

The Inspection Panel

International Bank for Reconstruction and Development
International Development Association

Annual Report

August 1, 1999, to July 31, 2000

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Published for the Inspection Panel

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Letter of Transmittal

This Annual Report, which covers the period August 1, 1999 to July 31, 2000, has been prepared by the members of the Inspection Panel for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) in accordance with the Resolution that established the Panel. The Report is being circulated to the President and Executive Directors of both institutions.

The Panel would like to take this opportunity to thank the Executive Directors for their unfailing support. The Panel would also like to thank Mr. James D. Wolfensohn and Senior Management for their continued support of the Panel as an integral component of the Bank's transparency and accountability efforts.

Jim MacNeill
Chairman

July 31, 2000

Overview

The Inspection Panel was created in September 1993 by the Board of Executive Directors of the World Bank¹ to serve as an independent mechanism to ensure accountability in Bank operations with respect to its policies and procedures. Established in August 1994, the Inspection Panel provides a link between the Bank and the people who are likely to be affected by the projects it finances. The Panel is the Bank's mechanism to enable people who believe that they or their interests have been or could be harmed by Bank-financed activities to present their concerns to an independent forum through a Request for Inspection.

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 not having 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 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 Annex 1, 2, and 3, respectively, for the full text of the Resolution and 1996 and 1999 Clarifications).

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

- The Panel decides whether the Request is prima facie not barred from Panel consideration.
- The Panel registers the Request—a purely administrative procedure.
- The Panel promptly notifies the members of the Board that a Request has been received, and sends the Request to them and to Bank Management.
- Bank Management has 21 working days to respond to the allegations of the Requesters.
- Upon receipt of Management's Response, the Panel conducts a 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.
- If the Panel does not recommend an investigation, and the Board accepts that recommendation, the case is considered closed. The Board could, nevertheless, instruct the Panel to make an investigation.
- 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 made publicly available at the Bank's InfoShop and the respective Bank Country Office, as well as on the Panel's website (www.inspectionpanel.org).
- If the Panel recommends an investigation, and the Board approves it,² the Panel undertakes a full investigation. The investigation is not time-bound.
- When the Panel completes an investigation, it sends its findings on the matters alleged in the Request for Inspection to the Board and to Bank Management for its response to the Panel findings.
- Bank Management then has six weeks to submit its recommendations to the Board on what, if any, actions the Bank 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 the Bank Management's recommendations.
- Shortly after the Board's decision, the Panel's Report and Management's Recommendation are made publicly available through the Bank's InfoShop and the respective Country Office.
- The Panel's Investigation Report is posted on its website (www.inspectionpanel.org).

Notes: ¹ 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).

² 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” Also see 1999 Clarifications, available at the Inspection Panel’s homepage (www.inspectionpanel.org).

Message from the Panel

The World Bank Inspection Panel completed its sixth year of operations on July 31, 2000. This year saw the final change in the Panel's original membership, as the last founding member, Mr. Ernst-Günther Bröder (a German national) completed his five-year term. Mr. Bröder was replaced by Ms. Maartje van Putten (a Dutch national).

In this year of operation, the Panel received five formal Requests for Inspection, of which four were registered and processed. Three Requests related to projects in Latin America: the Argentina Special Structural Adjustment Loan, the Brazil Land Reform Poverty Alleviation Project (for the second time), and the Ecuador Mining Development and Environmental Control Technical Assistance Project; one related to a project in Africa, the Kenya Lake Victoria Environmental Management Project; and one, which was not registered, related to a project in South Asia, the India NTPC Power Generation Project.

This year's Requests were generally typical of the Panel's past experience. To date the Panel has dealt with a total of 21 formal Requests for Inspection: six from Africa, six from South Asia, eight from Latin America, and one from East Asia. Most of these cases have revolved around four sets of Operational Policies: Environment, Resettlement, Indigenous Peoples, and Project Supervision. Issues of consultation and participation, or the lack thereof, have frequently been raised.

Of the 21 formal Requests received, the Panel registered 18, and recommended investigations into nine. Of the six investigations recommended by the Panel prior to April 1999, the Board approved only two. One concerned the Arun III Hydroelectricity Project in Nepal, and it was limited in scope. The other concerned the India NTPC Power Project, and it was restricted to a desk study in Washington, D.C. Since the approval in April 1999 of the Second Clarification to the Resolution, however, the Board has authorized all three investigations recommended by the Panel.

This was a watershed year for Panel operations as the Panel undertook and completed its first full-scale investigation and began work on two others. The Panel sent its Investigation Report on Bank policy observance in the preparation and design of the Qinghai component of the China Western Poverty Reduction Project to the Board on April 28, 2000. Work is still underway on the two other investigations responding to Requests for Inspection into aspects of the Kenya Lake Victoria Environmental Management Project, and the Ecuador Mining Development and Environmental Control Technical Assistance Project.

The China Investigation was a landmark case for the Panel. In an unprecedented move, the Board, before the Panel had made its recommendation for an investigation, agreed that no work would be done and no funds disbursed for the Qinghai component of the Project, until it had decided on the results of any review by the Panel. It was the first time the Panel received a Request where an international rather than a national or local group represented the affected people. The China Request was also the first Request after the 1999 Clarifications to the Resolution in which the Panel recommended an investigation. And it was the first full-fledged investigation conducted by the Panel.

In the six years since its establishment, the Panel's operations have assisted the Bank in its efforts to increase compliance with its own policies and procedures. Indeed, the Panel's accessibility to people affected by Bank-financed projects has enhanced and broadened the scope of the Bank's accountability, and increased its credibility in both its borrowing and non-borrowing member countries. The Panel's function has also been of special value to the Bank because unlike other Bank review and evaluation mechanisms, the Panel provides opportunities for independent, in-depth inspection of a project from the beginning of the project cycle. Therefore it provides an opportunity for possible remedial action before project completion, a benefit to all parties involved. Thus the lessons drawn from

the Panel's experiences serve to increase the quality of Bank-financed projects, as well as the efficiency of the Bank, and ultimately the borrower. Moreover, the Panel, as the first institution of its kind established by an international financial institution, has ensured the Bank's role in the forefront of the global development process.

The Panel's interventions have also, directly and indirectly, contributed to improving the consultative process available to people who have voiced their doubts about the impact of Bank-financed projects. More important, however, and especially now as the world becomes more and more interconnected, the Panel mechanism has served as one of the most effective formal vehicles for project-affected people to voice their problems, and to raise the global level of awareness for their plight. Indeed, the Panel

has continued to serve as the avenue for people affected by Bank-financed projects to seek an independent judgment about their claims of harm. They are able to access the Panel directly, without going through governmental institutions or Bank Management. Through the Panel, they may bring their concerns to the attention of the Bank's highest governing body, its Board of Executive Directors.

Jim MacNeill
Edward S. Ayensu
Maartje van Putten

About the Panel

The Inspection Panel consists of three members who are appointed by the Board for a non-renewable period 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 their independence from the Bank's Management, and their exposure to developmental issues and to living conditions in developing countries. A Panel member is disqualified from participating in the hearing of an investigation of any Request related to a matter in which he or she has a personal interest or has had significant involvement in any capacity. Panel members may be removed from office for cause, and only by decision of the Executive Directors.



Panel members (left to right): Jim MacNeill, Maartje van Putten, and Edward S. Ayensu

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.

Members

The members of the Panel are Jim MacNeill, (member since August 1997), Edward S. Ayensu, (member since August 1998), and Maartje van Putten (member since October 1999). Panel members are required to select their chairperson annually. The present chairman is Jim MacNeill. The chairperson of the Panel works full-time, and the two members part-time as needed.

Secretariat

The Panel has a permanent Secretariat, headed by an Executive Secretary, Eduardo G. Abbot, a Chilean national. The office also consists of two Assistant Executive Secretaries, Antonia M. Macedo, a New Zealand national, and Alberto Ninio, a Brazilian national; a Program Assistant, Pamela Fraser, a Guyanese national; and a Team Assistant, Nimanthi Attapattu, a Canadian national. The Secretariat provides administrative support to the Chairman and Panel members, and assists the Panel in the processing of Requests, as well as responding to queries from potential Requesters. The Secretariat also coordinates other activities, such as research and information dissemination.

BOX 1

Inspection Panel Members**Jim MacNeill, Chairman**

Mr. MacNeill, a Canadian national, is a policy advisor on the environment, energy, management, and sustainable development to international organizations, governments, and industry. He is Chairman Emeritus of the International Institute for Sustainable Development, a member of the Boards of the Woods Hole Research Center and the Wuppertal Institute on Climate and Energy Policy, and a member of the Jury of the Volvo Environmental Prize. He was Secretary General of the World Commission on the Environment and Development (the Brundtland Commission) and lead author of the Commission's world-acclaimed report, "Our Common Future." He served for seven years as Director of Environment for the Organization for Economic Cooperation and Development (OECD). Earlier, he was a deputy minister in the Government of Canada. Mr. MacNeill holds a graduate diploma in Economics and Political Science from the University of Stockholm and Bachelor's Degrees in Science (Math and Physics) and Mechanical Engineering from Saskatchewan University. He is the author of a number of books, publications, and articles. He is also the recipient of a number of honorary degrees and awards, including the Order of Canada, his country's highest honor. Mr. MacNeill became a member of the Inspection Panel in August 1997.

