedra residents, 41 Manzanillo residents, and 119 Cartagena residents. The Panel registered the Request on April 22, 2004.

The Request concerns the proposed construction of a 23.85 kilometer pipeline and submarine outfall system that would carry the “untreated” wastewater from the city of Cartagena and discharge it into the Caribbean Sea at a point about 2.85 kilometers from the coastal fishing villages of Punta Canoa, Arroyo de Piedra, and Manzanillo. The Requesters claim that the proposed submarine outfall will cause harm to human health and pollute the marine environment in the area. They allege that the outfall is designed to discharge on average 227,000 cubic meters (about 60 million gallons) per day of effluent that will have been subject only to preliminary treatment—filtering of solids—which is less than primary treatment. They argue that this treatment will not remove bacteria or chemical pollutants from the effluent and that “the potential for this constant deluge of untreated urban wastewater to cause pathogenic and chemical contamination of the coastal waters is very high.” The Requesters are also concerned about a possible sudden rupture of the pipeline due to a geological condition known as diapirism, which is characterized by the sudden and violent expulsion of mud and gases. They point out that in 1979 diapirism caused a large explosion and eruption of a submarine mud volcano just off the coast of Punta Canoa.

The Requesters claim that the Environmental Assessment “failed to adequately consider potential damage to human health and the marine environment” and that it “unjustifiably dismissed more environmentally sound and financially viable (and certain) alternatives” to the submarine outfall option and wrongly concluded that a wastewater treatment and reuse system was not a viable option. They also argue that the environmental assessment process did not take into account the views of Project affected people and gave only cursory attention to the social and economic effects of the submarine outfall on the villages.

The Requesters claim that the Bank did not comply with OD 4.20 on Indigenous Peoples because it failed to identify the affected Afro-Colombian communities as “indigenous people” and approved the loan without the Borrower having prepared an Indigenous People’s Development Plan. They contend that the Project will disrupt and threaten the culture and stability of the indigenous people, who according to the Project Appraisal Document (PAD) “live under traditions and culture of their ancestors and keep the structure of rural families.” The Request claims the Project failed to safeguard the livelihood of the villagers, who rely on fishing and farming for a subsistence living.

The Requesters claim that the Project will place undue fiscal strain on the city of Cartagena and that it could violate Colombia’s international obligations under the 1983 Cartagena Convention on Land-Based Sources of Pollution and the related 1999 Aruba Protocol. They also raised concerns about the Bank’s supervision of the Project. They claim that they have made many attempts to bring the problems associated with the Project to the attention of Bank Management with no satisfactory response.

The Requesters claimed that “the Bank has failed to observe or has otherwise violated” various provisions of the following operational Policies and Procedures: OD 4.01 Environmental Assessment, OD 4.04 Natural Habitats, OD 4.07 Water Resources Management, OD 4.15 Poverty Reduction, OD 4.20 Indigenous People, OP/BP 10.02 Financial Management, OP/BP 10.04 Economic Evaluation of Investment Operations, and OD 13.05 and OP/BP 13.05 Project Supervision.

In closing, the Requesters asked the Inspection Panel to recommend a full investigation to the Executive Directors on the matters alleged in the Request. They also requested “that the Bank stop disbursing funds to this project until an investigation has been completed and an appropriate remedy adopted.” They further asked “that any proposals made by Bank management as a result of an investigation require full and honest consultation with all affected communities.”

MANAGEMENT RESPONSE

On May 21, 2004, Management submitted its response to the Request, which discussed in detail three so-called “special issues”: (1) harm to the environment and human health, (2) harm to the North Zone communities and their way of life, and (3) undue fiscal strain on the city of Cartagena and region.



Management claimed that, after reviewing the complaint and the Project documents and consulting with Bank staff and “informed parties in Colombia,” “the Bank correctly applied its policies and procedures.” Management also stated that the Project “will not cause any harm to the marine environment or to human health,” and that, as a result, the Requesters’ rights have not been, nor are likely to be, adversely affected by a failure of the Bank to follow its own policies and procedures.

The first set of issues analyzed in Annex 1 of the Response relate to the Requesters’ allegations concerning the adequacy of the environmental assessment (EA) with respect to OD 4.01 Environmental Assessment. Management contended that the EA, as well as the process of preparing the EA, for the wastewater treatment plant, the wastewater conveyor, and the submarine outfall complied with OD 4.01.

Management emphasized also that the decision regarding the selected wastewater management system “coincides with the position of the World Health Organization (WHO) which in its recent guidelines identifies an effective outfall preceded by preliminary treatment to have low risk of human health impacts.”

Management asserted that the EA analyzed the impacts on the coastal zones and that all the studies concluded that “the planned outfall would minimize the risk that the discharged effluent would have any harmful effects on the coastal zones, including those near Punta Canoa, Arroyo de Piedra and Manzanillo and those near Cartagena.”

Management stated that because a submarine outfall, if not properly mitigated, could cause negative environmental impacts, the Project was categorized as “A” to “ensure that proper analysis and mitigation measures were incorporated in its design and implementation.” Management added that a set of precautionary measures was designed, such as monitoring, chlorination installations, and a contingency plan for the collection, treatment, and disposal of wastewater.

Regarding the Requesters’ allegations of hazardous geological conditions in the area of the outfall, Management stated that the feasibility study (FS) and EA analyzed the issue, and additional studies by the Marine Resources and an expert hired by ACUACAR confirmed the conclusions of the EA and the FS that the risk of diapirism, or mud volcanism, in the area is low “because there is an absence of large magnitude seismic activity and magnetic volcanism.”

Management responded to allegations of inadequate consultations by stating that consultations were undertaken in compliance with OD 4.01. It claimed that a “participatory approach was used during project preparation” to discuss various drafts of the Project design with Project stakeholders and that consultations were conducted for the EA and for the Social Assessment with urban neighborhoods in southeast Cartagena and rural communities in the northern zone of the city where the outfall is to be built.

As for the Project’s social and economic effects, Management claimed that they have been appropriately assessed and Bank staff and ACUACAR have taken “adequate steps to ad-



dress the concerns of the village residents” of the communities of Punta Canoa, Arroyo de Piedra, and Manzanillo.

Management noted that “there was no indication that indigenous people would be affected by the proposed works. There was therefore no need for an Indigenous People Development Plan.” According to Management, although the communities of Punta Canoa, Arroyo de Piedra, and Manzanillo are long-established ones with strong family ties and traditions, they do not meet the criteria set forth in OD 4.20 as to, for example, ancestral territory, self-identification, or indigenous language.

Management stated that “the supervision of the project has been thorough and in compliance with OD 13.05 and OP/BP 13.05.” Management further stated that the Project complies with OD 4.15 on Poverty Reduction, as the communities of Punta Canoa, Arroyo de Piedra, and Manzanillo will benefit from the provision of water and sanitation services, a new wastewater disposal system to reduce contamination and improve the environment, and support for community development and organization.

THE PANEL’S ELIGIBILITY REPORT/BOARD DECISION

The Panel found that the Request for Inspection and the Management Response contained conflicting assertions about the issues, the facts, the harmful effects and compliance with Bank Policies and Procedures.

The Panel submitted its Report and Recommendation to the Board on June 22, 2004, recommending that an investigation be conducted. On July 13, 2004, the World Bank’s Board of Executive Directors approved on a non-objection basis the Panel’s recommendation to conduct an investigation into claims made by the Requesters about certain aspects of the Project.

Mumbai Urban Transport Project

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

BOX 4. PROJECT INFORMATION AT A GLANCE

Project Name:	Mumbai Urban Transport Project
Region:	South Asia
Sector:	Health and other social services (15%); Transportation (Roads and highways) (28%); Transportation (Railways) (57%)
Environmental Category:	A
IBRD Loan Amount:	US\$463,000,000
IDA Credit Amount:	US\$79,000,000
Board Approval Date:	July 20, 1999
Effective Date:	November 6, 2002
Closing Date:	December 31, 2004

REQUEST NO. 32

On April 28, 2004, the Inspection Panel received a Request for Inspection dated April 20, 2004, related to the Mumbai Urban Transport Project (MUTP). The Request was submitted by members of the United Shop Owners Association, a nongovernmental organization (NGO) in the city of Mumbai, India, on its own behalf and on behalf of 118 residents of Mumbai who claimed to be adversely affected by the Project.

The Project provides, *inter alia*, for completing two major east-west road links in Mumbai. The Resettlement Action Plan provides for resettling those persons affected by the construction of the road-based transport component.

One of the Western Expressway to the Eastern Expressway road links, the 6-kilometer Santa Cruz-Chembur Link Road (SCLR), was the subject of the Request.

The Request alleged violations of Bank Operational Policies and Procedures and requested that an investigation be recommended to the Board of Executive Directors of the Bank. It was addressed and sent to the Bank's Department of Institutional Integrity, which delivered it to the Inspection Panel on April 28, 2004. In view of the nature of the complaint and the alleged violations of Bank Operational Policies and Procedures, the Panel was satisfied that the Request fell under the purview of the Inspection Panel and could be registered under the Resolution establishing the Inspection Panel.

The Requesters are small shop owners whose commercial premises are located in the Kismat Nagar area, Kurla West, in the city of Mumbai. They state that they were instructed by the implementing agency of the Project, the Mumbai Metropolitan Region Development Authority (MMRDA), to move their commercial structures from their cur-

rent location to a distant location, the Mankhurd site, without prior consultation and without their consent. The Requesters claimed that they would suffer adverse effects as the result of the Bank's negligence and failure to follow its Operational Policies and Procedures with respect to their being relocated and rehabilitated.

The shop owners were informed that the new resettlement site of Mankhurd would be the site of their relocation. The Requesters contend that Mankhurd is too far from their present site to be a satisfactory relocation site under Bank policy on involuntary resettlement and asked that they instead be relocated to open plots of land at the Bandra-Kurla Complex, closer to their present site, or "under the nearby slum rehabilitation projects."

The Requesters claimed "that our rights to participation and consultation were effectively denied and that our attempts to raise our concerns were not successful...." They also claimed "that the failure to provide income restoration would result in harm. This failure would destroy our livelihoods, causing us to dismantle our productive sources and cause our supporting networks and kin groups to disperse." The Requesters cited OP/BP 4.12 Involuntary Resettlement in claiming that they were entitled to be "assisted in efforts to improve their livelihood or at least restore them in real terms to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher."

In a meeting with Bank staff on March 25, 2004, and in a letter to the Bank dated March 26, 2004, and enclosed with the Request, the Requesters asked the Bank that they be provided with proper information, that their structures be relocated to the open space available at the Bandra-Kurla Complex, that the relocation sites be equivalent to the area consumed by the Project, that an actual survey of the shops be conducted, and that the "rights of all our members be crystallized." The Requesters claimed that they did not receive a satisfactory response from the Bank.

The Requesters claimed that the Bank had violated its Policies and Procedures on Involuntary Resettlement and Project Supervision, and that their rights to participation, consultation, and income restoration were denied. The Requesters asked that an investigation be recommended to the Bank's Board of Executive Directors.

The claims may constitute violations by the Bank of various provisions of the following Operational Policies and Procedures: OP/OD 4.01 Environmental Assessment, OP/OD 4.30 Involuntary Resettlement, OD/OP/BP 13.05 Project Supervision, and the World Bank Policy on Disclosure of Information.

The Panel registered the Request on April 29, 2004, and Management submitted its Response to the Panel on May 27, 2004.



REQUEST NO. 33—GAZI NAGAR

On June 24, 2004, the Inspection Panel received a Request for Inspection dated June 22, 2004, which related to the Mumbai Urban Transport Project (MUTP). The Panel registered the Request on June 29, 2004. The Request was submitted by three nongovernmental organizations (NGOs) in the city of Mumbai, India—the Hanuman Welfare Society, the Gazi Nagar Sudhar Samiti, and the Jai Hanuman Rahiwasi Sewa Sangh—on their own behalf and on behalf of about 350 residents of the area known as Gazi Nagar in the Kurla West district of Mumbai. The Requesters claimed to be adversely affected by the Project, especially by its resettlement program.

The Requesters lived in Gazi Nagar, which the SCLR route will cross. They claimed that they “are likely to suffer irreparable harm due to omission[s] and violation[s] by the Bank to comply with its own policies and procedures with respect to the design, appraisal, and implementation of the SCLR project financed by the Bank.” They referred to the Bank’s Policies and Procedures on Disclosure of Information, Environmental Assessment, Involuntary Resettlement, and Project Supervision, and to the rights of locally affected people “to participation and consultation.”

The Requesters claimed that because of the Project they were to be relocated to the Mankhurd area, which they stated was a degraded environment and unsuitable for relocation. According to the Requesters, Mankhurd was “considered amongst the highest polluted areas in the Mumbai city and it is near [a] dumping ground spread across 110 Hectares of land.” They claimed that approximately 4,000 tons of garbage from Mumbai were dumped daily on this site, “spreading many diseases like T.B., malaria, asthma, etc.,” in nearby areas. They also claimed that “many huge, open drainages pass through this area carrying [the] city’s waste and drainage water to the nearby creek and spreading [a] bad odour in the area.”