Edward S. Ayensu

Professor Ayensu, a Ghanaian national, is the President of the Pan-African Union for Science and Technology; Chairman of Edward S. Ayensu Associates Ltd.; Executive Chairman of Advanced Gracewell Communications Co. Ltd.; founding Chairman of the African Biosciences Network, and formerly the Secretary-General of the International Union of Biological Sciences; Chairman of the Ghana National Biodiversity Committee; member of the International Advisory Board on Global Scientific Communications, UNESCO; and member of the Board of Directors and International Vice-Chairman of the International Institute for Sustainable Development. Professor Ayensu is a fellow of various academies of arts and sciences. He has been Senior Advisor to the President of the African Development Bank and the Bank's Director for Central Projects. Previously he has held posts in international scientific organizations,

including Director and Senior Scientist at the Smithsonian Institution, Washington, D.C. Professor Ayensu was a Visiting Fellow of Wolfson College, Oxford University, and Distinguished Professor of the University of Ghana, and twice the recipient of the Ghana National Science Award. He has a doctorate degree in the biological sciences from the University of London, and has published many books and articles on science, technology, and social and economic development of developing countries. Professor Ayensu was the recipient of the Outstanding Statesman Award in Ghana during the Millennium celebrations. Professor Ayensu became a member of the Inspection Panel in August 1998.

Maartje van Putten

Ms. van Putten, a Dutch national, was a member of the European Parliament until July 1999. She has been a highly active member of the Committee on Development and Cooperation for the past 10 years. Ms. van Putten has produced many outstanding reports on the effects of the GATT/Uruguay Round on the developing countries, fair trade, development aid for Asia and Latin America, the EU program for tropical forests and European policies toward indigenous peoples. She has extensive exposure to developing countries, and is active with nongovernmental organizations and extremely committed to the cause of development. Ms. van Putten has closely worked with the WWF European Policy Office as a key political partner to promote better EU conservation and sustainable development policies. She was also a consistently active member of the ACP (African, Caribbean and Pacific Group)-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 is the author of many articles and books on globalization, international division of labor and on gender issues. Currently a member of the European Center of Development Policy Management in the Netherlands, Ms. van Putten is President of the Board of European Network of Street Children Worldwide (ENSCW). She holds a HBO (bachelor) degree in community development from Sociale Academie Amsterdam, and a Diploma, Hoger Sociaal Pedagogisch Onderwijs (PVO) Amsterdam. Ms. van Putten became a member of the Inspection Panel in October 1999.

Operations

TABLE 1
Summary of Requests for Inspection as of July 2000

REQUEST	REQUESTS REGISTERED	PANEL RECOMMENDATION / FINDINGS	BOARD DECISION	PANEL REPORTS SUBMITTED TO THE BOARD
#1 Nepal / Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit	Yes 10/94	Investigation	Approved (2/95) The Board limited investigation to substantial compliance with ODs 4.01 on Environmental Assessment, 4.20 on Indigenous Peoples, and 4.30 on Involuntary resettlement during the preparation and appraisal of the proposed project and implementation of a credit	Recommendation Report 12/94 Investigation Report 6/95
#2 Ethiopia / Exportation	No 5/95	The Request was found ineligible because the Requesters had not exhausted local remedies and had failed to establish how the lack of compensation was a consequence of any alleged acts or omissions by IDA (5/95)		
#3 Tanzania Emergency Power Project	Yes 6/95	No investigation Bank found in compliance with IDA Articles of Agreement Requesters found ineligible re: complaint on compliance with OD 4.01	Approved (9/95) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 9/95
#4 Brazil / Rondônia Natural Resources Management Project		Investigation	Not Approved (9/95) Initially, the Board decided that it could not make a decision without more factual information, and asked the Panel to conduct an Additional Review (9/95) After the Panel submitted its Additional Review Report and reiterated its recommendation for an investigation, the Board did not approve an investigation but asked the Panel to conduct a review of the progress in implementation of the project (1/97)	Recommendation Report 8/95 Additional Review Report 12/95 Review of Progress Report 3/97
#5 Chile / Pangué	No 11/95	Inadmissible because IFC is outside of the Panel's mandate, which is restricted to IBRD and IDA projects		

TABLE 1
Summary of Requests for Inspection as of July 2000, continued

REQUEST	REQUESTS REGISTERED	PANEL RECOMMENDATION / FINDINGS	BOARD DECISION	PANEL REPORTS SUBMITTED TO THE BOARD
#6 Bangladesh / Jamuna Bridge Project	Yes 8/96	No investigation Panel found that the project's 1993 Resettlement Action Plan neither specifically identified nor provided assistance for char dwellers as project-affected people. But the Panel was satisfied that the Erosion and Flood Policy, issued Sept, 1996 (after the Request was filed) could constitute an adequate and enforceable basis for IDA to comply with its policies and address the char dwellers' concerns, thus making an investigation unnecessary	Approved (4/97) The Board approved the Panel's recommendation in Nov. 1996. But asked Management to submit a progress report on the implementation of the Revised Resettlement Action Plan and the Environmental Action Plan, and asked the Panel to assist the Board in a review of progress in 12 month	Recommendation Report 11/96 Progress on Implementation Report 8/98
#7 Argentina / Paraguay: Yaciretá Hydroelectric Project	Yes 10/96	Investigation	Not Approved (2/97) The Board asked the Panel to review the existing problems of the project in the areas of environment and resettlement, and to provide an assessment of the adequacy of the Action Plans agreed between the Borrower and the Bank to bring the project into compliance with Bank policies and procedures	Recommendation Report 12/96 Review of Present Problems and Assessment of Action Plans Report 9/97
#8 Bangladesh / Jute Sector Adjustment Credit	Yes 11/96	No investigation The Panel found inadequacies in program design, but felt that further review through a formal investigation would serve no useful purpose	Approved (4/97) The Board accepted the Panel's recommendation on a non-objection basis	Recommendation Report 3/97
#9 Brazil / Itaparica Resettlement and Irrigation Project	Yes 3/97	Investigation	Not Approved (9/97) The Board decided—given the government's action plan for completing the project, which included its own funding, and its Request for continued Bank supervision for two more years—that no investigation was needed and agreed to review progress on the Action Plan in 12 months with the Panel's assistance	Recommendation Report 6/97
#10 India / NTPC Power Generation Project	Yes 5/97	Investigation	Approved (9/97) After reviewing a remedial Action Plan submitted by Management in Sept. 97, the Board approved an investigation, but restricted it to a desk study in Washington, D.C.	Recommendation Report 7/97 Investigation Report 12/97

TABLE 1
Summary of Requests for Inspection as of July 2000, *continued*

REQUEST	REQUESTS REGISTERED	PANEL RECOMMENDATION / FINDINGS	BOARD DECISION	PANEL REPORTS SUBMITTED TO THE BOARD
#11 India / Ecodevelopment Project	Yes 4/98	Investigation	Not Approved (12/98) The Board instructed Management to work with government officials at the state and federal level to find measures to address the Panel's initial findings, and to report back in six months. It was also agreed that the Panel would give its comments on Management's Report to the Board	Recommendation Report 10/98
#12 Lesotho / South Africa; Phase 1B of Lesotho Highlands Water Project	Yes 5/98	No investigation The Panel found no prima facie evidence linking the claims in the Request to the Bank's decision to proceed with financing of Phase 1B, but felt that the Requesters' concerns about conditions on the ground were valid	Approved (9/98) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 8/98
#13 Nigeria / Lagos Drainage and Sanitation Project	Yes 6/98	No investigation The Panel found that most of the operational policies were followed during the preparation of the project. However, sociological considerations did not appear to be fully integrated into the project design and there was an absence of appropriate measures in the project design to ensure the effective maintenance of the drainage channels constructed under the project. The Borrower and IDA agreed on compensation measures for the resettlers identified by the Panel during its visit to the project site to ascertain eligibility of the Request	Approved (11/99) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 11/98
#14 Brazil / Land Reform Poverty Alleviation Project	Yes 1/99	No investigation The Panel found no evidence of harm, especially since the terms and conditions of the program's loans under the pilot program substantially improved after the Request was filed	Approved (6/99) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 6/99
#15 Lesotho / Highlands Water Project from Swissborough Diamond Mines Ltd & Others	Yes 5/99	No investigation The Panel found no direct link between any actions or omissions of the Bank with the harm claimed by the Requesters	Approved (8/99) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 7/99

TABLE 1
Summary of Requests for Inspection as of July 2000, *continued*

REQUEST	REQUESTS REGISTERED	PANEL RECOMMENDATION / FINDINGS	BOARD DECISION	PANEL REPORTS SUBMITTED TO THE BOARD
#16 China / Western Poverty Reduction Project	Yes 6/99	Investigation	Approved (9/99) The Board, six days after the filing of the Request, approved financing for the project with the condition that no work would be done and no funds disbursed for the \$40 million Qinghai component of the project until they decided on the results of any review by the Panel (6/99). The Executive Directors, after taking into account the Panel's recommendation, decided "as a Board" to instruct the Panel to investigate Management's compliance with certain policies and procedures. The Board met to consider the Panel's Investigation Report and Management's Response at a Board meeting on July 8-9, 2000. During the meeting the Borrower informed the Bank it would proceed with the component without Bank financing (7/00)	Recommendation Report 8/99 Panel Investigation Report 4/00
#17 Argentina / Special Structural Adjustment Loan	Yes 8/99	No Investigation The potential harm feared by the Requesters seemed to have been avoided by the favorable reaction of the Argentine authorities and Bank Management. Therefore, in the Panel's view an investigation was unnecessary	Approved (1/00) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 12/ 99
#18 Brazil / Land Reform Poverty Alleviation Project (2 nd Request)	Yes 9/99	Not Eligible The Panel was not satisfied that the Requesters had provided sufficient evidence that they had brought the matter to the attention of Bank Management as required by the Resolution. So the Request did not satisfy this eligibility criteria	Approved (1/00) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 12/ 99
#19 Kenya / Lake Victoria Environmental Management Project	Yes 11/99	Investigation The Panel found the Request met the eligibility criteria	Approved (3/00) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 3/00 Investigation underway
#20 Ecuador / Mining Development and Environmental Control Technical Assistance Project	Yes 12/99	Investigation The Panel found the Request met the eligibility criteria	Approved (5/00) The Board approved the Panel's recommendation on a non-objection basis	Recommendation Report 4/00 Investigation underway
#21 India / NTPC Power Generation Project (2 nd Request)	No 12/99	The Request was not registered because the loan was closed in March 1999		