The Requesters asserted that the Mankhurd resettlement site was nearly 15 kilometers away from Gazi Nagar. They claimed that “significant damage would occur due to [the] failure to provide income restoration and it would destroy our livelihoods, our productive sources, disperse our social, economic network and kin groups.”

The Requesters claimed that sufficient space was available nearby in places such as the Premier colony, New Mill, Swadeshi Mill, and Bandra-Kurla Complex areas, but that no space was allocated in these places for their convenient relocation.

The Requesters stated that the public information center “opened at the instance of World Bank” was in poor condition and that when they visited, they “always found it vacant with no attendant present to provide any sort of information.”

Finally, the Requesters claimed that when the design of the proposed bridge



was being finalized, they were “not provided with an opportunity” to offer their suggestions. If they had been, they said they would have suggested a different style that “would have significantly reduced the number of PAPs” and solved “other problems.”

The Requesters said they had made their grievances known to the Government of Maharashtra and the Government of India but had received no response. They said that they had stated their grievances to the Bank’s office in New Delhi, but that the officer responsible “failed to provide us any satisfactory reply regarding how and in what manner the policies of the World Bank have been followed.”

The Requesters claimed “that the above actions/omissions, which are contrary to the above policies or procedures, have materially and adversely affected our rights/interests” and asked “the Inspection Panel to recommend to the Bank’s Board of Executive Directors that an investigation of these matters be carried out in order to resolve the problem.”

The claims may constitute violations by the Bank of various provisions of the following Operational Policies and Procedures: OP/BP 4.01 Environmental Assessment, OD 4.30 Involuntary Resettlement, OP/BP 13.05 Project Supervision, and the World Bank Policy on Disclosure of Information.

Management submitted its Response to the Panel on July 28, 2004.

After careful review of Requests No. 32 and 33, the Panel concluded that, while they were submitted by different groups of affected people, they raised related issues concerning the same Project. Therefore, for reasons of economy and efficiency, they should be processed jointly. The Panel sent a memorandum to the Board on June 29, 2004, making the following recommendation:

“Subject to the Board’s approval, the Inspection Panel would proceed as follows: (a) provide copies of the Request and the Notice of Registration to Management and ask for its Response within 21 working days, as provided in the Resolution that established the Panel; and (b) submit to the Board of Executive Directors, within 21 working days of receipt of Management Response, a single Eligibility Report and Recommendation on whether an investigation of the issues raised in either or both Requests is warranted. Since the Panel has already interviewed some of the people who submitted the second Request, an additional eligibility visit to the Project area will not be required.”

The Panel’s recommendation was approved by the Board on a non-objection basis on July 13, 2004.



ACTIONS ON EARLIER REQUESTS

Coal Sector Environmental and Social Mitigation Project

(CREDIT NO. 2862-IN)

BOX 5. PROJECT INFORMATION AT A GLANCE

Project Name:	Coal Sector Environmental and Social Mitigation Project
Region:	South Asia
Sector:	Energy and Mining, Health and other Social Services
Environmental Category:	A
IBRD Loan Amount:	US\$63,000,000
Board Approval Date:	May 16, 1996
Closing Date:	June 30, 2002

THE REQUEST

The Panel received the Request for Inspection on June 21, 2001, and registered it on June 22, 2001. The Request was submitted by Bina Stanis of Chotanagpur Adivasi Sewa Samiti (CASS), a local nongovernmental organization (NGO) in the East Parej coal mining project area, on behalf of residents in the Project area who asked that their names be made available only to the Panel. The Request exclusively concerned the preparation and implementation of the Coal Sector Environmental and Social Mitigation Project (CSESMP)

for the Parej East opencast mine, one of 25 mines slated to receive financial support under the Coal Sector Rehabilitation Project (CSR). Parej East is owned by Central Coalfields Ltd. (CCL), a subsidiary of Coal India. The affected area covered two villages: Parej and Durukasmar.

The Requesters claimed that their rights and interests had been adversely affected as a result of the Bank's violation of its Policies and Procedures on Involuntary Resettlement, Indigenous Peoples, Environmental Assessment, Disclosure of Operational Information, Management of Cultural Property, and Project Supervision. They claimed that they had suffered harm as a result of failures and omissions by the International Development Association (IDA) in implementing the CSESMP in the project area. The Requesters claimed that their rights to participation and consultation were effectively denied, and that their attempts to raise their concerns were not successful. In particular, they claimed that failure to provide income restoration had resulted in significant harm, destroying their livelihoods, causing them to live in resettlement colonies without legal title to land, dismantling their productive sources, and causing their supporting net-

works and kin groups to disperse. The Requesters alleged that they suffered increased illnesses because of the pollution of water sources and wells in the resettlement colonies; that they had no medical services to handle the increased illnesses, despite the building of a dispensary; and that they lacked the capability to acquire other services, such as education. They also alleged that the self-employment schemes—which the Bank had guaranteed would compensate them for the loss of land and livelihood—had failed, and they were unable to participate in the new economy around the mines. Nonetheless, they asked Bank Management and the Board to extend the Project, requesting that the remaining money be targeted toward the restoration of their livelihoods and environmental remediation.

MANAGEMENT RESPONSE

Management submitted its Response to the Panel on July 20, 2001, stating that the Bank had complied with the relevant policies and procedures related to the design and implementation of the project. Management acknowledged that, throughout the project, problems had arisen concerning resettlement in Parej East. It claimed that while the problems had not been entirely overcome, there had been progress. Although implementation had been both slow and uneven across all the mines under the Project in 1998 and 1999, beginning in the first half of 2000, significant progress had been made on implementation throughout all the mines. However, economic rehabilitation remained unsatisfactory. As a result (and for other reasons related solely to the implementation of the CSR), the CSR loan had been canceled at the request of the Borrower. Nevertheless, Management added, since the purpose of the CSESMP was to mitigate impacts of the CSR and strengthen Coal India's capacity to manage such mitigation issues, the Bank had decided to "continue to actively work with Coal India to help develop practical solutions to improve environmental and social mitigation at the mine and corporate level, and to achieve compliance with Bank policies."

Management maintained that it had devoted full attention to the intense supervision effort required by the scale and complexity of the CSESMP's physical, mitigation, and institutional activities. It further asserted that consultations were adequate, although it acknowledged that CCL did not consult the project-affected persons (PAPs) before it introduced changes in eligibility and entitlements in its Resettlement and Rehabilitation Policy. In response to the Requesters' claims for adequate and fair compensation for the loss of villages and land, Management explained that the resettlement sites compensated for the loss of villages. With regard to the Requesters' claim that they were without legal titles or long-term leases for house plots in resettlement sites, Management acknowledged the claim, stating that supervision teams had raised the issue during every mission and that it would continue to seek a resolution of the matter. Management also stated that it was satisfied that compensation for agricultural land paid to people affected by the Project was equivalent to replacement costs. Common property resources were available for those choosing to shift to the resettlement sites, and Management added that it was also satisfied that the compensation provided for houses enabled the affected people to construct replacement houses on a par with their original housing, as required by the operational directive for involuntary resettlement.



Management claimed that it was too early to judge whether efforts made for income restoration would result in full income restoration as intended but acknowledged that mine jobs were limited to affected people who lost more than two acres of land. Management acknowledged that income restoration schemes by themselves could not bring full economic rehabilitation or result in an income comparable to working in the mines. Management argued that it had complied with the Bank's Policy on Disclosure of Information in Parej East but agreed that the Borrower had not permitted the release of the Project's midterm review. Finally, in terms of services in the resettlement sites, Management asserted that the drinking water problems had been corrected but recognized that the school and health clinics were not yet staffed. Management stated that the supervision team would continue to follow up on the issue with CCL. Management also announced that the Project would be extended for an additional year. The Project closed on June 30, 2002.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found both the Request and the Requesters eligible, and submitted its report recommending an investigation to the Board on August 20, 2001. The Board approved the Panel's recommendation for an investigation on a non-objection basis on September 7, 2001. The Request, Management's Response, and the Panel's Eligibility Report were made public three days later and are available on the Inspection Panel's Web site: www.inspectionpanel.org.

THE PANEL'S INVESTIGATION REPORT

As authorized by the Board, the Panel carried out an investigation into the matters alleged in the Request. To do so, the Panel retained specialized consultants and visited the Project area. The Panel interviewed the Requesters, Bank staff members, and others, and reviewed extensive Project documentation. The Panel completed its investigation and sent its Investigation Report to the Board on November 25, 2002. Management submitted its Response to the Panel's Investigation Report on May 13, 2003.

The Panel's investigation revealed several instances of noncompliance by the Bank, particularly concerning OD 4.30 Involuntary Resettlement. The Panel found that this noncompliance was especially serious during the preparation and early implementation phases of the Project, and acknowledged Management's efforts during more recent years to find a solution to the problems plaguing Project implementation.

With respect to the involuntary resettlement of affected people and the Bank-approved plan to carry this out, the Panel found that the original Resettlement Action Plan (RAP) for Parej East was not location-specific and did not reflect the realities on the ground, which resulted in many of the problems at the root of the Requesters' complaints. The Panel determined that many PAPs were not adequately compensated for their land or their houses. Moreover, the issues of legal recognition of traditional land rights of tribal people and compensation for them appeared to have been totally ignored during Project preparation. According to the Panel, Management acknowledged this omission only after the Requesters and other NGOs repeatedly raised the issue, and the problem has yet to be fully resolved. As to the two resettlement sites where some people were relocated, the Panel found that the affected people were not consulted in the choice of these sites and that Management did not ensure that at the time of the relocation people would have access to potable water, functioning schools, and forest resources that could support pre-resettlement income opportunities. The Panel also determined that the Bank did not ensure that the relocated people would receive legal title to the plot of land to which they were resettled.

The Panel's investigation revealed that the situation of the PAPs was particularly worrisome with regard to the restoration of their pre-resettlement incomes. The Panel found that the Bank failed to comply with OD 4.30, because the income of some PAPs in the Parej East area had not been improved, much less restored. With respect to the income restoration options supposedly available to the PAPs, the Panel determined that, during the early stages of Project preparation, many PAPs were led to believe that they would obtain jobs in the mine, but these jobs did not materialize for most of them. The Panel also found that the people were not assisted in finding new land to purchase as required in the RAP, that the self-employment option was not supported by feasibility studies until late in Project implementation, and that follow-up measures were not taken. The Panel also found that the PAPs were not assisted during the transition period after displacement and that a subsistence allowance for affected people, provided for in the Parej East RAP under certain criteria, was never awarded to any PAP.

With respect to the indigenous peoples affected by the mine expansion but not displaced from their villages, the Panel found that during Project preparation, Management had not reviewed the Indigenous Peoples Development Plan (IPDP) for Parej East, which

appeared to be generic and not responsive to local needs. Likewise, the annual IPDPs, tailored to the first general plan, appeared to be one-size-fits-all plans that did not address the specific needs of each community. The Panel also found a lack of participation by and consultation with the affected communities in the preparation of the IPDP. In general, the Panel found inadequate information provided to PAPs and inadequate consultation with affected people, particularly during the preparation and early stages of Project implementation.

The Panel analyzed the environmental concerns the Requesters raised in relation to land reclamation and topsoil conservation. The Panel found that Management did not comply with OD 4.01 Environmental Assessment; it was unable to find any evidence of topsoil conservation, or any documentation or information on the five-year mine reclamation program required by the Environmental Management Plan.

Finally, with respect to Bank supervision, the Panel found that the supervision of the Project had been regular and intense in terms of resources allocated and number of visits. However, the Panel also found that, because of its partial reliance on inadequate consultants' reports, Management's knowledge of the realities on the ground was incomplete. The Panel recognized, however, that Management had been frank and honest in reporting difficulties and problems and had worked with the Borrower to achieve feasible solutions. The Panel noted that it would be useful to create an independent panel to monitor the implementation of the remaining activities under the Project.

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

On May 30, 2003, almost six months after the six-week time frame set out in the Resolution establishing the Inspection Panel, Management presented to the Board of Executive Directors its Report and Recommendation in response to the Panel's findings. On July 25, 2003, three days after the Board Meeting, Management submitted a revised version of its Report and Recommendation. In the report, it stated that resettlement of all



families who were affected by land acquisition had been completed and that income restoration had been achieved with respect to 87.1 percent of PAPs as of March–April 2002. However, Management acknowledged that some implementation issues—such as payment of subsistence allowances, settlement of claims of PAPs cultivating land under customary tenure, and titling of house plots in the resettlement sites—were outstanding. Management asserted that it intended to continue supervising the CSESMP Project until all outstanding issues were resolved. With respect to the subsistence allowance, the Report stated that the Parej East RAP was the only RAP among the 25 for all the Project mines to provide for such an allowance. The Bank approved the RAP, which is the applicable Project document, but failed to notice this particular pro-

vision. Management stated that the PAPs were entitled to receive the subsistence allowance. It recommended that funds totaling about US\$300,000 be made available by the Government of India to administer a lump sum payment to the 121 eligible families. Finally, Management took up the Panel's suggestion to create an independent panel to monitor the resolution of the outstanding issues.