TABLE 2
Number of Requests Received, Registered, and Investigations Recommended
August 1994 to July 2000

YEAR ^a	REQUESTS RECEIVED	REQUESTS REGISTERED	INVESTIGATIONS RECOMMENDED	INVESTIGATIONS APPROVED
1994	1	1	1	1
1995	4	2	1	0
1996	3	3	2	0
1997	3	3	2	1
1998	2	2	0	0
1999 ^b	8	7	3	3

TABLE 3
Number of Requests Received by Region

YEAR ^a	AFRICA	EAST ASIA & PACIFIC	SOUTH ASIA	LATIN AMERICA & CARIBBEAN
1994	0	0	1	0
1995	2	0	0	2
1996	0	0	2	1
1997	0	0	2	1
1998	2	0	0	0
1999	2	1	1	4

Notes: Total number of formal Requests for inspection received: 21; total number registered: 18; total investigations recommended: 9; and total investigations authorized: 5.

a. Year refers to the calendar year

b. With the adoption of the Conclusions of the Board's Second Review of the Inspection Panel in April 1999, the "preliminary assessment" as described in the October 1996 Clarification was deleted. The 1999 Clarifications stated "if the Panel so recommends, the Board will authorize an investigation without making judgment on the merits of the claimant's request"

TABLE 4
Alleged Violations of Policies and Procedures

REQUEST	VIOLATIONS CLAIMED BY REQUESTERS
#1 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 (PID) (BP 10.00, Annex A), Environmental Assessment (OD 4.01), Involuntary Resettlement (OD 4.30), Indigenous Peoples (OD 4.20)
#2 Ethiopia / Exportation	Dispute over Defaults on External Debt, Expropriation and Breach of Contract (OMS 1.28), Disclosure of Operational Information (BP 17.50)
#3 Tanzania Emergency Power 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 Brazil / Rondonia Natural Resources Management Project	Project Supervision (OD 13.05), Forestry Policy (OP 4.36), Wildlands Policy (OP 11.02), Indigenous People (OD 4.20) Involvement of NGOs in Bank supported Activities (OD 14.70), Project Monitoring and Evaluation (OD 10.70), Investment Lending: Identification to Board Presentation (BP 10.00), Suspension of Disbursements (OD 13.40)
#6 Bangladesh / Jamuna 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 Argentina / Paraguay: Yacyretá Hydroelectric Project	Environmental Policy for Dam and Reservoir Projects (OD 4.00- ANNEX B), Environmental Assessment (OD 4.01), Indigenous Peoples (OD 4.20), Involuntary Resettlement (OD 4.30), Project Monitoring and Evaluation (OD 10.70) Supervision (OD 13.05), Wildlands (OPN 11.02), Cultural Property (OPN 11.03), Environmental Aspects of Bank Work (OMS 2.36), Suspension of Disbursements (OD13.40)
#8 Bangladesh / Jute Sector Adjustment Credit	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)
#9 Brazil / Itaipara Resettlement and Irrigation Project	Environmental Policy for Dam and Reservoir Projects (OD 4.00-Annex B), Environmental Assessment (OD4.01) Involuntary Resettlement (OD 4.30), Indigenous Peoples (OD 4.20), Supervision (OD 13.05)
#10 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), Supervision (OD 13.05)
#11 India / Ecodevelopment Project	Indigenous Peoples (OD 4.20), Involuntary Resettlement (4.30), Forestry (OP 4.36)
#12 Lesotho / South Africa Phase 1B of Lesotho Highlands Water Project	Environmental Policy for Dam and Reservoir Project (OD 4.00), Economic Evaluation of Investment Options (OD 10.04) Poverty Reduction (4.15), Water Resources and Management (OP 4.07)
#13 Nigeria / Lagos Drainage and Sanitation Project	Involuntary Resettlement (OD 4.30), Poverty Reduction (OD 4.15), Gender Dimensions of Development (OD 4.20), Project Monitoring and Evaluation (OD 10.70), Economic Evaluation of Investment Operations (OP/BP 10.04)
#14 Brazil / Land Reform Poverty Alleviation Project	Poverty Reduction (OD 4.15), Project Supervision (OD 13.50), Disclosure of Operational Information (BP 17.50)
#15 Lesotho / Highlands Water Project from Swissborough Diamond Mines Ltd. & Others	Environmental Policy of Dam Reservoir Projects (Annex B), Economic Evaluation of Investment Operations (OD 10.04) Poverty Reduction (OP 4.15)
#16 China / Western Poverty Reduction Project	Disclosure of 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)

TABLE 4
Alleged Violations of Policies and Procedures, *continued*

REQUEST	VIOLATIONS CLAIMED BY REQUESTERS
#17 Argentina / Special Structural Adjustment Loan	Project Supervision (OD 13.05), Poverty Reduction (OD 4.15), Project Monitoring and Evaluation (OP/BP 10.70), Suspension of Disbursements (OP/BP 13.40), Disclosure of Operational Information (BP 17.50)
#18 Brazil / Land Reform Poverty Alleviation Project (2nd Request)	Environmental Assessment (BP/OD 4.01), Poverty Reduction (OD 4.15), Disclosure of Operational Information (BP 17.50) Involvement of NGOs in Bank Operations (GP 14.70)
#19 Kenya / Lake Victoria Environmental Management Project	Environmental Assessment (OD 4.01), Poverty Alleviation (OD 4.15), Economic Evaluation of Investment Projects (10.04) Project Supervision (13.05)
#20 Ecuador / Mining Development and Environmental Control Technical Assistance Project	Environmental Assessment (OD 4.01), Wildlands (OPN 11.02), Indigenous Peoples (OD 4.20)
#21 India / NTPC Power Generation Project	Involuntary Resettlement (OD 4.30), Project Supervision (OD 13.05)

Figure 1
Percentage of Requests Received by Region

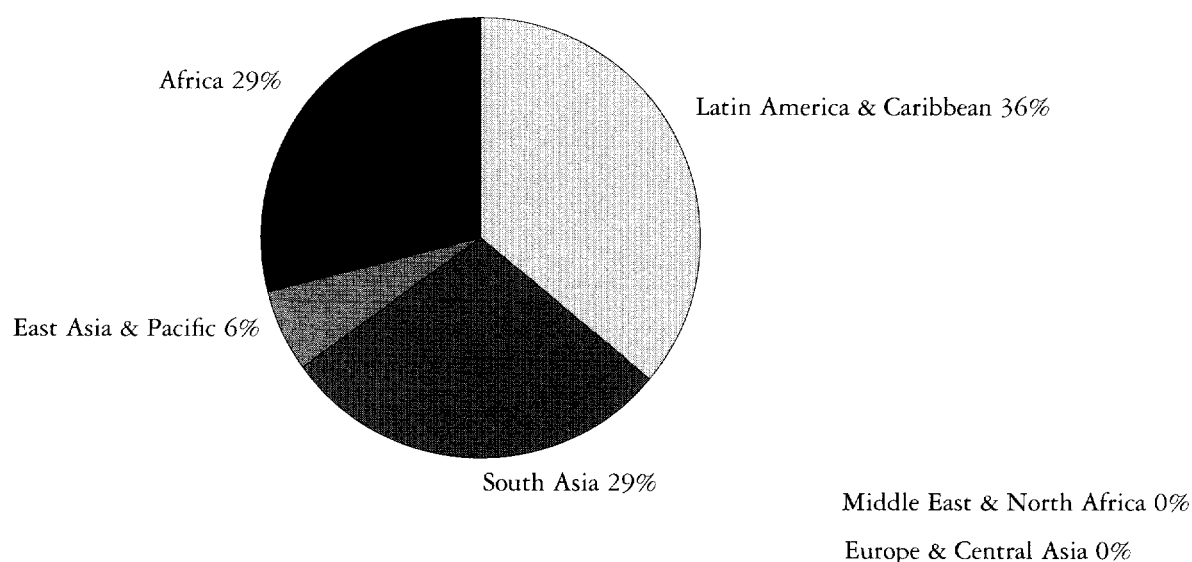
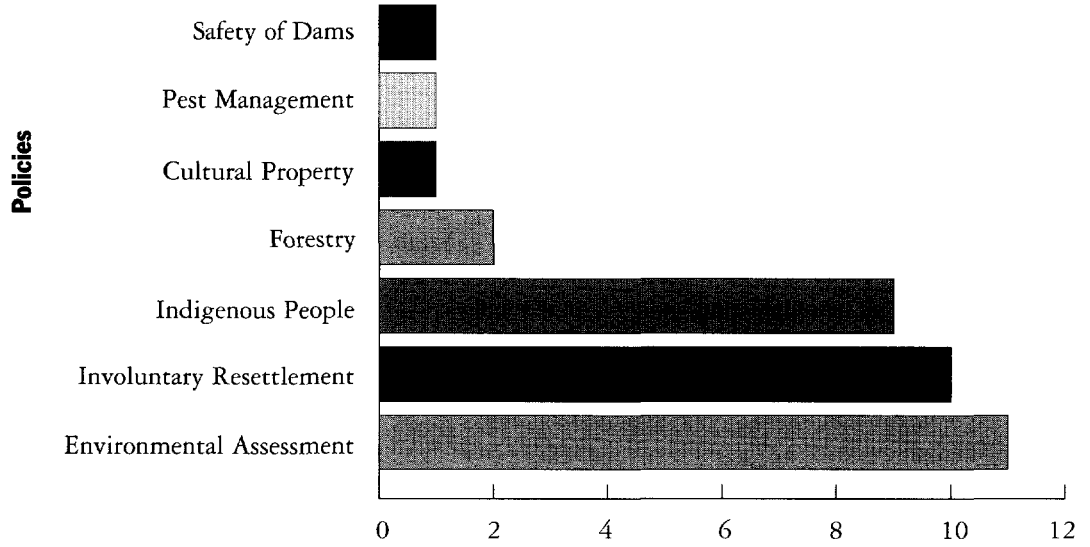


Figure 2
Times Requesters Claimed Violation of Safeguard Policies
August 1994 to July 2000



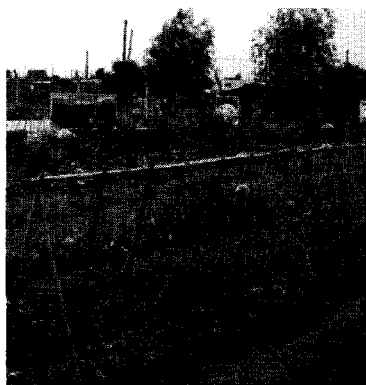
Formal Requests Received in Fiscal 2000

Request No. 17 **Argentina: Special Structural Adjustment Loan** **(Loan 4405-AR)**

The Loan

The primary objective of the Argentina Special Structural Adjustment Loan (SSAL) was to help the Republic of Argentina (the Borrower) reduce its vulnerability to external financial shocks affecting the economy in 1998, as well as increase the country's capacity for sustainable and equitable growth. The Loan also sought to help the Borrower advance its reform agenda by supporting measures to improve social protection and the quality of social services as well as to strengthen the financial sector, improve effectiveness of the regulatory framework, and restructure and refocus federal-provincial fiscal relations. In November 1998, the Board approved the Argentina SSAL in the amount of US\$2,525,250,000 equivalent. The Loan was to be disbursed in three installments (tranches) subject to the Borrower's compliance with several conditions of disbursement. The closing date of the Loan was December 31, 1999. When the Request was filed in July 1999, the Bank had not disbursed either the second or third tranches.

There were 22 and 26 separate conditions for the release of the second tranche and third tranche respectively, but the Requesters were concerned with only one condition, the budgetary allocation for social programs (referred to by Management as the Social Budget Condition), which pertained to both the second and third tranches of the Loan.



A vegetable garden in the Pro Huerta Program

The condition stated that the Borrower's 1999 budget for the social programs listed in the Annex to Schedule 3 to the Loan Agreement would be maintained at an aggregate level equivalent to at least US\$680,000,000 to

ensure operation of the social protection programs listed. The Annex listed 24 programs targeted to provide for the needs of the poorest sectors of Argentina's society, and they included food and nutrition, disease control, emergency employment, education and social funds programs, as well as programs for vulnerable groups. Specifically, the Request focused on only one of the programs listed, the Pro Huerta Program, a food security program designed to support the country's neediest sectors by assisting them to maintain small vegetable gardens to produce food for their own consumption.

The Request

The Request, received on July 28, 1999, was submitted by a group of attorneys from the Centro de Estudios Legales y Sociales (CELS—the Center for Legal and Social Studies), an Argentine nongovernmental organization, who were representing about 420 beneficiaries of the Pro Huerta program. The Requesters requested that their names be kept confidential. The Panel registered the Request on August 12, 1999.

The Requesters claimed that budget cuts to the Pro Huerta Program had harmed and would continue to harm its intended beneficiaries, the absolute poor. They claimed that although a budgetary allocation of US\$11,200,000 equivalent had been earmarked for the Program in 1998 fiscal year, as of the date of filing the Request, only US\$4,000,000 equivalent had been allocated in the 1999 budget for the Pro Huerta Program. Even though they acknowledged the Government's need to restructure its social services and projects, they claimed that restructuring should not have resulted in a drastic reduction of budgetary allocations for social programs protecting the most needy social sectors. They claimed that the reductions had forced the Program to cut the number of its beneficiaries to 1,700,000 (almost half of the population assisted the previous year) and eventually to cease operations by mid-1999. The Requesters further claimed that at a minimum, the viability of each of the social protection programs listed in the Loan Agreement should have been ensured before

the Bank regarded the applicable disbursement condition as satisfactorily met, even though they acknowledged that the Loan Agreement did not stipulate how the budgetary allocation should be specifically disbursed among the various social programs listed. They argued that funds from the budget for social programs should not be used as a budgetary constraint variable in the adjustment program, and claimed that Bank Management's intention to approve a reduction in portions of the social budget allocations (by permitting the tranche release) would be in violation of the terms of the SSAL as approved by the Executive Directors.

In addition, the Requesters noted that, in conformity with the Bank's policy on poverty alleviation, the Pro Huerta Program was specifically included in the Loan Agreement as one of the programs the Bank considered should be protected under the social and economic program supported by the SSAL. Therefore, they argued that if the Bank were to allow the program to terminate, it would be a violation of its OD 4.15 on Poverty Alleviation. The Requesters further claimed that Management did not make available to them relevant information on the execution of the Program and disbursements of the SSAL Loan.

The Requesters alleged that the Borrower was in violation of the Social Budget Condition of the SSAL. Therefore, they wanted the Bank to withhold release of the third tranche until the anticipated full budget allocation was reinstated for the Pro Huerta Program to enable it to continue operating. In addition, they alleged that any potential harm to beneficiaries would be a result of the Bank's failures and omissions in monitoring and supervising the budgetary allocations for the social programs, including the Pro Huerta Program.

The Request alleged violation of the following Bank policies and procedures: OD 13.05 on Project Supervision; OD 4.15 on Poverty Reduction; OP/BP 10.70 on Project Monitoring and Evaluation; OP/BP 13.40 on Suspension of Disbursements; and BP 17.50 on Disclosure of Operational Information.

Management Response

Management submitted its Response to the Panel on September 13, 1999, four days after having informed the Board that it had released the second tranche of the Loan. In its Response, Management noted that in its view it had



Requesters meeting with the Panel team

complied with all of its relevant operational policies and procedures applicable to the matters raised in the Request. It also defended the release of the second tranche claiming that it had not yet occurred at the time the Request was filed. It added that once the Borrower was in strict compliance with the terms of the disbursement condition of the Loan Agreement, the release of the second tranche was legally required. In addition, Management stated that if Borrower compliance continued, the Bank would eventually release the third tranche on the same basis.

Management did, however, acknowledge that approximately US\$3.8 million equivalent of the reduced US\$4 million equivalent allocated to the Pro Huerta Program was spent in the first half of 1999 and, as correctly predicted by the Requester, this fact did threaten the continuation of the Program. But Management claimed that in July 1999, as a result of its supervision efforts, the Borrower had been persuaded to revisit the Pro Huerta budget, and had indicated that the Program would be supplemented by an additional allocation of US\$3 million equivalent. The Requesters, Management noted, might not have been aware of that fact at the time of the filing of the Request.

The Panel's Report

The Panel found that the potential harm feared by the Requesters when they submitted the Request seemed to have been avoided both by their own action in submitting the Request, and by the favorable reaction of the Argentine authorities and Bank Management. The Program received not only the additional US\$3 million equivalent mentioned in Management's Response, but also an additional US\$1.5 million equivalent from lottery revenues. The

Panel was also informed by all concerned (including the Requesters) that the Program's funding was adequate to ensure its operations for that year, and that there seemed to have been every intention to maintain the Program during the time period covered by the SSAL. Since the possible harm claimed by the Requesters had been avoided, the Panel did not recommend an investigation into the matters alleged in the Request. The Panel's recommendation was

approved by the Board on a non-objection basis on January 7, 2000.

Note: For the complete text of the Panel's Report and Recommendation, including the Request for Inspection and the Management Response, see "The Inspection Panel, Request for Inspection—Argentina: Special Structural Adjustment Loan (LN-4405-AR) Panel Report and Recommendation," December 22, 1999. This report is also available on the Internet at www.inspectionpanel.org.

Request No. 18
Brazil: Land Reform Poverty Alleviation Pilot
Project (Loan 4147-BR) (2nd Claim)

The Project

The Brazil Land Reform Poverty Alleviation Pilot Project was designed to reduce rural poverty in Northeast Brazil by: (a) increasing the incomes of about 15,000 poor rural families through improved access to land and participation in complementary, demand-driven community subprojects; (b) raising the agricultural output of lands included in the Project; and (c) pilot-testing a market-based approach to land reform in which beneficiaries would obtain financing for the purchase of suitable properties negotiated directly between rural communities and willing sellers. The Project was being carried out in the northeastern states of Bahia, Ceará, Maranhão, Pernambuco, and Minas Gerais. The Project was financed in part by an IBRD loan for US\$90 million equivalent. The loan was approved by the Bank's Board on April 22, 1997 and became effective on September 12, 1997.

The Project comprised five major components: (a) a land purchase account to finance land purchase by rural community associations; (b) community subprojects—small grants to communities for investments, technical assistance, and start-up activities; (c) community development support and strengthening, including technical assistance and training at the state level; (d) project administration, supervision, and monitoring; and (e) impact evaluation and dissemination.