THE BOARD DECISION AND THE AFTERMATH

On July 22, 2003, the Board of Executive Directors met to discuss the Management Report and Recommendations and the Panel's Investigation Report. The Board agreed that the Bank should continue to supervise the Project as long as necessary to ensure the resolution of the outstanding issues and safeguard the interests of the affected people. The Board asked Management to periodically brief the Inspection Panel on progress and requested that Management provide a progress report to the Board as soon as possible but not later than a year from the meeting. The Board also requested that, in the future, Management submit its reports on time.

MANAGEMENT PROGRESS REPORT TO THE INSPECTION PANEL— FEBRUARY 24, 2004

As requested by the Board, in February 2004 Management updated the Panel on the status of the issues identified by the Panel in its Investigation Report. With respect to the economic rehabilitation of affected people, Management stated that the implementing agency agreed to contract a local NGO—the Xavier Institute of Social Service, previously employed for the Project—to conduct a survey of the PAPs whose income had not yet been restored in order to develop a new targeted income restoration strategy. Regarding the legal recognition of traditional land rights and the conveyance of titles to the house plots in the resettlement sites, Management reported that in both situations the claims to rights would be examined on a case-by-case basis. At this writing, the recognition and compensation process for customary land rights seems to proceed, albeit slowly; however, the titling issue is still pending with the Government of India. Although Management recommended that the Government make funds available to pay the subsistence allowance, the Government is reluctant to do so for fear of creating an unacceptable precedent for other mines. According to Management, a study will be commissioned to find a solution to this issue. As for creating an independent monitoring panel, Management stated that the implementing agency will develop a proposal and submit it to the Bank.

Paraguay: Reform Project for the Water and Telecommunications Sectors

(LOAN NO. 3842-PA)

Argentina: SEGBA V Power Distribution Project

(LOAN NO. 2854-AR) (SUPPORTING THE YACYRETÁ HYDROELECTRIC PROJECT)

BOX 6. PROJECT INFORMATION AT A GLANCE

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

THE REQUEST

On May 17, 2002, the Inspection Panel received a Request for Inspection related to the Reform Project for the Water and Telecommunications Sectors and the SEGBA V Power Distribution Project, which partially finance the Yacyretá Hydroelectric Project. The Request was submitted by the Federación de Afectados por Yacyretá de Itapúa y Misiones (FEDAYIM), a local NGO, on behalf of itself as well as more than 4,000 families affected by social and environmental impacts of the Yacyretá Hydroelectric Dam, and also by six coordinators of affected people in the districts of Arroyo Potiy, Ayolas, Barrio Pacu Cúa, Bar-

rio Sta. Rosa Mboy Caé, Barrio Santa Rosa, Distrito Cambyreta, and San Cosme y Damián. The Request also attached letters of evidence that the mayors and municipal councils of the City of Encarnación and of the District of Cambyreta had endorsed the Request. The Panel registered the Request on May 30, 2002.

According to the Request, more than 4,000 families living in the areas directly affected by the Yacyretá Hydroelectric Project are suffering adverse social and environmental consequences because of the raising of the Yacyretá power plant's reservoir to 76 masl or, allegedly, higher. The Requesters claim that the raising of the reservoir to its cur-

rent level has had severe environmental impacts, such as constant flooding of urban creeks, a higher water table, contamination of the Paraná River and the creeks, and spreading of diseases. The Requesters allege that this has forced them to live in unbearable conditions. The Request also contends that a proposed wastewater treatment plant, to be built under the Project, would further pollute the environment because its location and design are based on a defective environmental assessment and are in violation of national environmental laws. According to the Requesters, the families affected by the raising of the reservoir were neither appropriately identified nor adequately quantified. As a result, thousands of them were excluded from existing compensation and mitigation programs, in spite of the fact that they have owned and occupied lands affected by the construction of the dam for more than twenty years. The Request states also that the resettlement programs, provided under the Yacyretá Hydroelectric Project and partially financed with various Bank loans, are not being properly implemented. This has left hundreds of affected families and businesses with no or inadequate compensation, poor resettlement housing and facilities, and prolonged economic hardship. The Request gives particular attention to the situation of the employees of the brick-making and ceramic factories who allegedly have not been compensated for their loss of income because only factory owners, and not their workers, were compensated for their losses.

In its Notice of Registration, the Panel stated that the Requesters' claims could constitute violations of the following Bank policies and procedures: environmental policy for dam and reservoir projects, environmental assessment, involuntary resettlement, project supervision, project monitoring and evaluation, and suspension of disbursements.

This is the second Request for Inspection concerning the Yacyretá Hydroelectric Project the Panel has received. On September 30, 1996, SOBREVIVENCIA—Friends of the Earth Paraguay, representing affected people in the Project area, submitted the first Request related to the Yacyretá Project. The Requesters alleged that adverse environmental, health, and socioeconomic impacts had occurred as a result of the filling of the Yacyretá reservoir to 76 masl and of the Bank's failure to supervise adequately the environmental mitigation and resettlement activities conducted under the Project. In December 1996, the Panel recommended that the Bank's Board of Executive Directors authorize the investigation into the matters alleged in this Request for Inspection. On February 1997, at the Board meeting held to discuss the Panel's recommendation, Management presented two action plans agreed upon with Argentina and Paraguay, the "Pending Action Program" and the "Base Program" (so-called Action Plans A and B), developed to address the Project's outstanding problems. Plan A related to those actions that should have been completed, but were not, before filling the reservoir to 76 masl. Plan B proposed the implementation of activities necessary to continue the operation of the reservoir at 76 masl in a socially and environmentally sound manner. In view of the agreement between Management and the government of Argentina and Paraguay on the action plans, the Board did not authorize the investigation recommended by the Panel. Instead, the Board asked the Panel to undertake a review of the existing problems of the Yacyretá Hydroelectric Project in the areas of environment and resettlement and provide an assessment of the adequacy of the Action Plans as agreed between the Bank and the two countries within the next four months. The Board also decided that independent of the above decision the Inspection Panel was expected to look at the extent to which the

Bank staff had followed Bank procedures with respect to this project. The Panel submitted its report on September 30, 1997. Among other things, the Panel found that thousands of residents, including fishermen and brick-makers, lost their jobs and sources of income as a result of the construction of the dam and that scores of those people had not received any kind of compensation. With respect to Plans A and B, the Panel noted that not all of Plan A's envisioned commitments, such as hydro-geological studies, could be completed by the completion date of December 1997, while Plan B dealt only with some of the existing problems and was not complete. The Panel's assessment also showed that major decisions had not been finalized regarding construction of wastewater treatment plants in Posadas and Encarnación, mitigation of the effects of the dam on fisheries, and provision of long-term supplies of clay to the regional industry.

MANAGEMENT RESPONSE

Management argued that the Request was in many respects similar to the previous request brought before the Panel in 1996 by another Paraguayan NGO. Therefore, Management stated that it would address only the claims that reflected, in its view, new facts and allegations. Management noted that the reservoir's water quality was constantly monitored and fell within satisfactory parameters, and posed no health risks. Further, no harm could be attributed to the claimed violation of the Bank's policy on environmental assessment. In addressing the concern about sanitation, Management noted that the Bank was assisting in the construction of a wastewater treatment plant to serve the Paraguayan city of Encarnación. With respect to the urban creeks flooding, Management pointed out that such flooding was due to hydrological conditions that predated the Yacyretá Project. Management noted that EBY is not responsible for the living conditions of the people who live along the creeks, and does not have to resettle them until, and if, the reservoir level is raised beyond 76 masl. Management argued that the environmental impact assessment prepared in 1992 took into consideration the preexisting hydro-geological conditions. The assessment could not reasonably foresee that the reservoir would be raised only to 76 masl and would remain at that level for a long time, or that a very large number of people would move into the project-affected areas. Management also claimed that, when the 1997 El Niño floods revealed the gravity of various issues such as the hydro-geological conditions, the prolonged level of the water reservoir at 76 masl, and the constant influx of new people, EBY responded by implementing the PDA program to anticipate the resettlement of those living in areas at higher risk.



As for the claim that the Bank was violating its policy on supervision, Management noted that its supervision of the Yacyretá Project since 1997 had been thorough, with particular attention paid to the social and environmental concerns. Management noted that its supervision efforts had helped keep the Yacyretá Project moving in a positive direction while the exercise of the formal legal remedies available to the Bank in case of noncompliance under the legal agreements

would have jeopardized progress in project implementation. Management pointed out that this position was in line with both Bank's supervision policy and the Inspection Panel's recommendation on Request I, and was also endorsed by the Bank's Board.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found both the Request and the Requesters eligible and submitted its report recommending an investigation to the Board on August 23, 2002. The Board approved the Panel's recommendation for an investigation on a no-objection basis on September 9, 2002. The Request, Management's Response, and the Panel's Eligibility Report are available on the Inspection Panel's Web site: www.inspectionpanel.org.

THE PANEL'S INVESTIGATION REPORT

On February 24, 2004, the Panel submitted its investigation report to the Board of Executive Directors for their consideration. During its investigation the Panel retained three expert consultants specializing respectively in hydrology, environmental science, and sociology/anthropology. The Panel reviewed extensive project documentation; interviewed the Requesters, Bank staff, local and national authorities, EBY's officials and other relevant persons; and visited the Project on four occasions. The Panel found that while the Bank complied with its policies and procedures in some areas of concern, it did not comply in other important areas of concern. The investigation report addresses the Requesters' concerns under three main headings: environmental compliance, social compliance, and compliance with the Bank policy on Project supervision.

The report first tackles the claims alleging the inadequacy of the Environmental Assessment (EA), which was prepared for the Yacyretá project in 1992 pending approval of the third Bank loan in support of Yacyretá—Loan 3520-AR financing the so-called Second Yacyretá Hydroelectric Project. The Panel found that the EA complied with the applicable Bank policy (OD 4.01 Environmental Assessment) with respect to the consideration of alternatives and of the biophysical environment. The Panel also recognized that the analysis of alternatives could not be a complete one as the Bank became involved with the Project in 1976 when Argentina and Paraguay had already taken the key decision, the location of the power plant, with the Tratado de Yacyretá in 1973. The Panel, however, found the EA inadequate as it neither assessed properly the effects of the population growth and of the resettlement sites on the city's infrastructure nor evaluated the implications of this for water supply, sewerage, and urban drainage. It found also that no adequate environmental assessment had been prepared for the resettlement sites. This lack of appropriate evaluation has contributed to creating a new category of affected people—that is, the host population at the resettlement sites that, in some cases, has suffered negative impacts from inadequate design and construction of these sites, such as flooding of their houses.

The main environmental claim the Requesters brought to the Panel's attention was related to the constant flooding of urban creeks surrounding Encarnación. They believed that the reservoir of the Yacyretá dam was the cause of the flooding. With the aid of an expert hydrologist, the Panel found that the reservoir is not the cause of the urban creek



flooding, which is mainly due to local conditions such as upstream urbanization, lack of urban storm water drainage and waste accumulation impeding water flow in the creeks, in that order. However, the Panel also showed that the Requesters' contention that the reservoir is frequently operated above the 76 masl, which was set by the legal agreements between the countries and the Bank, is correct, although the excess is limited to one meter or less. The Panel found the alleged causal relationship between the level of the Yacretá reservoir and the pollution of wells and flooding of latrines did not exist. With respect to the wastewater treatment plant, whose future location the Requesters thought unsuitable, the Panel noted that the chosen site is not inappropriate for the purpose and the environmental assessment of the plant is in compliance with OD 4.01. The Panel, however, noted its great concern that although the sewerage system has been designed to cover the whole city, the current bidding documents so far cover only the southern part of the city. In addition, the Panel pointed out that the Bank needs to give urgent attention to issues such as the connection of the sewer network to the houses and the transfer of the operation and maintenance of the sewerage system to an operator that is able to manage it competently and has the resources to do so.

With respect to the social issues, the Panel found persuasive evidence that some people were erroneously omitted from the census of 1990, and determined that the Bank must ensure that the existing census is updated before further raising the reservoir above its current level. The Panel found that no transparent and credible grievance procedure was available for the people to present claims about their exclusion from the census or any other concern they may have regarding their situation or entitlements, which does not comply with OD 4.30. In addition, the Panel found that many people, especially those under the PDA Program, are extremely confused about their rights and about

when they will be moved and compensated. The Panel noted that Management must ensure that the people are systematically informed and consulted about their options.