The Request

The Request, received on September 14, 1999, was the second submitted to the Panel concerning the Brazil Land Reform Project. (The Panel received the first Request on December 14, 1998 and decided, after conducting site vis-



its, consultations, and interviews with locally affected people, and after the terms of loans made under the project had been significantly improved, that an investigation was not warranted.) The Requesters claimed that submission of the new Request was necessary because they had new evidence that had not been known to them or the Panel at the time the first Request was filed. The Request was submitted basically by the same NGOs of the original Request, which included the umbrella NGO, Fórum Nacional pela Reforma Agrária e pela Justiça no Campo (National Forum for Agrarian Reform and Justice in Rural Areas—the Forum), as well as representatives of several civil society organizations, religious leaders, professional associations, members of the Federal Senate and Chamber of Deputies, and other individuals. The Panel registered the Request on September 28, 1999.

The Requesters claimed that they had evidence that the terms of loans for land purchases had not been improved as indicated by the Panel in its first Report, that the Project continued to pay inflated prices for land that could have been expropriated at a lower cost (thus increasing agricultural land prices and harming the poor), and that the bad quality of the land acquired under the Project, as well as the absence of adequate lines of credit for project beneficiaries, would not allow them to cultivate the land and repay their loans. As in the first Request, the Requesters claimed that they were being materially and adversely affected by the design and execution of the project. They also claimed that Bank Management had not provided the Panel with information available to them that would have confirmed the veracity of their claims.

The Request did not expressly list the Bank policies and procedures alleged to have been violated, but as the Panel noted in its Notice of Registration of the Request, the allegations could be construed as possible violations of provisions of OD 4.15 on Poverty Reduction; OD 13.50 on Project Supervision; and BP 17.50 on Disclosure of Operational Information.

Management Response

Management submitted its Response, due October 28, 1999, on November 15, 1999, a delay that Management said was due to a misunderstanding of internal procedures. The Response reiterated the points made in the Management Response to the first Request, stressing that the project was considered well-designed, and rated by the Bank's

Quality Assurance Group as one of the two best practice operations in the Latin America and Caribbean Region. Management disagreed with the Requesters' claim that adverse impacts had occurred or that any Bank policies or procedures had been violated, and noted that the Request had not demonstrated actual or potential harm to Project beneficiaries. It added that the information in the new Request, which was examined in detail by Bank field staff, was found to be substantially the same as the first Request, and contained no new evidence. Management noted that they continued to believe that the claims were not substantiated.

In response to the Requesters' claim that the terms and conditions of loans for land purchases had not been improved, Management noted that the Borrower had indicated that the loan conditions for the beneficiaries of the *Banco da Terra* (BdaT) (a similar program) would also extend to the Project beneficiaries, and that retroactive adjustments would be made before the first repayments of any Project beneficiaries fell due in 2001. Management also noted that under the rules of BdaT, beneficiaries in the poorest areas would receive a discount of 50 percent of the nominal interest rate, thus putting them in an even better position than was assumed in the first Management Response.



With regard to the Requesters' allegation that the Project was paying inflated prices for land that could have been expropriated at a lower cost, Management noted that in aggregate, land prices for properties acquired under the Project had been significantly lower than present-value equivalents paid for expropriated properties. Management also noted that, as stated in the first Management Response, land prices paid by the Project were about 27 percent lower than the present value of initial expropriation prices in the Northeast, and quoted a recent Ministry of Agrarian Reform official document which stated that *"(t)he cost of land obtained for agrarian reform (was) basically determined by the judicial system that adjudicates approximately 50% of all expropriations."*

Management also denied that project funds were being used to purchase unsuitable farmlands, and noted that the evidence strongly suggested that lands acquired under the Project were generally of good quality, and noted that that was also the case *"in specific cases of properties listed as new evidence by the Requesters and visited by Bank staff."* Management also noted that many community associations had acquired lands in the most favorable areas of the Project states which show excellent economic prospects. They did acknowledge, however, that the Project operated in the poorest regions of Brazil, which includes many areas of unfavorable agro-climatic conditions and restrictions in terms of sustainable land use as well as periodic drought and water scarcity. In a related issue raised by the Requesters that the BdaT program had in the past financed the purchase of properties eligible for expropri-



ation, and the allegation that that fact had been withheld from the Inspection Panel, Management noted that the allegation was incorrect. Management did acknowledge that the original design of the Project did not exclude the possibility of purchasing lands that could be expropriated. However, Management noted that from the beginning of 1999, "it was agreed that no purchasing process would be initiated for any property that could be potentially expropriated," and that that had been complied with.

In response to the Requesters' claim that there was a lack of adequate lines of credit to support Project beneficiaries, Management stated that in the interim between the two Requests, the Borrower had substituted PROCERA (a special credit line for land reform) with another credit line, the national Program to Strengthen Family Agriculture (PRONAF). This change equally affected beneficiaries of the Project and beneficiaries of the traditional land reform program, and under it, beneficiaries qualified to receive credit for working capital and investments under the same conditions. Management also noted that Project beneficiaries received support during the installation period, since they also received community investments and start-up grants. Management also noted that they would have liked to have had the opportunity to meet with the Requesters to review their claims before they appealed to the Inspection Panel, but that the Requesters had accepted none of their many invitations to meet.

The Panel's Report

The Panel was not satisfied that the Request met the eligibility criteria in the Resolution which stated that "*{t}he 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.*"

In the Request, the Requesters had specified that an invitation to a Brazilian congressional hearing was the action taken by them to bring the issue to the attention of Management. To support this claim, the Requesters sent to the Panel transcripts of a public hearing held in the Brazilian Congress on June 23, 1999 to discuss certain aspects of the Project. According to the transcripts, the Bank Country Director for Brazil was invited to attend the congressional hearing, but in a letter that was read during the ses-

sion, the Director declined the invitation, explaining that the Bank's Articles of Agreement expressly prevent any of its officers from participating in political meetings.

The Panel noted that transcripts of the session did show that some of the congresspersons that signed the Request were present at the hearing, as well as some of the Forum's member organizations. However, the Panel found that the invitation to Management to the congressional hearing on the Project was made by the Brazilian Congress, and not by the Requesters. The Panel also noted that the Requesters had not provided any other evidence that they had sought to discuss their concerns with Management between the filing of the first and second Requests. The Panel did note that Management had provided evidence that, despite repeated written and telephone invitations, the Requesters had chosen not to meet with them to discuss the Project. The Panel further noted that the Requesters stated that Management's invitations were declined because they were not involved in the design phase of the project and were not provided sufficient information to make a meeting meaningful. The Panel was of the opinion that the claims given by the Requesters to support their refusal to meet with Management did not constitute circumstances that would exempt them from the consultation requirements set forth in the Resolution that established the Panel and the 1999 Clarifications to the Resolution.

The Panel was therefore not satisfied that the Requesters had met the eligibility criteria set forth in the Resolution, and concluded that the Request was not eligible for inspection. The Board approved the Panel's recommendation on a non-objection basis on January 7, 2000.

Note: For the complete text of the Panel's Report and Recommendation, including the Request for Inspection and the Management Response, see "The Inspection Panel, Request for Brazil: Land Reform and Poverty Alleviation Pilot Project," December 22, 1999. This report is also available on the Internet at www.inspectionpanel.org.

Request No. 19
Kenya: Lake Victoria Environmental
Management Project
(IDA Credit 2907-KE) (GEF TF 23829)



Shredding machine in operation

The Project

Lake Victoria is the second largest freshwater lake in the world and has the largest freshwater fishery. Management of the Lake and its resources is shared among the three riparian countries around the Lake—Kenya, Uganda, and Tanzania. The Lake Victoria Environmental Management Project (LVEMP) is a comprehensive five-year program aimed at the rehabilitation of the Lake ecosystem. The Project is the first phase of a long-term program that consists of two broad sets of activities. The first set, which will take place in a series of selected *pilot zones*, is designed to address specific environmental threats. The second set, which will be *lake-wide*, will improve information on the Lake and build the needed capacity for more effective management. The Project is funded in part by the International Development Association (IDA) and the Global Environmental Facility (GEF). The Board of Directors approved an IDA Credit for US\$12.8 million equivalent, and a GEF Grant for US\$11.5 million equivalent to the Republic of Kenya. Similar financing was also provided to the United Republic of Tanzania and the Republic of Uganda. The Project was declared effective on March 31, 1997.

The aim of the Water Hyacinth Control Component of the LVEMP is to establish sustainable long-term capacity for maintaining control of water hyacinth (a noxious, rapidly growing weed that is among other things, increasing human disease problems and interfering with access to water supply

from the Lake) and other invasive weeds which have infested many parts of the Lake Victoria Basin. The Kenya part of this component included an experimental pilot that used mechanical chopping and dumping for fast removal of water hyacinth in an area where infestation was so great that it disrupted shipping, fishing, and livelihoods.

The Request

The Request, received on October 12, 1999, was submitted by RECONCILE (Resources Conflict Institute), a Kenyan nongovernmental organization (NGO), on behalf of people living in the area known as the Nyanza Gulf of Lake Victoria. RECONCILE was also authorized to represent OSIENALA (Friends of Lake Victoria), an NGO located in Kisumu, and the Kenya Chapter of ECOVIC (the East African Communities Organization for Management of Lake Victoria Resources), an NGO representing the communities living along the Kenya side of Lake Victoria. The Request was registered on November 22, 1999.