The Panel found that Management did not ensure that alternative resettlement sites were considered for the relocation of the affected people. Some people, therefore, were moved far away from the market for their products and services, while others have found transportation to and from their workplace difficult and costly. Similarly, the Panel noted that, although there have been commendable efforts to develop productive projects, the measures for restoring income-earning capacity for affected people have been inadequate, sometimes providing only a temporary rather than a long-term solution. This is especially true for certain categories of affected people such as the brick and tile makers. The Panel found that the situation of the workers of these brick- and tile-making industries is especially worrisome. Many of them were informal workers and, as such, have not received any compensation when their employer closed the factory or moved elsewhere because the resettlement program did not explicitly provide for their compensation. These workers had to rely on their employer to receive compensation, but, the Panel found, in many cases this did not happen. The Panel report further called attention to the extraordinary amount of uncertainty and delays that have occurred because of the long-term postponement in raising the reservoir level, which has been the source of hardship for the people. The Panel found that Management should have recognized that the Project's resettlement plan was potentially not time bound. As a result, according to the Panel, where the people can show a loss directly attributable to such delay, they should be compensated for such losses.

The Panel report also focused on the Bank supervision activities. While the Panel found that, with respect to the supervision of the environmental components of the Project, Management complied with OD and OP/BP 13.05, Management was not in compliance as regards supervision of the resettlement activities. The Panel focused on two important aspects: one, failure in ensuring sound technical quality in the design, construction, and implementation of the resettlement programs, and two, inadequate consultations with affected people. The Panel report also noted that when affected people perceive that corruption pervades the political life of the Project, the Bank needs to expect a higher than usual level of supervision in order to ensure that corruption does not occur.

The Panel report noted that there is an urgent need to make a final decision on the level of the reservoir and that such decision has associated economic and social costs. The Panel pointed out that any determination as to whether and to what level to raise the operating level of the reservoir will directly affect the Bank's ability to bring the project into compliance with Bank policies and procedures.

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

On April 6, 2004, Management submitted to the Executive Directors its report and recommendation in response to the Panel's Investigation Report. Management Report includes an action plan developed to address the instances of noncompliance with Bank policies and procedures that the Panel found during its investigation. Management ac-

knowledges the Panel's findings—in particular, with respect to the environmental issues, the lack of proper assessments of resettlement sites, and, as regards the social problems, the hardship to the affected people caused by long implementation delays. Management asserts that it will continue supervising the Project until Loan 3520-AR is fully repaid (2009) because of the complexities of the Project and the fact that several environmental and social activities still need to be done as required by the Project's legal agreements. Management's Action Plan focuses on three main areas: working with EBY on the social communication program; working with EBY on improved, fair, transparent, and efficient grievance procedures; and implementing an enhanced supervision strategy. The social communication program would include, *inter alia*, clarifying the compensation schemes, establishing a system of two-way communication so that people can obtain information and express their concerns, and providing information about the Project as a whole. As part of the new supervision strategy, Management intends, *inter alia*, to ensure full supervision missions twice yearly, augment local supervision by assigning a civil society liaison to the Bank Asunción office, assign to the Project team an architect/urban planner to deal with infrastructure and housing issues, and maintain the budget for supervision at higher levels than the normal budget coefficient for the region.

THE BOARD DECISION AND THE AFTERMATH

On May 6, 2004, the Bank's Executive Directors met to discuss the Panel's Investigation Report and Management Report and Recommendations. The Board commended the Inspection Panel for its excellent report. It also approved Management's recommendations on how to address the issues identified by the Panel, and Management's proposal to submit a progress report to the Board, in 90 working days from the Board meeting, that would detail additional remedial measures for the outstanding problems. This progress report would include progress made in the implementation of the Bank's action plan and additional measures identified, including social and economic impacts of the project and measures taken with respect to the 2,416 families already relocated and the 6,000 families waiting to be relocated in Paraguay; progress on grievance procedures; what the Inter-American Development Bank (IDB) is doing with respect to Yacyretá, how the IDB and the Bank have been collaborating on issues identified during the Inspection; and what decisions have been taken with respect to the reservoir's water level, and their potential impacts. The Board also requested the Panel to review and assess Management's action plan and the additional implementation measures on its behalf. After the Board meeting, the Panel returned to the Project area to explain and discuss the Panel's findings with the Requesters and the people they represent. The Panel noted its continuing role in assessing Management's actions. Thus, for the first time in its ten-year history, the Panel's role in the context of a Request for Inspection has continued after the submission of the investigation report to the Board, to help ensure that Management follows through on its action plan and to carry forward a dialogue with the people affected by a Bank-financed project.

Petroleum Development and Pipeline Project

(LOAN NO. 7020-CM)

Petroleum Environment Capacity Enhancement Project

(CREDIT NO. 3372-CM)

THE REQUEST

On September 25, 2002, the Panel received a Request for Inspection, dated September 20, 2002, on the Petroleum Development and Pipeline Project and the Petroleum Environment Capacity Enhancement (CAPECE) Project. The Request was submitted by the Center for the Environment and Development, a local nongovernmental organization (NGO) based in Yaoundé, acting on behalf of a number of people living along the pipeline route in Cameroon, and by a number of individuals, including workers or former workers of Cameroon Oil Transportation Company (COTCO) and its contractors, all residents of the Republic of Cameroon. The Request also included a list of 21 signatories who asked that their names remain confidential to the Panel.

The Requesters claimed that the rights and interests of the people living in the areas of the Pipeline Project, as well as the environment, had been seriously affected as a result of violations of the World Bank's policies. The Requesters alleged that violations had taken the form of insufficient information during the preparatory phase of the Project and since implementation began; an inadequate

BOX 7. PROJECT INFORMATION AT A GLANCE

Project Name:	Petroleum Development and Pipeline Project
Region:	Africa
Major Sector:	Energy and Mining
Environmental Category:	A
IBRD Loan Amount:	US\$53,400,000
Board Approval Date:	June 6, 2000
Closing Date:	June 30, 2005
Project Name:	Petroleum Environment Capacity Enhancement Project
Region:	Africa
Major Sector:	Law and Public Administration
Environmental Category:	C
IDA Credit Amount:	US\$4,300,000
Board Approval Date:	June 6, 2000
Closing Date:	December 31, 2005

consultation process; insufficient, nonexistent, or inadequate compensation; no respect for workers' rights; a renewed outbreak of sexually transmitted diseases (STDs) and of the human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) all along the pipeline and around the Project's main bases; and an increase in the prostitution of minors along the length of the oil pipeline. Specifically, the Requesters alleged violations of the Bank's Policies and Procedures on Environmental Assessment, Natural Habitats, Poverty Reduction, Indigenous Peoples, Involuntary Resettlement, and Project Supervision. The Panel registered the Request on September 30, 2002.

MANAGEMENT RESPONSE

The Panel received Management's Response to the Request on October 29, 2002. Management stated that the Bank had made every effort to apply the Policies and Procedures of the Bank and that it had followed the guidelines, policies, and procedures applicable to the matters raised in the Request. Management stated that it believed that the Requesters' rights or interests had not been, or would not be, directly and adversely affected by a failure of the Bank to implement its policies and procedures. Concerning the environmental impact of the Pipeline Project, Management stated that the 1999 Environmental Assessment/Environmental Management Plan (EA/EMP) identified and evaluated the potential impacts of the Project, and the mitigation measures were fully described in the EA/EMP. Management stated that the analysis of the cumulative impacts was satisfactory and that the 1999 EA/EMP cumulative impact analysis properly focused on the impacts on natural habitats, tourism, and fisheries, noting that the pipeline would leave "only a small footprint in Cameroon." With regard to the impact of the offshore floating storage and offloading of vessels and the 11-kilometer offshore pipeline, Management stated that the selection of Kribi as an offloading site had taken into consideration the existence of a similar facility in the Ebomé oilfield and that Management considered the risk of having an oil spill in both installations simultaneously "statistically very unlikely." Management noted that, as a result of an analysis of alternatives and in comparison with the 1997 EA, major changes had been made in the pipeline route to avoid sensitive natural habitats and indigenous groups. These changes, Management noted, were incorporated into the 1999 EA/EMP. Management acknowledged the gaps in the baseline data collected in the 1997 EA but noted that subsequently collected data filled those gaps in the 1999 EA/EMP. Management believed that the baseline study used in the 1999 EA/EMP was sufficient to evaluate potential impacts and determine appropriate mitigation measures.

In response to the Requesters' claims of violations of the Bank's policy on involuntary resettlement, Management reported that the compensation plan in the 1999 EA/EMP met, and was being implemented in accordance with, the requirements of the operational directive. Management stated that no household in Cameroon had been physically resettled as a result of the Pipeline Project, and only one household had lost a significant portion of its assets. With regard to the compensation process, Management maintained that the process had been conducted following wide-ranging consultations and that individual choices had been made on the basis of a "a catalogue of options." Management noted that, out of more than 4,000 households that had been compensat-

ed for land and crop losses, only 27 claims remained unsettled. Regarding the Requesters' claims on poverty reduction, Management questioned the applicability of the operational directive because the majority of the affected people had benefited from compensation offered, but nonetheless stated that it believed that the Bank was in compliance with the relevant provisions of the policy.

Regarding workers' issues, Management noted that the Agreement of Establishment signed between the government of Cameroon and COTCO required COTCO to contract local workers and develop a training program for them. Concerning health issues related to the construction of the pipeline, Management stated that COTCO's health and safety requirements conformed with the standards set out in the 1999 EA/EMP; that COTCO's subcontractors had provided medical facilities for their employees; and that COTCO regularly screened and treated workers for curable STDs. Management also noted that the health programs of the subcontractors—including programs of health education and immunization as well as condom distribution—had reached a level of effectiveness above the national level. In response to the Requesters' claims concerning STDs, HIV/AIDS, and prostitution, Management indicated that the Bank did not have a specific policy covering these issues nor were any raw data available on the current HIV/AIDS prevalence rate. Management did acknowledge, however, that because the pipeline was a boost to the local economy, renewed sexual activity was likely. As a result, the spread of STDs and increased vulnerability to HIV/AIDS were also likely.

Finally, in terms of supervision of the two Projects, Management stated that supervision had taken place at several levels: (1) by the government of Cameroon, which had supervised the implementation of the Projects through its ministries; (2) by Bank staff members, both at headquarters and in the Project area; and (3) through two external groups, the External Compliance and Monitoring Group (ECMG) and the International Advisory Group (IAG), which reinforced the supervision framework by also monitoring the Projects' implementation and compliance with the 1999 EA/EMP. Nevertheless, Management acknowledged that, while the construction of the pipeline was expeditious,



the implementation of the CAPECE Project was delayed. Management asserted, however, that it had intensified its supervision efforts to accelerate implementation of the CAPECE Project.

THE PANEL'S ELIGIBILITY REPORT/BOARD DECISION

The Panel found both the Request and the Requesters eligible and submitted its report recommending an investigation to the Board on November 26, 2002. The Board approved the Panel's recommendation for an investigation on a no-objection basis on December 4, 2002. The Request, the Management Response, and the Panel Eligibility Report were made public three days later and are available on the Inspection Panel's Web site: www.inspectionpanel.org.

THE PANEL'S INVESTIGATION REPORT

For the purposes of the investigation, the Panel hired three experts in the areas of contention raised in the Requests: an anthropologist, an environmental specialist, and an occupational health specialist. The Panel reviewed all relevant documents; interviewed Bank staff involved with the Project, whether in Washington, D.C., or in Cameroon; visited the Project area; met with the Requesters, with the various supervision teams (local, international, and internal and external to the Bank), and with government officials; and gathered physical evidence, including water samples.

On May 2, 2003, the Panel submitted its Investigation Report to the Board. The Panel found Management to be generally in compliance with Bank policy as a result of its investigation into the Cameroon portion of the Project but noted six areas of concern: (1) the hiring of an Independent Panel of Experts (IPE) to accompany the implementation of the Project and advise the Government of Cameroon; (2) the adequacy of the collection of baseline data; (3) the inclusion of future regional oil developments and infrastructure projects in the cumulative impacts assessment; (4) the weaknesses of the requisite capacity in Cameroon; (5) the lack of regional monitoring and assessment of the risk and spread of HIV/AIDS; and (6) the absence of a local team in place to handle the volume and quality of supervision required by the Project.