The Requesters claimed that the communities they represented were likely to suffer harm as a result of failures and omissions of IDA and IBRD—the implementing agency of GEF—in the design of a mechanical shredding operation, as part of the water hyacinth management component in Kenya.

Specifically, the Requesters claimed that the proposed use of a mechanical method of shredding water hyacinth and allowing it to sink to the bottom of the Lake, would result in ecological decay and environmental degradation that, in turn, would adversely affect communities living on the shores of the Nyanza Gulf that depend directly on the Lake for their livelihoods. They also claimed that the method had been selected without an Environmental Impact Assessment (EA) or appropriate community consultation.

The Request did not expressly list the Bank policies and procedures alleged to have been violated, but as the Panel noted in its Notice of Registration registering the Request, the allegations could be construed as violations of the following Bank Policies and Procedures: OD 4.01 on Environmental Assessment; OD 4.15 on Poverty Alleviation; OP/BP 10.04 on Economic Evaluation of Investment Operations; and OD 13.05 on Project Supervision.

Management Response

In its Response of December 20, 1999, Management noted that it believed that the design and execution of the water hyacinth chopping and shredding pilot was completely acceptable, and that the Bank had complied with all relevant policies and procedures. Management noted the wider context of the LVEMP, explaining that it was designed to collect baseline data, to identify and prioritize problems, and to experiment with possible solutions to these problems through a series of experimental pilots. In this context, all of the possible methods of controlling water hyacinth are by definition experimental pilots to determine their practicality and their economic and financial suitability for large-scale use on the Lake. Management noted, however, that the three borrowing governments had decided to drop one method—the trial use of herbicides—from the Project. In addition, Management noted that limited Project funds had been used for the manual removal of hyacinth by local communities at selected sites, although the Bank discourages use of project funds to remunerate local voluntary, self-help contri-

butions. Moreover, Management was concerned about risks for laborers associated with extensive exposure to Lake water hazards, such as bilharzia, malaria, and snakes.

The Response specified that the mechanical trial was small-scale, only covering a tiny portion of the Lake. Because of the prohibitive cost of mechanical harvesting with land disposal, Management claimed that it was important to test the shredding and dumping method as one possible tool for local riparian communities to fund and use for fast removal to alleviate the urgent problems associated with hyacinth blockage of ports, fish landing sites, and other sensitive areas. Management also noted that before accepting its use as a pilot, the Bank considered technical issues and consulted experienced scientists, practitioners, and experts, and concluded that the method held sufficient promise to justify the pilot.

With regard to the environmental concerns, the Response explained that the water hyacinth shredding



The Lake before and after mechanical shredding



pilot was essentially the core of a detailed evaluation of the environmental impact of the shredding methodology. Management claimed that a detailed EA prior to the pilot was not possible because of the absence of sufficient baseline data and data describing analogous activities in similar environments. Therefore, there was virtually no chance of preparing a meaningful and useful EA.

Management stated, however, that it was not surprised that a Request for Inspection had been submitted alleging that the tender (for the mechanical shredder) is intended as a solution to the water hyacinth problem in the Lake. Management took full responsibility for the misunderstanding,



Fishing boat on bed of water hyacinth

saying that a more thorough job of informing the public of the purpose of the trial nature of the shredding tender should have been made, but noted that additional steps were underway to improve public involvement.

The Panel Report

The Panel found that the Request and Requesters met the eligibility criteria as set forth in the Resolution. Based on the Request and Management's Response it recommended an investigation into the matters alleged in the Request. The Board approved the Panel's recommendation for an investigation on April 10, 2000. At the time of writing, the Panel is conducting its investigation.

Note: For the complete text of the Panel's Report and Recommendation, including the Request for Inspection and the Management Response, see "The Inspection Panel, Request for Inspection—Kenya: Lake Victoria Environmental Management Project," March 8, 2000. This report is also available on the Internet at www.inspectionpanel.org.

Request No. 20
Ecuador: Mining Development and Environmental Control Technical Assistance Project
(Loan 3655-EC)

The Project

The major objectives of the Ecuador Mining Development and Environmental Control Technical Assistance Project (PRODEMINCA) are to: (a) attract new private mining investment and support the systematic development of increased, yet environmentally sound, mineral production; and (b) arrest mining-related environmental degradation and mitigate the damage that results from the use of primitive and inadequate technology by informal miners (September 1993 Memorandum of the President).

The Project was identified in September 1989, and appraised in December 1992. The Project comprises three major components: Sector Policy Management (US\$2.8 million); Policy Implementation (US\$18.3 million); and Project Coordination (US\$0.8 million). The Policy Implementation component, in turn, comprises three parts: Mining and Environmental Health, Management of Mining Rights, and Geo-information. The focus of the Request is the Geo-information sub-component.

The Board of Executive Directors approved the US\$14 million equivalent loan on October 21, 1993 and the Loan Agreement became effective on July 18, 1994. The closing date of the loan, initially June 30, 1999, was extended to June 30, 2000.



Border of the Cotacachi-Cayapas Ecological Reserve

The Request

The Request, received on December 13, 1999, was submitted by *Defensa y Conservación Ecológica de Intag* (Conservation and Ecological Defense of Intag or DECOIN), an Ecuadorian nongovernmental organization, acting on behalf of people living in the area known as the "Intag Area," and four representatives of the *Asociación de Caficultores Rio Intag* (Association of the Coffee Growers of Rio Intag). The Request was registered on December 17, 1999.

The Requesters claimed that the communities they represented were likely to suffer material harm as a result of failures and omissions by the Bank in the design and implementation of the Project. In particular, they claimed that the public release of maps with mineral data collected under the Project's Geo-information sub-component would attract mining companies and produce multiple negative impacts on their society and the local environment.

The Requesters further claimed that the development of mining activities in the Intag and surrounding areas, especially the Cotacachi-Cayapas Ecological Reserve and buffer zones, would, among other things: (a) have a destructive impact on protected areas and their buffer zones which constitute critical natural habitats, pollute water sources and, more generally, threaten biodiversity in the area where they live; (b) prevent local communities from continuing to work in their traditional farming, livestock, and ecotourism activities, all major sources of income in the region; and (c) trigger grave social problems within their communities, such as prostitution, alcoholism, and delinquency, which are caused by the invasions of settlers, mineworkers, and informal miners.

The Requesters argued that mining activities in the areas would be unavoidable should the geo-information maps and data reveal the existence of mining potential in the region. They claimed that mining activities would result in significant conversion or degradation of areas designated as critical natural habitats, such as the natural reserves of El Chocó and Cotacachi-Cayapas (the latter recognized as one of the world's richest remaining natural habitats and one of the threatened "biodiversity hotspots"), and would constitute a violation of specific Bank policies and procedures.

The Requesters also stated that the Bank failed to achieve the standards imposed by its own policies and procedures regarding the preparation of the environmental assessment. More specifically, the Requesters alleged that Management had failed: (a) to consult and take into account the views of local communities and NGOs in preparing the environmental assessment; (b) to consider endangered ecosystems; (c) to take into account the possible impact of divulging the information contained in the mineral maps; (d) to assess the institutional ability of mining authorities to protect the areas from possible invasions of "informal" miners; (e) to assess the Project's impact on ecosystems in the northwestern Ecuador, focusing rather on the southern areas, on "totally different" ecosystems; and (f) to conform with Ecuadorian laws.

Finally, the Requesters claimed that the Bank has not monitored the Project carefully enough, and that lack of control and surveillance has done harm to the parties involved.

The Requesters' allegations, as noted in the Panel's Notice of Registration, could be construed as violations of, among other things, Bank Policies and Procedures: Annex A on Environmental Assessment, OD 4.01 on Environmental Assessment; OPN 11.02 on Wildlands, (now OP/BP 4.04 on Natural Habitats); and OD 13.05 on Project Supervision.



Requesters in the Intag Valley area

Management Response

In its Response of January 18, 2000, Management noted that in its view the Request did not meet the requirements set forth in the Inspection Panel Resolution for demonstrating the existence of any direct, actual, or potential adverse material impact. The Requesters' rights or interests had not been, and were not likely to be, adversely affected in a direct and material way since the Intag Valley where the Requesters live was not thematically mapped. Therefore, Management noted, "*they can hardly claim that their interests have been adversely affected.*"

Management further noted that thematic mapping was recognized as a basic activity that is carried out by almost every government in the world. They added that any indirect damage that could be caused as a result of the information compiled from the mapping was entirely speculative. There had been no direct damage on the environment as a result of the mapping, and the coverage of protected areas was specifically recommended at Project appraisal for its value added for purposes of environmental monitoring and planning. Management also noted that since 1995, emphasis had also been given to the improvement of the socioeconomic impacts of mining on local communities, particularly within the small-scale mining areas of Southwest Ecuador.

Management also noted that the Request failed to "*demonstrate that the Requesters' rights or interests had been or were likely to be adversely affected directly as a consequence of the Bank's violation of its policies and procedures.*" It added that the Project had complied with relevant Bank policies and procedures. The Response further noted that "*(t)hematic mapping on a regional scale is an investigation activity which does not require specific area based environmental assessment, under Bank policies (OD 4.00), or environmental impact assessment, under Ecuadorian legislation. As provided in the EA and appraisal, communities have been informed prior to mapping and consultations are ongoing over the release of the*

information." With regard to OPN 11.02, Management noted that the Project in no way disturbs or alters the existing environment and less-protected areas. Supervision of the Project (OD 13.05) had been regular, effective, and consistent, and it has ensured that no damage would be caused to protected areas by thematic mapping.