The Panel found that the Bank was not in compliance with paragraph 13 of OD 4.01, as the required IPE was not fully engaged during the preparation and approval of the 1999 EA/EMP because its participation had been discontinued. In addition, the Panel was not in agreement with Management's contention that the International Advisory Group (IAG) helped fill the advisory gap left by the absence of the IPE. Because the IAG reports to the Bank, it cannot be considered technically independent in the sense intended by OD 4.01. The Panel was concerned with the proposed role of the new IPE, as at that time the construction phase of the Project was almost completed. The roles and responsibilities of the IPE needed to be defined in this context in conjunction with the Pipeline Steering and Monitoring Committee (CPSP) and the National Hydrocarbons Corporation (SNH) in order to comply with the requirements of OD 4.01. Given the difficulties encountered with the first IPE over a failure to agree on its roles and responsi-

bilities, the new IPE needed to have a credible niche that met the institutional capacity and technical needs of the CPSP/SNH without duplicating the activities and functions of the IAG and other supervisory organs.

The Panel concluded, as in the Chad Investigation Report, that there was a lack of linkage among baseline data collection, assessment of Project impacts, and the subsequent application of mitigation and Management actions. Thus, the Panel found that Management was not in compliance with paragraph 2 of Annex C of OD 4.01. Also, in the Panel's view, the Bank was not in compliance with paragraph 7 of Annex D of OD 4.01 regarding the collection of a full year of baseline data at the Evaluation and Assessment Phase. The Panel noted COTCO's extensive commitment to an ongoing collection of baseline data but observed that this had occurred only since the start of Project implementation. Nevertheless, such an effort should provide more data on seasonal and annual differences in environmental conditions of the area over the life of the Project and may eventually accomplish the intent of OD 4.01. Many of the resource conflicts that have arisen during Project construction could have been avoided had a full year's baseline data been available before Project approval.

The Panel also noted, as in the Chad Investigation Report, that the cumulative effects should have been taken fully into account during the initial stages of Project review and during the scoping process. The Panel noted that a formal cumulative impact assessment was not completed, even though such an assessment was identified as a requirement by Management during the revision of the 1997 EA. The Panel was concerned with Management's narrow interpretation of cumulative impacts of the Project in that it was restricted to the narrow imprint of the pipeline right-of-way through Cameroon. It is clear that this Project will be a stimulus to the development of additional oil resources in Cameroon and that the development of Project infrastructure, such as roads and other associated offsite developments, will lead to further development within the pipeline area. The Panel believed that a cumulative impact assessment of the Project should have been completed by taking into account the future development of upstream oil developments in northern Cameroon and new oil and gas fields off the Cameroon coast, in addition to large-scale regional oil and gas developments that are planned for Equatorial Guinea, Gabon, and Nigeria. Additional projects in the vicinity of the Pipeline Project—such as the Lom Pangar Dam and the new European Union-funded highway linking southern Chad to northern Cameroon—also should have been factored in. The Panel found, therefore, that Management was not in compliance with OD 4.01 with regard to the need for an adequate assessment of the Project's cumulative effects.

The Panel conducted a detailed study of the CAPECE Project and its relationship to the Pipeline Project; met with representatives of the CPSP and the SNH in Yaoundé;



and discussed the Project with Bank staff and with Government of Cameroon and COTCO officials. The Panel did not have the opportunity to independently verify the presence of the CPSP monitors in the field, as pipeline construction had almost been concluded. The Panel could not confirm that the CPSP indeed had an effective field monitoring presence during pipeline construction activities. In fact, independent sources reported that the CPSP often lacked adequate training, equipment, and transport in the field and, therefore, relied heavily on logistical support provided by COTCO. Because the needed financial resources and personnel were not provided in a timely fashion, the Panel concluded that it was not possible for the CPSP to have had a fully independent field monitoring capability to assess environmental and social compliance with the 1999 EA/EMP as originally envisaged. The Panel was also concerned about the fragility of the local institutional framework that ultimately was in charge of monitoring the Pipeline Project on behalf of the Government of Cameroon. The delays associated with the implementation of the CAPECE Project, which was specifically designed to mitigate this fragility, affected the Government's performance during the entire construction period. The Panel found, therefore, that the purpose of OD 4.01, paragraph 12, regarding the strengthening of environmental capabilities to adequately assess construction impacts during the implementation and monitoring phase of the Project, was not achieved.

The Panel found that the omission in the EMP of an up-to-date regional health assessment, with particular focus on risk and impact of the Pipeline Project in Cameroon, and the omission of a long-term plan aimed at risk mitigation were serious shortcomings in the project preparation phase. This was pointed out early and repeatedly by public health consultants to the Consortium and the Bank. The Panel found that Bank Management was aware of the need to undertake a wider regional assessment of the health risks posed by the Project, particularly by the implementation of a seroepidemiological study to assess the risk of HIV/AIDS in the pipeline construction region. The Panel found that by not requiring the preparation of such a study, the Bank did not comply with the relevant requirements for baseline data of OD 4.01 Environmental Assessment.

The Panel found that Bank Management has been aware of the issues that have arisen in connection with implementation of the Projects. When both the IAG and the ECMG raised concerns about the possibility of retaining the Lom River Bridge, in contradiction with the EMP, Management communicated its concerns to the Government of Cameroon. Similarly, Bank staff seem to have communicated all of the Requesters' major concerns to the Cameroonian authorities and COTCO during Bank supervision missions. Finally, the Requesters acknowledged to the Panel that they had frequently interacted with Bank staff. Nevertheless, regardless of how well structured external supervision may be, it is not a substitute for in-country monitoring. A large and strategically sensitive undertaking such as the Pipeline Project requires constant supervision. The Panel found that no local supervision team was in place to handle the volume and quality of supervision required. The persistence of this shortcoming would certainly frustrate an important goal of the Bank's Policy on Project Supervision: "[A]s a development agency, the Bank also has an interest in assisting member countries to achieve their development objectives on a sustainable basis."

MANAGEMENT'S RECOMMENDATIONS

On May 30, 2003, Management submitted to the Executive Directors its Report and Recommendations in response to the Panel's Investigation Report. In its Report, Management shared the Panel's concerns about the value of an independent panel in the specific context of EA implementation and the development of environmental management capacity. According to Management, staff had been especially mindful of adding value to the ongoing work of the IAG and ECMG and of not creating a situation in which strained relationships between an IPE and the Government of Cameroon could reappear. Management, in consultation with CPSP during previous supervision missions, had concluded that individual independent experts would provide value-added work, such as a review of the National Oil Spill Response Plan (NOSRP), without duplicating the efforts of the ECMG and the IAG.

Management also acknowledged the Panel's findings on baseline data collection, adding that the Pipeline Project would carry out a third run of the household socioeconomic baseline survey along the pipeline route in the postconstruction period to assess sustainability and gauge the net socioeconomic impact of the Project on affected communities. Management stated that the monitoring data would continue to be collected to facilitate ongoing assessment of impacts. It informed the Board that COTCO would also provide greater access to baseline data. Furthermore, Management stated that the monitoring of the Indigenous People's Plan would address any potential issues associated with the geographic scope of baseline data for indigenous peoples. Concerning the cumulative impacts assessment, Management stated that cumulative impacts were expected to be low. Management agreed that the cumulative impacts of an oil spill off the Cameroonian coast need to be assessed and the proposed Long-Term Vision Study of the Environmental and Social Management of the Petroleum Sector should incorporate analysis of the Pipeline Project's cumulative effects. According to Management, the NOSRP contains an analysis of potential impacts of oil spills at local, regional, and national levels, and takes into account international and regional conventions related to the prevention of oil spills in the marine environment and cooperation with neighboring countries if an oil spill occurs. Management stated that the Long-Term Vision Study would address the cumulative impact of the Pipeline Project through projection of its impacts on the overall economic and social development of Cameroon and its environmental and social consequences.

Concerning the health impacts of the Project, Management acknowledged the Panel's findings and emphasized the need to accelerate health activities, especially those related to HIV/AIDS. According to Management, the CAPECE Project assisted the Government of Cameroon in the selection of five health focal points along the route of the pipeline, the establishment of a health center in Dompta, and planning for two additional health centers. Management said that the agreement between the National Committee on HIV/AIDS and COTCO was being implemented and would provide training and health education to communities in the Project area. Management also stated that the Minister of Health had agreed to develop an action plan for the development of health care facilities along the pipeline route to address health in a comprehensive manner beyond the HIV/AIDS issue. Doctors and staff had been appointed for the focal points, a health care

map was being developed, and discussions were under way between the Minister of Health and other stakeholders, including the CPSP, on equipment and the allocation of additional resources to planned and existing health care facilities.

Finally, Management shared the Panel's concerns regarding the institutional capacity of Cameroon. It acknowledged the delays associated with the implementation of the CAPECE Project and stated that actions were being implemented or launched to build the needed capacity to deal with the Pipeline Project and its impacts on the surrounding human and biophysical environment. According to Management, progress had been made in developing the capacity of the CPSP. Field teams had gained experience in field monitoring and supervision and in organization and implementation of multiexpert field missions. The CPSP had also gained a better understanding of environmental, social, and health issues in connection with large infrastructure projects; with conflict resolution in rural areas; and with communication strategy implementation. While acknowledging the need to strengthen the CPSP work with a view to sustaining it over and beyond the life of the Pipeline Project, Management asserted that, realistically, the pace of CAPECE could not be accelerated much more than it had been, given the country's institutional and human resource constraints.

BOARD DISCUSSIONS

On July 22, 2003, the Board of Executive Directors of the World Bank discussed and approved Management's Report and Recommendations in response to the Panel's findings as stated in its Investigation Report. During the discussion, Board members commended the thorough work of the Inspection Panel. Management informed the Board that during the CAPECE Project Mid-Term Review, which took place after Management submitted its Report to the Board, an Action Plan was agreed upon to speed up implementation of capacity development activities, including acceleration of the procurement process and strengthening of field-based activities. The Panel's Investigation Report and Management's Report and Recommendations were made public and are available on the Inspection Panel's Web site: www.inspectionpanel.org.

OUTREACH AND OTHER ACTIVITIES

INAUGURAL ACCOUNTABILITY MECHANISM MEETING

On Friday, May 21, 2004, the Inspection Panel hosted an informal meeting of accountability mechanisms of international financial and related institutions. The meeting was the first such gathering of these mechanisms. The participants were

- The Inspection Panel
- The Compliance Advisor Ombudsman of the International Financial Corporation
- The Compliance Review Panel and the Special Project Facilitator of the Asian Development Bank
- The Independent Recourse Mechanism of the European Bank for Reconstruction and Development
- The Independent Investigation Mechanism of the Inter-American Development Bank
- The Independent Evaluation Office of the International Monetary Fund
- The Office of Examiners of Environmental Guidelines of the Japan Bank for International Cooperation
- The Compliance Officer and the Vice President for Internal Audit and Evaluation of Export Development Canada
- The Citizens' Submissions Unit of the North American Commission on Environmental Cooperation.

At a welcoming dinner the previous evening, Bank Managing Director Mr. Shengman Zhang conveyed greetings to all participants from the President of the Bank, Mr. Jim Wolfensohn, and congratulated the Panel for convening such a forum. Professor Claudio Grossman, Dean of the Washington College of Law at the American University, Vice President and Member of the U.N. Committee on Torture, and former General Rapporteur of the Inter-American Bar Association Inter-American Commission on Human Rights of the Organization of American States, delivered a speech after the meal on issues that arise during investigations of human rights abuses.

During the conference, participants exchanged views on a wide range of matters of mutual interest related to complaints from affected people and to investigations of possible policy violations. They took the opportunity to learn from each other in a variety of ways. The Asian Development Bank graciously undertook to continue the meetings and host the next gathering of the participants, to be held in Manila in the first half of 2005.

MAJOR EVENTS



Inspection Panel Book Launch

On July 24, 2003, the Panel held a reception to launch its recent publication *Accountability at the World Bank: The Inspection Panel 10 Years On*. The Panel distributed copies of the book to members of the NGO community, Bank staff, and Management who attended the reception. The Panel's outgoing Chairperson, Professor Edward Ayensu, World Bank Managing Director Shengman Zhang, and a civil society international financial institutions-accountability advocate, Professor David Hunter, gave remarks at the launch. The event celebrated the tenth anniversary of the Panel's establishment.

The book contains information about the Panel's history and process, its enabling Resolution and subsequent Clarifications, its eligibility requirements for a Request, case studies of selected Requests, and charts and figures listing the Panel's activities up to the date of publication. The book, first published in English, has been translated into French, Portuguese, and Spanish.

Bank Annual Meeting in Dubai

On September 22, 2003, the Inspection Panel participated in the World Bank–International Monetary Fund Annual Meetings program of seminars in Dubai, United Arab Emirates. The Panel's session was entitled "The Inspection Panel: Participation and Accountability at the World Bank." The seminar was conducted in a roundtable setting, chaired by Professor Tongroj Onchan. Speakers included Professor Edith Brown Weiss, Chairperson of the Inspection Panel; Professor Daniel Magraw Jr., President of the Centre of International Environmental Law; and Professor Edward S. Ayensu, former Chairperson of the Inspection Panel. The panelists discussed the requirements of accountability, the experience of the Chad-Cameroon pipeline investigation, the Panel's effectiveness, Requesters' satisfaction or dissatisfaction with the Panel's process, and the Panel's future challenges, including the reformulation of the Bank's safeguard policies, the shift in Bank lending from specific project loans to sectoral and structural adjustment loans, and the shift of Bank responsibility to borrowing countries. The event was well attended and included private sector officials, high-level government officials, senior Bank Management, representatives of nongovernmental organizations (NGOs), and representatives of academia.

Bank Staff Town Hall Meeting

On November 4, 2003, the Inspection Panel held a Town Hall meeting with World Bank staff to promote understanding of the Panel's mandate and how it operates. All members of the Panel participated in the event. In opening remarks, Managing Director Shengman Zhang commented that the Panel is an impartial body that acts independently and forms its own views. Mr. Zhang noted that Bank staff "are human" and sometimes make mistakes. "We shouldn't be afraid when others point them out," he said.

Following Panel Chairperson Edith Brown Weiss's presentation on the Panel process,

over an hour of lively discussion took place. Some participants voiced concerns about incentives created by the Panel. Panel members responded by commenting that creating positive incentives toward compliance with the Bank's own policies is of the utmost importance and should be addressed by the Bank as an institution.

World Social Forum in Mumbai

On January 17–19, 2004, Panel Chairperson Edith Brown Weiss, Panel Member Tongroj Onchan, and Assistant Executive Secretary Andrew Thomson participated at the World Social Forum held in Mumbai, India. Professor Brown Weiss was invited to speak at the “WSF Panel on Accountability of International Financial Institutions,” which was sponsored by the Bank Information Center USA, a nongovernmental organization. She appeared along with Mr. Smitu Kothari of the Lokayan Social Action Group; Mr. Khadim Hussain, Director, ActionAid Pakistan; Ms. Robin Broad, Professor, American University School of International Service; and Mr. David Hunter, Adjunct Professor, American University Washington College of Law, who served as facilitator.

The discussion was well attended, attracting a crowd from a variety of backgrounds. Participants enjoyed a lively discussion after the speakers made their presentations, and it proved a useful occasion to explain the role and activities of the Inspection Panel. After the discussion, the Panel team attended a number of other seminars and events at the Forum.

OUTREACH MEETINGS

Meeting with Netherlands Bankers

On November 6, 2003, Ernst & Young, Netherlands, invited Panel Member Maartje Van Putten to make a presentation about the Inspection Panel to a seminar organized in Utrecht for the private banking sector and entitled “Eye on Banking: *Behoorlijk Bankbestuur* [Proper Conduct of Banks].” Among the other invitees was European Union Commissioner Frits Bolkestein. The full-day seminar was attended by more than 300 banking professionals, including lawyers and auditors.

Ms. Van Putten's presentation covered the Panel's process and its evolution during the China Western Poverty Reduction Project and the Chad-Cameroon Pipeline Project in terms of addressing human rights issues. The afternoon question-and-answer session centered on the Dutch and European Union systems of accountability, the new code of conduct established for Dutch banks, and the Equator Principles. Ms. Van Putten addressed areas where these systems related to the Panel's work.

Advanced Forum on Environmental Impact Assessment, Canada

McGill University organized an Advanced Forum on Environmental Impact Assessment (EIA), involving the Inspection Panel and Bank Management, November 9–10, 2003, in Chateau Vaudreuil near Montreal. The primary objective of the forum was to enable World Bank and prominent Canadian EIA experts to interact. The forum provided a set-

ting for an informal and mutual exchange of views on public participation in the EIA process, particularly for indigenous and First Nation peoples; funding for public participation; and the organization and functioning of panel reviews and expert technical advice for those panels. Panel Member Ms. Maartje Van Putten and Professor Richard Fuggle, Panel Environmental Advisor, participated as observers. All discussions at the forum were on an informal basis.

Academy of Arts and Sciences, Ghana

On November 14, 2003, the Ghana Academy of Arts and Sciences and the World Bank Inspection Panel held a colloquium entitled “Accountability and International Financial Institutions.” Professor S.K.B. Asante, the Academy’s President, chaired the event and gave opening remarks. The Honorable Yaw Osafo Maafo, Ghana’s Minister for Finance and Economic Planning, delivered the keynote presentation. Alex Kwapong, Chairman of the Council of State; Professor Edward S. Ayensu, former Inspection Panel Chairperson; Professor Edith Brown Weiss, the Panel’s Current Chairperson; Mr. Mats Karlsson, World Bank Country Director; Mr. Alfredo Sfeir-Younis, Senior Advisor on Human Rights to the World Bank Managing Director; Dr. Yao Graham, Coordinator of the Third World Network; and Mr. Eduardo Abbott, Executive Secretary of the Panel, also participated in the event. The audience, which drew from Ghana and neighboring countries, included members of the Ghana Academy of Arts and Sciences, the national judiciary, and various NGOs. The Panel hosted a reception following the colloquium that featured the launching in Africa of its book *Accountability at the World Bank: The Inspection Panel 10 Years On*.

Institute of International Economic Law, Washington, D.C.

On February 9, 2004, the Panel’s Assistant Executive Secretary, Andrew Thomson, delivered a speech to a brown bag lunch meeting of the Fellows of the Institute of International Economic Law at Georgetown University Law Center on the Panel’s role and procedures.

Graduate Institute of International Studies, Geneva, Switzerland

On May 26, 2004, the Graduate Institute of International Studies, Geneva, in collaboration with the Inspection Panel, hosted a symposium on “Accountability and International Financial Institutions.” Professor Edith Brown Weiss gave the keynote address. Professor Laurence Boisson de Chazournes, University of Geneva; and Professor Pierre de Senarclens, University of Lausanne delivered commentaries. Dr. Daniel Warner, Director of the Graduate Institute of International Studies, chaired the event. Many people attended, including people from academia, the diplomatic community, NGOs, and civil society. The event also served as an opportunity for the Panel to launch the French version of its book *Responsabilisation et transparence à la Banque mondiale: Le Panel d’inspection 10 ans sur la brèche*.

NGO Forum in Tbilisi, Georgia

On May 28, 2004, Panel Member Ms. Maartje Van Putten, assisted by Mr. Serge Selwan, Panel Operations Officer, conducted a one-day seminar in Tbilisi, Georgia, on the Inspection Panel's role, operations, and activities to date. The seminar also included a short, general presentation about the World Bank Group. The meeting was organized by the Regional Coordinator for the Caucasus of the Central and Eastern Europe NGO (CEE Bankwatch Network). Several local organizations representing civil society attended, together with a World Bank official and a diplomat representing the Netherlands. The participants discussed the Panel's activities and the procedural steps for a Request for Inspection. At the end of the session, the organizers invited questions from the floor, which touched on several topics, such as structural adjustment loans, environmental assessments, and the role of the Panel when an investigation is completed.

Human Rights Academy, Washington, D.C.

On June 14, 2004, as in each of the past four years, the Inspection Panel hosted members of the Academy on Human Rights and Humanitarian Law from the Washington College of Law at American University for a presentation on the Panel. Mr. Serge Selwan, Panel Operations Officer, presented the Panel's process, activities, and the role it has played in the development of human rights through its case record. At the end of the presentation, the participants asked questions on topics such as Bank policies on indigenous peoples' rights, the policy on disclosure of Bank documents, what documents are disclosed at which stages of the project cycle, and the status of current cases.

NGO Briefings

The Panel held several meetings with civil society groups during the past year. On September 9, 2003, the Panel invited several groups to a meeting that also served to introduce the NGOs to the Panel's latest member, Professor Tongroj Onchan of Thailand. On April 20, 2004, shortly before the World Bank–International Monetary Fund Spring Meetings, the Panel held a second meeting with civil society. The April event was held at the Institute for Policy Studies and facilitated by the Bank Information Center. Representatives of Washington-based NGOs as well as civil society groups from India, Tanzania, Bolivia, and several European countries took part in the exchange. At both events, Panel Chairperson Edith Brown Weiss gave an overview of the Panel process and provided an update on the Panel's activities. Panel Members and secretariat staff answered questions, addressed concerns, listened to feedback, and engaged in a productive dialogue with the civil society groups.

OTHER EVENTS

Distinguished Speakers Series

The Panel inaugurated a Distinguished Speakers Series through which noteworthy scholars are invited to give lunchtime talks at the Bank on topics related to the Panel's role and activities. The first such event took place on December 9, 2003, when Professor Dr. Jochen Frowein, Director Emeritus of the Max Planck Institute for Comparative and International Law, Heidelberg, and former Vice President of the European Commission of Human Rights, delivered an address entitled "Human Rights Investigations and International Law," which dealt with various issues that arose in the investigations he carried out during his career.

OUTREACH MATERIAL

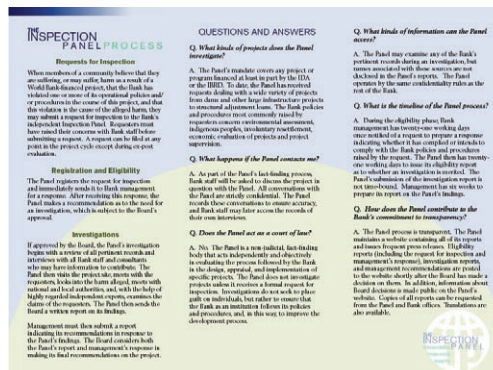
Brochures

The Panel produced a brochure targeting civil society. The brochure, entitled *Inspection Panel: We can help make your voice be heard*, introduces the Panel and contains information on its procedures and on how to submit a Request, the eligibility conditions required by the Panel's enabling Resolution, and a suggested format for a Request. To maximize the brochure's reach, the Panel produced it in 12 languages: Arabic, Chinese, English, French, Hindi, Indonesian, Portuguese, Russian, Spanish, Thai, Turkish, and Urdu.



Staff Guide

The Panel released a new brochure specifically as a guide for Bank staff. The brief *Staff Guide to the World Bank Inspection Panel* aims to familiarize staff with the Panel process. It explains that the Panel exists not to find fault with individual staff members but to provide the Executive Directors with information they can use to seek remedies in cases in which the Bank as an institution has made mistakes and people have suffered harm as a result. The *Staff Guide* is being distributed Bank-wide and used in the training of new staff members.



Posters

The Panel updated the set of posters it had produced for the July 24, 2003, book launch to include the information required for eligibility of a Request and contact information for the Panel. The posters, along with associated material, will be distributed to all Bank Offices and Project Information Centers.

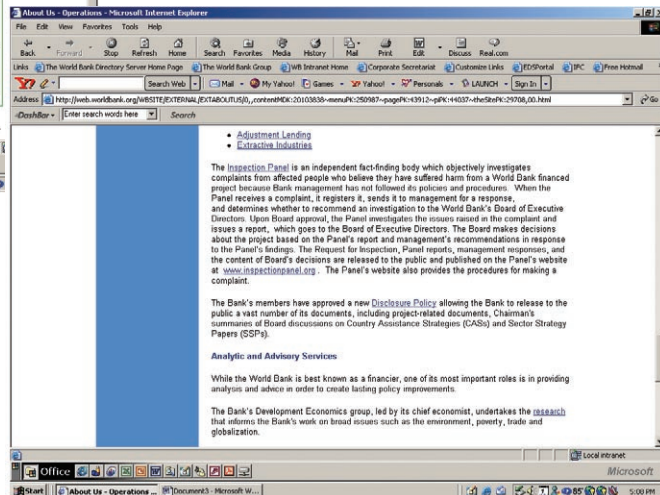
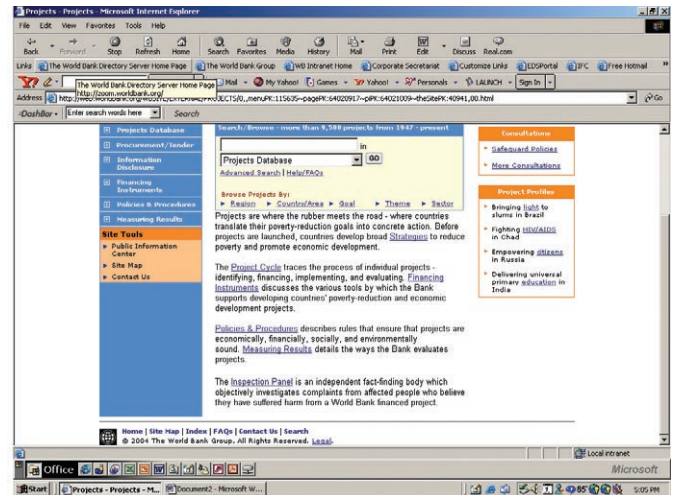
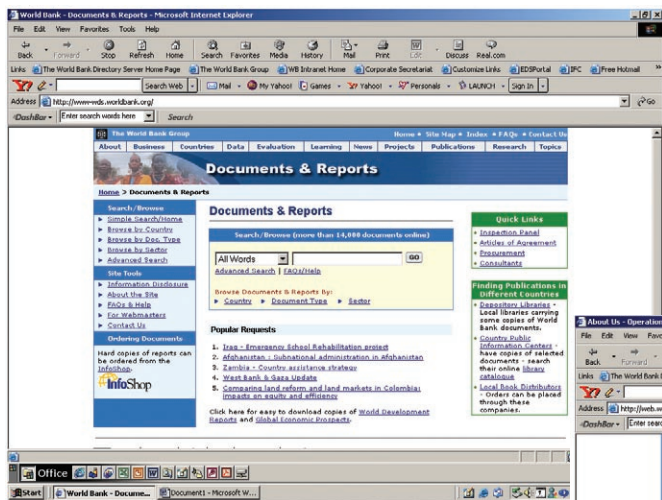


Panel Web Site

The Panel regards its Web site as a crucial tool for reaching out to civil society, Bank staff, and people who have suffered harm from a Bank-financed project. The Panel is currently reconstructing the Web site to keep up with technological innovations and to organize the material in a more accessible manner. The current Web site has served the Panel since 1999; the new Web site is expected to be up and running by the end of 2004.