In conclusion, Management argued that, for the reasons mentioned above, the Request did not meet the requirements for inspection as set out in the Resolution that established the Panel, or in the August 19, 1994 Operating Procedures of the Panel.



The Intag Valley

The Panel's Report

The Panel found that the Request and Requesters met the technical eligibility criteria as set forth in the Resolution, and based on the allegations made in the Request and Management's Response recommended an investigation into the matters raised.

The Board approved the Panel's recommendation for an investigation into the Project on May 16, 2000, on a non-

objection basis. At the time of writing, the Panel is conducting its investigation of the Project.

Note: For the complete text of the Panel's Report and Recommendation, including the Request for Inspection and the Management Response, see "The Inspection Panel, Request for Inspection—Ecuador Mining Development and Environmental Control Technical Assistance Project (Ln. No. 3655-EC)," May 3, 2000. This report is also available on the Internet at www.inspectionpanel.org.

Request No. 21
India: NTPC Power Generation Project
(Loan 3632-IN) (2nd Claim)

The Request

The Panel received a second Request for Inspection on the NTPC Power Generation Project on November 29, 1999 from a representative of people living in the project area who claimed the NTPC Project had adversely affected them. The Panel found that the Request was inadmissible because the loan for the Project was closed in March 1999.³ The Panel consequently advised the Requesters that it was prohibited from accepting such Requests.

The focus of the Request was harm claimed to have been suffered by residents as a result of the Bank's non-compliance with its operational policies OD 4.30 on Involuntary Resettlement, OD 13.05 on Bank Supervision, and OD 4.01 on Environmental Assessment. The Requesters also alleged that they were being denied access to the National Independent Monitoring Panel, which was created after the first Request for Inspection was filed.

The Request was circulated to the Board of Executive Directors. The Panel also copied the notification as well as the Request to Bank Management for their review and consideration.

BOX 2

Background: NTPC Power Generation Project

The NTPC Thermal Power Generation Project is located in the Singrauli region of India, about 1,000 kilometers southeast of Delhi. The region covers about 2,200 square kilometers and is spread over two states: Madhya Pradesh and Uttar Pradesh. The project area includes part of the reservoir created by the Rihand dam, which provides irrigation and a hydro plant generating capacity of 400MW. NTPC operates thermal power plants in Singrauli (2,000MW), Rihand (1,000MW), and Vindhyachal (1260MW).

The Project was designed to increase the capacity of the Vindhyachal and Rihand power plants by 1,000MW. One of the objectives of the Project was to strengthen environmental management and resettlement and rehabil-

itation management capability. For this purpose, one of the components was to implement an environmental action plan that included upgrading existing power stations, and training and technical assistance to strengthen NTPC's Environmental and Resettlement & Rehabilitation management. The loan for the Project was approved by the Board in 1993.

A major problem was due to the fly ash from the coal used to operate the plants: it was disposed of in ash dykes. Although NTPC had already acquired most of the land needed for the ash dykes prior to 1993, additional hectares had to be acquired for the new ash dykes, and the sites identified required the involuntary resettlement of many families.

Note: ³ Under the terms of the Resolution that established the Panel, the Panel is prohibited from accepting Requests for Inspection filed after the closing date of the loan financing the project related to the Request.

Further Action on Earlier Requests

Request No. 16 China Western Poverty Reduction Project

The Project

The objective of the China Western Poverty Reduction Project was to reduce the incidence of absolute poverty in remote and inaccessible villages of three provinces: the Inner Mongolia Autonomous Region ("Part A"), the Gansu ("Part B"), and the Qinghai ("Part C") Provinces, and to assist approximately 1.7 million people.

The Request for Inspection concerned the Qinghai component or Part C of the Project only. This component was designed to benefit 57,775 poor farmers from heavily eroded hillsides in the Haidong Prefecture in the eastern part of Qinghai. The farmers were to be voluntarily resettled 300 miles further west to the plains in Dulan County in Haixi, a Mongol and Tibetan Autonomous Prefecture of Qinghai Province, an area now inhabited by about 4,000 people.

The World Bank Board approved financing of the Project in June 1999 in the amount of US\$160 million equivalent: an IDA credit of \$100 million in concessional funds and an IBRD loan for \$60 million. In an unprecedented move, the Board agreed that no work would be done and no funds disbursed for the \$40 million Qinghai component of the Project until it had decided on the results of "any review by the independent Inspection Panel." The Request was submitted by the International Campaign for Tibet on behalf of Tibetan people potentially affected in Dulan County.

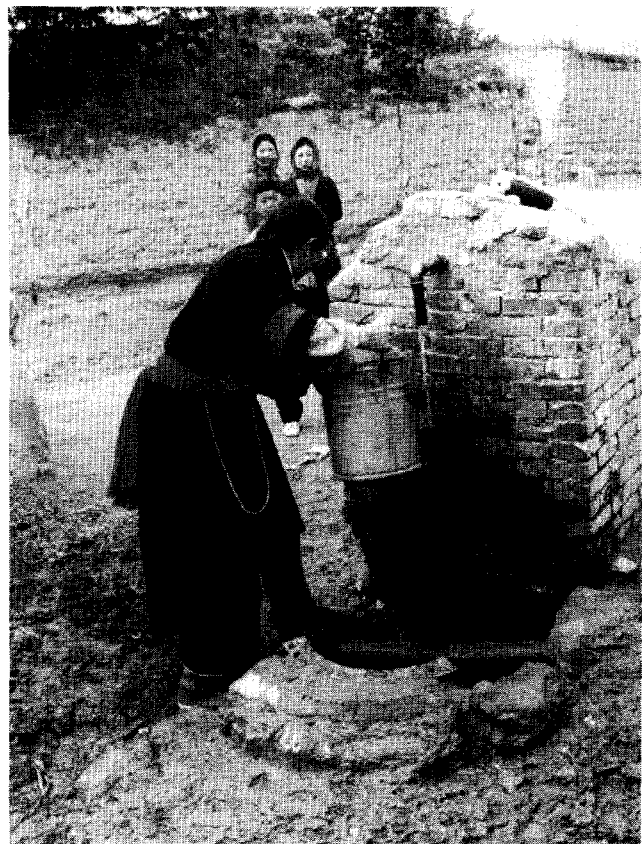
The Panel's Report

The Panel found that the Request and Requesters met the eligibility criteria as set forth in the Resolution, and based on the Request and Management's Response recommended an investigation into the matters alleged in the Request. The Panel sent its Report and Recommendation to the Board on August 18, 1999.

When Requesters are represented by an international NGO the Board has to make a final decision on whether or

not the representative qualifies on the grounds that there is no local or national representation possible. On September 9, 1999 the Board decided not to address the validity of the representation. Instead, the Board itself instructed the Panel to conduct an investigation. It was the first time the Board had taken such action.

The Board instructed the Panel to investigate whether, during preparation and appraisal of the Qinghai component, the Bank had observed the same policies that had been questioned in the Request for Inspection. Those policies were: Annex B of OD 4.00 on Environmental Policy for Dam and Reservoir Projects; OP/BP 4.37 on Safety of Dams; BP 10.00 on Investment Lending; Identification to Board Presentation; OP/BP 12.10 on Retroactive Financing; OD 4.01 on Environmental Assessment; OD 4.20 on Indigenous Peoples; OD 4.30 on Involuntary Resettlement; OP 4.09 on Pest Management; OP 10.00 on Invest-



Villagers drawing water in a move-out area

ment Lending: Identification to Board Presentation; and BP 17.50 on Disclosure of Information.

The Investigation Report

The Panel concluded that Management was substantially in compliance with the provisions of Annex B of OD 4.00 on Environmental Policy for Dam and Reservoir Projects, OP/BP 4.37 on Safety of Dams, BP 10.00 on Investment Lending: Identification to Board Presentation, and OP/BP 12.10 on Retroactive Financing. The Panel also found that Management was in apparent violation of several provisions of OD 4.01 on Environmental Assessment, OD 4.20 on Indigenous Peoples, and OD 4.30 on Involuntary Resettlement, OP 4.09 on Pest Management, OP 10.00 on Investment Lending, Identification to Board Presentation, and BP 17.50 on Disclosure of Information.

On April 28, 2000 the Panel sent its Investigation Report to the Board and Management. Management had six weeks to prepare its response to the Panel findings.



Tibetan farmers in Xunhua County, one of the move-out areas

Management's Report and Recommendation

Management submitted its Report and Recommendation to the Board on June 19, 2000. Management acknowledged that during the preparation and appraisal of the Project greater rigor should have been ensured in the application of safeguard standards in light of the special circumstances surrounding the Project. Specifically, Management acknowledged that: "*(a) more should have been done to ensure the confidentiality and integrity of the consultative process; (b) more could have been done to ensure that there was greater involvement of project affected people, including indigenous groups, in the Project design; (c) a more thorough environmental analysis would have improved Project preparation; (d) documentation on the part of the Bank*

should have been better; and (e) information on the Project should have been disclosed more promptly." Management noted that it had therefore agreed with the Borrower to a more thorough program of analysis and consultations undertaken for the Qinghai Component prior to implementation.

Management stated that in view of the Panel's findings it recommended that:

"(a) Given the special circumstances of (the) Project, a deeper level of environmental analysis than was provided in the original Environmental Impact Assessment would be conducted. in order to minimize risks and answer doubts that (had) been raised, the Qinghai Component (would) be reclassified henceforth as A under OD 4.01 and a Supplemental Environmental Impact Assessment (SEIA) (would) be prepared.

(b) Additional consultations (would) be undertaken with affected people, with specific attention given to the confidentiality and integrity of the process.