World Bank Web Site

The World Bank's external Web site includes a link to the Panel's own Web site from the Documents & Reports page of the Bank's Web site, a short description of the Panel's role and a link on the Projects & Programs page, and a longer description on the About Us (Operations) page.





ANNEXES

ANNEX 1

PANEL MEMBERS' BIOGRAPHIES



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

Ms. Maartje van Putten was appointed to the Panel in October 1999. Ms. van Putten was a member of the European Parliament from 1989 to 1999. Ms. van Putten was the Rapporteur of the Parliament on the effects of the General Agreement on Tariffs and Trade (GATT)/Uruguay Round on the developing countries, fair trade, the European Union (EU) budget line for Asia and Latin America, the EU tropical forest policy, the EU

policy on the convention of endangered species, and European policies toward indigenous peoples. She is active with nongovernmental organizations. Ms. van Putten has closely worked with the World Wildlife Fund (WWF) European policy Office as a key political partner to promote better EU conservation and sustainable development policies. She was also a member of the African, Caribbean and Pacific Group (ACP)–European Union Joint Assembly. Ms. van Putten was a freelance multimedia journalist for most of her professional career, and was a Senior Fellow of the Evert Vermeer Foundation from 1981 to 1989. She produced a TV film documentary and is the author of many articles and books on globalization, international division of labor, and gender issues. Currently a Vice-Chairperson of the European Center of Development Policy Management, Ms. van Putten is President of the Board of European Network of Street Children Worldwide (ENSCW). She holds an HBO degree in community development from Sociale Academie Amsterdam and a master's degree in social sector management from Protestantse Voortgezette Opleiding (PVO), Amsterdam. At present, she is working on a dissertation at the Catholic University of Tilburg in the Netherlands.



Professor Tongroj Onchan was appointed to the Panel in September 2003. He is a well-known agricultural and resource economist with a Ph.D. in agricultural economics from the University of Illinois. Professor Onchan taught on the Faculty of Economics at Kasetsart University in Thailand for 26 years, including a term as dean. He later served as vice president of Huachiew Chalermprakiat University, then joined the Thailand Environment Institute (TEI) as vice president. In 1998, Mr. Onchan was appointed president of TEI. He helped establish and was appointed president of the Mekong Environment and Resource Institute (MERI) in 2000. He has served as advisor to the Prime Minister and to the Minister of Science, Technology and Environment, as member of the National Environmental Board, chairman of the national Environmental Impact Assessment (NEIA) Committee, and member of the National Audit Committee. Mr. Onchan is on many editorial boards, among them the *Asian Journal of Agricultural Economics* and the *International Review for Environmental Strategies*. He has consulted for a number of international organizations, including the Asian Productivity Organization, Economic and Social Commission for Asia and Pacific (ESCAP), the World Bank, the Asian Development Bank, the Food and Agriculture Organization, the International Labor Organization, the United States Agency for International Development (USAID), and the Ford Foundation. He has been project director of over 30 research projects and author or co-author of numerous technical and research papers on rural development, natural resources, and environmental management. Currently, he serves in several capacities: chairman of the Board of Directors of the MERI, chairman of the Committee on the Preparation of State of the Environment Report for Thailand, member of National Research Council for economics, and a director of the International Global Environment Strategy (IGES) based in Japan. Mr. Onchan was appointed as *eminent person* to serve as a member of the Asia and Pacific Forum for Environment and Development (APFED).



JOINT STATEMENT ON THE USE OF COUNTRY SYSTEMS

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

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

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

Edith Brown Weiss
Chairperson
The Inspection Panel

Roberto Danino
Senior Vice President and General Counsel
The World Bank

June 8, 2004

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

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.¹
 - (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.

¹ This will be deemed to be the case when at least ninety five percent of the loan proceeds have been disbursed.

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

PROCEDURES

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

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

DECISIONS OF THE PANEL

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

REPORTS

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

REVIEW

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

APPLICATION TO IDA PROJECTS

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

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

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

THE PANEL'S FUNCTION

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

ELIGIBILITY AND ACCESS

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

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

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

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

OUTREACH

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

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

COMPOSITION OF THE PANEL

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

ROLE OF THE BOARD

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

October 17, 1996

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

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

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

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

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

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

- respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures (Resolution para. 13).
- d. The matter is not related to procurement (Resolution para. 14b).
 - e. The related loan has not been closed or substantially disbursed (Resolution para. 14c).
 - f. The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request (Resolution para. 14d).
10. Issues of interpretation of the Resolution will be cleared with the Board.
 11. The "preliminary assessment" concept, as described in the October 1996 Clarification, is no longer needed. The paragraph entitled "The Panel's Function" in the October 1996 "Clarifications" is thus deleted.
 12. The profile of Panel activities, in-country, during the course of an investigation, should be kept as low as possible in keeping with its role as a fact-finding body on behalf of the Board. The Panel's methods of investigation should not create the impression that it is investigating the borrower's performance. However, the Board, acknowledging the important role of the Panel in contacting the requesters and in fact-finding on behalf of the Board, welcomes the Panel's efforts to gather information through consultations with affected people. Given the need to conduct such work in an independent and low-profile manner, the Panel—and Management—should decline media contacts while an investigation is pending or underway. Under those circumstances in which, in the judgement 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 judgement on these matters, and be guided by Bank policies and procedures where relevant.

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

ANNEX 6

OPERATING PROCEDURES

AS ADOPTED BY THE PANEL ON AUGUST 19, 1994

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INTRODUCTION

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

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

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

Composition

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

Purpose

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

Functions

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

Participants

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

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

Administration

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

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

SUBJECT MATTER OF REQUESTS

Scope

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

Limitations

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

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

PREPARATION OF A REQUEST

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

A. Who Can File a Request

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

B. Contents of a Request

- 5. In accordance with the Resolution, Requests should contain the following information:
 - (a) a description of the project, stating all the relevant facts including the harm suffered by or threatened to the affected party;
 - (b) an explanation of how Bank policies, procedures or contractual documents were seriously violated;
 - (c) a description of how the act or omission on the part of the Bank has led or may lead to a violation of the specific provision;
 - (d) a description of how the party was, or is likely to be, materially and adversely affected by the Bank's act or omission and what rights or interests of the claimant were directly affected;
 - (e) a description of the steps taken by the affected party to resolve the violations with Bank staff, and explanation of why the Bank's response was inadequate;
 - (f) in Requests relating to matters previously submitted to the Panel, a statement specifying what new evidence or changed circumstances justify the Panel revisiting the issue; and

- (g) if some of the information cannot be provided, an explanation should be included.

C. Form of Request

Written

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

Format

7. No specific form is necessary: a letter will suffice. A Requester may wish to refer to the guidance and use the model form specifying required information. (Attached as Annex 2)

Language

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

Representatives

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

Documents

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

D. Delivery of Request

14. Requests must be sent by registered or certified mail or delivered by hand in a sealed envelope against receipt to the Office of The Inspection Panel at 1818 H Street,

N.W., Washington, D.C. 20433, U.S.A. or to the Bank’s resident representative in the country where the project is located. In the latter case, the resident representative shall, after issuing a receipt to the Requester, forward the Request to the Panel through the next pouch.

E. Advice on Preparation

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

PROCEDURES ON RECEIPT OF A REQUEST

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

A. Register

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

Contents of Notice

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

B. Request Additional Information

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

21. The Chairperson may refuse to register a Request until all necessary information and documentation is filed.

C. Outside Scope

22. If the chairperson finds, that the matter is without doubt manifestly outside the Panel's mandate, he/she will notify the Requesters, of his/her refusal to register the Request and of the reasons therefor; this will include but not be limited to the following types of communications:

- (a) Requests which are clearly outside the Panel's mandate including those listed above at paragraph 2;
- (b) Requests which do not show the steps taken or effort made to resolve the matter with Management;
- (c) Requests from an individual or from a non-authorized representative of an affected party;
- (d) any correspondence, including but not limited to letters, memoranda, opinions, submissions or requests on any matter within the Panel's mandate which are not requests for an inspection; and
- (e) Requests that are manifestly frivolous, absurd or anonymous.

Records

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

D. Need for Review

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

E. Revised Request

25. If the Requester receives significant new evidence or information at any time after the initial Request was submitted, he/she may consider whether or not it is serious enough to justify the submission of a revised Request.

26. If a revised Request is submitted, the time periods for Management's response and the Panel recommendation will begin again from the time such Request is registered.

MANAGEMENT'S RESPONSE

27. Within 21 days after being notified of a Request, Management shall provide the Panel with evidence that it has complied, or intends to comply with the Bank's relevant policies and procedures. After the Panel receives Management's response, it shall promptly enter the date of receipt in the Panel Register.

28. If there is no response from Management within 21 days, the Panel shall notify the President and the Executive Directors and send a copy to the Requester.

Clarification

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

PANEL RECOMMENDATION

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

A. Basis

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

B. Required Criteria

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

Criteria for Satisfactory Response

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

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

Preliminary Review

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

Initial Study

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

C. Contents

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

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

D. Submission

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

BOARD DECISION AND PUBLIC RELEASE

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

Notification

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

Public Information

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

AN INVESTIGATION

A. Initial Procedures

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

B. Methods of Investigation

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

Consent Required

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

C. Participation of Requester

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

D. Participation of Third Parties

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

PANEL REPORT

Contents

52. The report of the Panel (the “Report”) shall include the following:

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

Submission

53. Upon completion of the Report, the Panel shall submit it to:

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

MANAGEMENT’S RECOMMENDATIONS

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

BOARD DECISION AND PUBLIC RELEASE

55. Within 2 weeks after the Executive Directors consider the Panel’s Report and the Management’s response, the Bank shall inform the Requester of the results of the investigation and the action decided by the Board, if any.

56. After the Bank has informed the Requester, the Bank shall make publicly available:

- (a) the Panel’s Report;
- (b) Management’s recommendations; and
- (c) the Board’s decision.

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

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

GENERAL

Business Days

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

Copies

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

Consultations

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

Access to Bank Staff and Information

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

Legal Advice

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

Confidentiality

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

Information to Requester and Public

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

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

GUIDANCE ON HOW TO PREPARE A REQUEST FOR INSPECTION

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

1. Name, contact address and telephone number of the group or people making the request.
2. Name and description of the Bank 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 much other information as you think necessary as separate documents. Please note and identify attachments in your summary.

You may wish to use the attached model form.

**MODEL FORM:
REQUEST FOR INSPECTION**

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

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

Signatures:

Date:

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

List of attachments

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

TABLE 1

SUMMARY OF INSPECTION PANEL CASES¹

JUNE 30, 2004

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

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

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

REQUEST (SHORT FORM)	REQUEST RECEIVED	REQUEST REGISTERED	INSPECTION PANEL RECOMMENDATION	RECOMMENDATION APPROVED BY THE BOARD	PANEL'S ACTIVITY
24. Uganda: Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	July 27, 2001	Yes	Investigation	Yes	Eligibility Report and Investigation Report
25. Papua New Guinea: Governance Promotion Adjustment Loan	December 6, 2001	Yes	No investigation	Yes	Eligibility Report
26. Paraguay/Argentina: Reform Project for the Water and Telecommunications Sectors, SEGBA V Power Distribution Project (Yacyretá 2002)	May 17, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
27. Cameroon: Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	September 25, 2002	Yes	Investigation	Yes	Eligibility Report and Investigation Report
28. Philippines: Manila Second Sewerage Project (MSSP)	September 26, 2003	Yes	No recommendation, as the Requesters failed to satisfy a procedural criterion, that the Requesters had brought the subject matter to Management's attention and that, in the Requester's view, Management failed to respond adequately.	Yes	Eligibility Report
29. Cameroon: Petroleum Development and Pipeline Project (not registered)	November 26, 2003	No	—	—	—
30. Mexico: Indigenous and Community Biodiversity Project (COINBIO)	January 26, 2004	Yes	In fairness to all parties concerned, the Panel could not take a position on whether the Request merits an investigation and awaits further developments.	Yes	Eligibility Report
31. Colombia: Cartagena Water Supply, Sewerage, and Environmental Management Project	April 20, 2004	Yes	—	—	—
32. India: Mumbai Urban Transport Project	April 28, 2004	Yes	—	—	—
33. India: Mumbai Urban Transport Project—Gazi Nagar	June 29, 2004	Yes	—	—	—

TABLE 2

ALLEGED VIOLATIONS OF POLICIES AND PROCEDURES PER REQUEST

JUNE 30, 2004

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
1. 10/24/1994	Nepal: Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	Economic evaluation of investment operations (OP/BP 10.04) Disclosure of operational information (BP 17.50) Outline for a project information document (BP 10.00, Annex A) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Indigenous peoples (OD 4.20)
2. 5/2/1995	Ethiopia: Compensation for Expropriation and Extension of IDA Credits to Ethiopia (not registered)	Dispute over defaults on external debt, expropriation, and breach of contract (OMS 1.28)
3. 5/16/1995	Tanzania: Power VI Project	Article V Section 1(c), IDA Articles of Agreement Article V Section 1(d), IDA Articles of Agreement Article V Section 1(g), IDA Articles of Agreement Environmental aspects of Bank work (OMS NO. 236) Environmental assessment (OD 4.01)
4. 6/16/1995	Brazil: Rondônia Natural Resources Management Project	Project supervision (OD 13.05) Forestry policy (OP/BP 4.36) Wildlands policy (OPN 11.02) Indigenous peoples (OD 4.20) Involvement of NGOs in Bank-supported activities (OD 14.70) Project monitoring and evaluation (OD 10.70) Investment lending—identification to the Board presentation (BP 10.00) Suspension of disbursements (OD 13.40) Accounting, financial reporting, and auditing (OD 10.60) Procurement (OD 11.00) Use of consultants (OD 11.10) Borrower compliance with audit covenants (OD 13.10)
5. 11/17/1995	Chile: Financing of Hydroelectric Dams in the Bío-Bío River (not registered)	Environmental policy for dam and reservoir project, Annex B (OD 4.00) Indigenous peoples (OD 4.20) Wildlands (OPN 11.02) Management of cultural property in Bank-financed projects (OPN 11.03) Involuntary resettlement (OD 4.30) Project supervision (OD 13.05)

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

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

DATE REQUEST RECEIVED	REQUEST	POLICIES AND PROCEDURES RAISED IN THE REQUEST FOR INSPECTION
24. 7/27/2001	Uganda: Third Power Project, Fourth Power Project, and proposed Bujagali Hydropower Project	Environmental assessment (OP/BP 4.01) Natural habitats (OP/BP 4.04) Indigenous peoples (OD 4.20) Involuntary resettlement (OD 4.30) Safety of dams (OP/BP 4.37) Management of cultural property of Bank-financed projects (OPN 11.03) Economic evaluation of investment operations (OP/BP 10.04) Poverty alleviation (OD 4.15) Disclosure of operational information (BP 17.50) Project monitoring and evaluation (OD 10.70) Project supervision (OD 13.05)
25. 12/6/2001	Papua New Guinea: Governance Promotion Adjustment Loan	Forestry (OP/BP 4.36) Adjustment lending policy (OD 8.60) Project supervision (OD/OP/BP 13.05)
26. 5/17/2002	Paraguay: Reform Project for the Water and Telecommunications Sectors Argentina: SEGBA V Power Distribution Project	Environmental policy for dam and reservoir projects (OD 4.00, Annex B) Environmental assessment (OD 4.01) Involuntary resettlement (OD 4.30) Project supervision (OD/OP/BP 13.05) Project monitoring and evaluation (OD 10.70) Suspension of disbursements (OD 13.40)
27. 9/25/2002	Cameroon: Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Poverty reduction (OD 4.15) Indigenous people (OD 4.20) Involuntary resettlement (OD 4.30) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
28. 9/26/2003	Philippines: Manila Second Sewerage Project	Environmental assessment (OD 4.01) Economic evaluation of investment operations (OP/BP 10.04) Disclosure of operational information (BP 17.50) Project supervision (OD 13.05)
29. 11/26/2003	Cameroon: Petroleum Development and Pipeline Project (not registered)	Involuntary resettlement (OD 4.30)
30. 01/26/2004	Mexico: Indigenous and Community Biodiversity Project (COINBIO)	Indigenous people (OD 4.20) Project supervision (OD/OP/BP 13.05)
31. 04/20/2004	Colombia: Cartagena Water Supply, Sewerage, and Environmental Management Project	Environmental assessment (OD 4.01) Natural habitats (OP/BP 4.04) Water resources management (OD 4.07) Poverty reduction (OD 4.15) Indigenous people (OD 4.20) Financial management (OP/BP 10.02) Economic evaluation of investment operations (OP/BP 10.04) Project supervision (OD/OP/BP 13.05)
32. 04/28/2004	India: Mumbai Urban Transport Project	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of Information Policy (January 2002) Project supervision (OP/BP 13.05)
33. 06/29/2004	India: Mumbai Urban Transport Project—Gazi Nagar	Environmental assessment (OP/BP 4.01) Involuntary resettlement (OD 4.30) Disclosure of Information Policy (January 2002) Project supervision (OP/BP 13.05)

FIGURE 2
POLICIES MOST OFTEN RAISED IN REQUESTS
JUNE 30, 2004

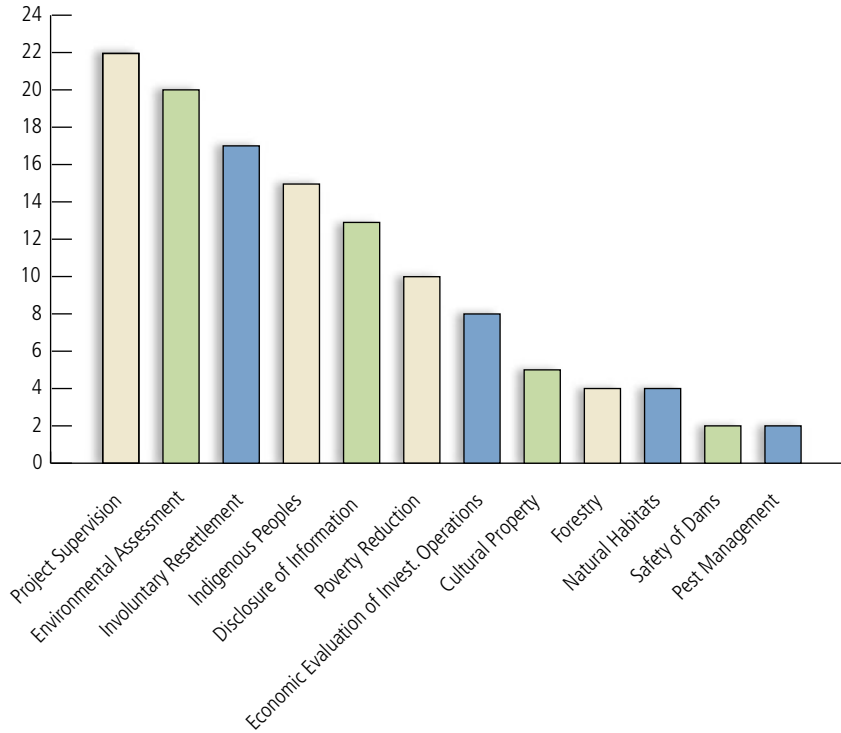
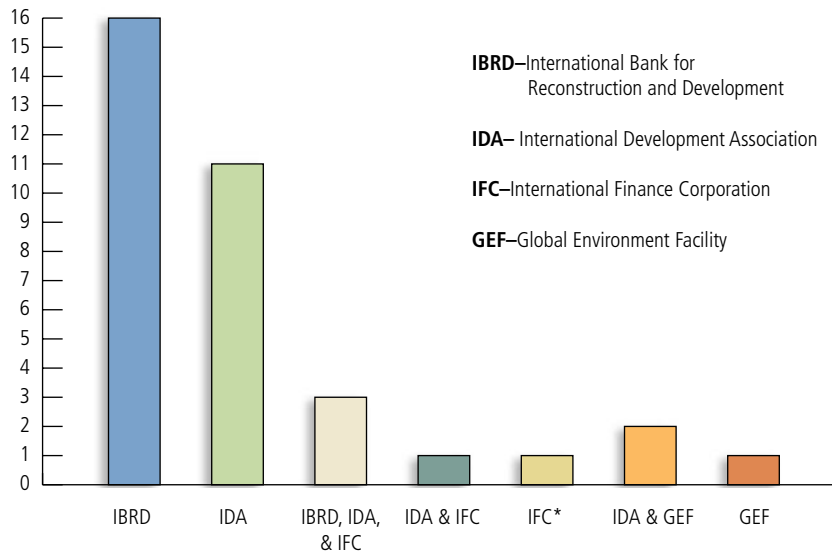


FIGURE 3
FINANCING FOR PROJECTS SUBJECT TO REQUESTS
JUNE 30, 2004



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

FIGURE 4
PERCENTAGE OF REQUESTS RECEIVED PER REGION
JUNE 30, 2004

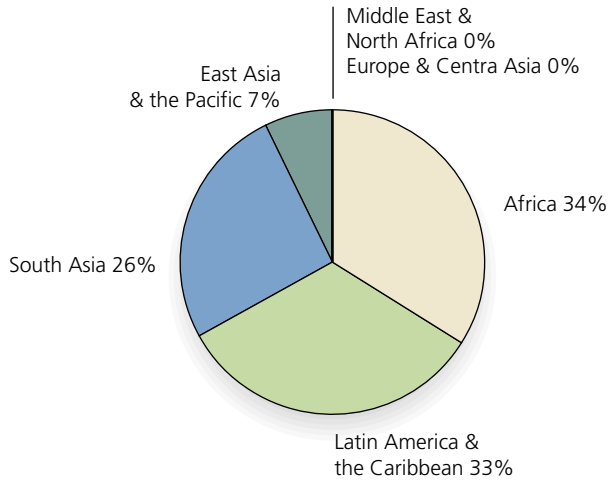
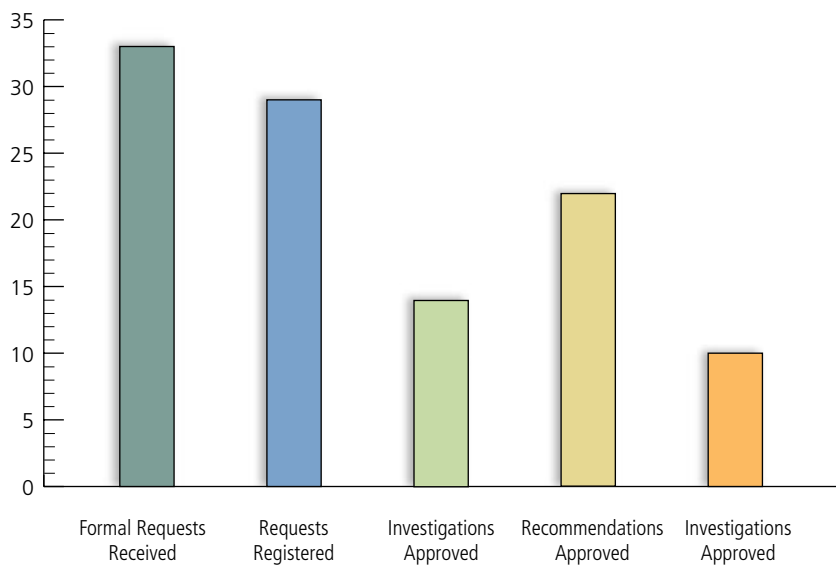


FIGURE 5
PANEL'S CASE RECORD
JUNE 30, 2004



GEOGRAPHICAL DISTRIBUTION OF REQUESTS FOR INSPECTION



JUNE 30, 2004

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ANNEX 7

THE INSPECTION PANEL BUDGET

JULY 1, 2003–JUNE 30, 2004

(THOUSANDS OF U.S. DOLLARS)

Consultants*	654.5
Salaries**	687.2
Temporaries	40.7
Publications	134.6
Travel	408.4
Benefits	358.6
Communications & IT Services	90.2
Equipment & Building Services	5.2
Representation & Hospitality	30.3
Contractual Services	30.0
Other Expenses	83.6
Office Occupancy	134.5
Total Expenses	2,649.2
Current Budget	2,724.4

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

* Includes Panel Members' fees.

** Includes Chairperson's Salary.

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