(c) A separate Indigenous Peoples Development Plan (would) be prepared and made available in the written language used by each ethnic group;"

The Board's Decision

The Board of Executive Directors met on July 6-7, 2000 to consider the Panel's Investigation Report and Management's Report and Recommendation. The Board, despite support for the actions proposed by Bank Management, could not agree to support these recommendations without further Board review and approval after the proposed studies were completed. Therefore, the Board voted against approving Management's recommendations. After the vote, the Borrower informed the Board that it would use its own resources to implement the Qinghai Component of the Project, and that, as a consequence, it would not request assistance from the Bank to finance the component. Both the Panel's Investigation Report and Management's Report and Recommendation were made available to the public immediately following the Board meeting.

Note: For the complete text of the Panel's Report and Recommendation including the Request for Inspection and the Management Response, see "The Inspection Panel Investigation Report—The Qinghai Project: A Component of the China Western Poverty Reduction Project (Credit No. 3255-CHA and Loan No. 4501-CHA)," April 28, 2000. Also available on the Internet at www.inspectionpanel.org.

Outreach and Disclosure

The Inspection Panel increased its internal and external outreach campaign during this period in an effort to make its existence, role, and functions better known by all stakeholders within and outside the World Bank. As part of this program, the Panel developed and produced a brochure on the Inspection Panel. The brochure provides information on who can file a Request, and on the processing and filing of the Request. The brochure is now available in Arabic, Brazilian Portuguese, English, French, German, Hindi, Portuguese, Russian, Spanish, and Tagalog. The Panel also redesigned and updated its website to make it more easily accessible globally.

Internally, the Panel Members and staff of the Secretariat participated in a number of training sessions for new staff and seminars on safeguard policies. They also met with several Bank Regional Management Teams to discuss the role of the Panel and the procedures to be followed after a Request for Inspection is filed. The meetings were quite useful to the Panel in advancing staff understanding of the inspection process, and provided an opportunity for Panel members to hear the views of staff.

The Panel received a number of invitations to participate in meetings and seminars related to the Panel's role as an accountability mechanism available to people that could be negatively affected by Bank-financed projects. These events included the conference *Une nouvelle procédure de règlement des différends: le Panel d'Inspection de la Banque Mondiale*, organized by IHEI, University of Paris II and the Faculté de Droit, Université de Genève in Paris in March 2000. Special presentations on the Inspection Panel were also made at the May 2000 Conference *Afstemmen op Afrika*, organized by the Evert Vermeer Stichting in Utrecht, the Netherlands, the March 2000 Seminar *O Banco Mundial e a Participação Pública: o Mecanismo do Painel de Inspeção De Projetos*, organized by the Instituto Socioambiental (ISA) and the University of São Paulo, in São Paulo, Brazil, and the UN agencies meeting on indigenous peoples *Working Group on Indigenous Populations, XVIIIth Session, Parallel events of the Work-*

ing Group on Indigenous Peoples organized by the UNHCHR in Geneva in July 2000.

Disclosure

The rules for disclosure of documents generated by the Inspection Panel process are stipulated in the Resolution establishing the Panel as well as in the 1996 and 1999 Clarifications the Executive Directors adopted.

In the 1996 Clarifications the Executive Directors instructed Management "to make significant efforts to make the Inspection Panel better known in borrowing countries...." In the 1999 Clarifications, the Board underscored the need for Management to make significant efforts to make the Panel better known, and emphasized the importance of prompt disclosure of information to claimants and the public. The Board also required that "such information be provided by Management to claimants in their language, to the extent possible."

The Panel has made every effort to keep its processes open and transparent consistent with the public disclosure policy adopted by the Bank's Board in 1993. The Inspection Panel's website continuously updates the status of Panel activities, and continues to receive a large number of queries.

The Panel Register

In an effort to deal transparently with Requests, the Panel has maintained a Register. The Executive Secretary records the dates and all actions taken in connection with the processing of a Request, as well as the dates on which any formal notification is sent or received. The Panel keeps the Requester informed about the process. This Register is open to the public, and is also posted on the Panel's website to ensure wider disclosure.

A notice that a Request has been registered, and all other notices or documents issued by the Panel, are made available to the public at: (a) the Bank's InfoShop in Washington, D.C.; (b) the Bank's Resident Mission, Regional or Country Office for the country where the project relating

to the Request is located, or at the relevant regional office; (c) the Bank's Paris and Tokyo offices; and (d) the Panel's website: *www.inspectionpanel.org*.

When permitted by the Resolution, the Bank makes documents relating to each Request available to the public. Under Paragraph 25 of the Resolution, Requests for Inspection, Panel Recommendations, and Board decisions are to be made available to the public after the Executive Directors have considered a Panel Recommendation on, or the results of, an investigation. During the 1996 review by the Board, the Directors clarified that provision to ensure that Management Responses would also be made available within three days after action by the Board, along with the documents already cited. The Board also said that Management should make available any legal opinions issued by the Bank Legal Department related to Inspection Panel matters promptly after Board action, unless the Board decides otherwise in a specific case.

World Bank Annual Meetings

The Panel has participated in each Annual Meeting of the World Bank since 1994. Participation in the Meetings has allowed the Panel opportunities to meet with Government officials, private sector organizations and citizens, and numerous NGO groups. The experience has been invaluable to the Panel. When the Annual Meeting is held outside the United States, it has been particularly useful to the Panel in making organizations from that region more aware of the Panel's work, the extent of its mandate, and the procedures for requesting an inspection.

Public Inquiries

Given the unprecedented nature of the Panel mechanism in an international organization, there continues to be a substantial demand for general information about the Panel and its activities from the press, NGOs and other organizations, academics, Bank staff, and others. The availability of *The Inspection Panel* brochure in several languages responds to the needs of many such public inquiries.

First Review of the Inspection Panel Mechanism

The Resolution establishing the Panel called for a review of the experience of the inspection function after two years from the date of the appointment of the first members of

the Panel. The Board completed its review of the Inspection Panel in October 1996. This resulted in the *1996 Clarification of Certain Aspects of the Resolution*. This first review focused on four main areas: preliminary assessment, eligibility and access, outreach, and the role of the Board.

The Panel was instructed that it could undertake a "*preliminary assessment*" of the damages alleged by the Requester, if it believed that it would be appropriate, and in particular when such assessment could lead to a resolution of the matter without need of a full investigation. The preliminary stage was not to be used to establish that a serious violation of the Bank's policy had actually resulted in damages suffered by the affected party, but rather to establish whether the complaint, on the surface, was justified and warranted a full investigation.

In terms of eligibility and access the "*affected party*" described in the Resolution as "*a community of persons such as an organization, association, society or other grouping of individuals*" was defined to include any two or more persons who share common interests or concerns. The Review endorsed the understanding that the Panel's mandate is limited to cases of alleged failure by the Bank to follow its operational policies and procedures with respect to the design, appraisal, 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. Specific procurement decisions, however, whether made by the Bank or a borrower, could not be subject to Panel inspection.

On outreach, Management was instructed to make its response to Requests available to the public within three days after the Board decides on whether to authorize an inspection. It must also make publicly available the opinions of the General Counsel related to Inspection Panel matters promptly after the Executive Directors have dealt with the issues involved. Management was also instructed to make significant efforts to make the Panel better known in borrowing countries.

With regard to the role of the Board, the Clarifications reaffirmed the Board's authority to interpret the Resolution and authorize inspections, adding that "*in applying the Resolution to specific cases, the Panel will apply it as it understands it, subject to the Board's review.*" (See Annex 2)

Second Review of the Inspection Panel Mechanism

In September 1997, the Board concluded that they should again review the functioning of the Inspection Panel. In February 1998, after considering proposals by the Senior Vice President and General Counsel as well as the Inspection Panel's related comments, the Board decided to create a Working Group, composed of three Part I and three Part II Executive Directors. The Working Group would review the operations of the Inspection Panel and propose solutions primarily aimed at achieving greater Board unity in cases where the Panel had recommended an investigation. The Working Group subsequently proposed several clarifications to the Resolution. On April 20, 1999, acting on the proposal by the Working Group, the Board of Executive Directors issued *Conclusions of the Board's Second Review of the Inspection Panel* which reaffirmed "the Resolution, the importance of the Panel's function, its independence and integrity."

The second review provided clarification on the application of the Resolution in four principal areas: Board authorization of an investigation, preliminary assessment, material adverse effect, and action plans.

Board authorization of an investigation, if the Panel so recommended, would be authorized without the Board making any judgment on the merits of the Request, and without discussion except with respect to specified technical eligibility criteria.

The preliminary assessment stage that was instituted with the 1996 Clarifications was eliminated.

The Panel was directed to discuss in its written report only those material adverse effects, alleged in the Request, that had totally or partially resulted from serious Bank failure of compliance with its policies and procedures. If the Request alleged a material adverse effect and the Panel found that it was not totally or partially caused by Bank failure, the Panel's report would so state without entering into an analysis of the material adverse effect or its causes.

Action Plans agreed between the borrower and the Bank, in consultation with the Requesters that sought to improve project implementation, will normally be considered by the Board in conjunction with Management's recommendation related to the Panel's investigation report. Other Action Plans were declared outside the Panel's mandate. Assessment of Actions Plans by the Panel was limited to the Panel's view on the adequacy of consultations with affected parties in preparation of the plans.

As in the 1996 Clarifications, the Board underlined the need for Management to make significant efforts to make the Panel better known in borrowing countries. It again emphasized the importance of prompt disclosure of information to claimants and the public by Management, and to the extent possible, that such information be provided to claimants in their language (see Annex 3).

Sources of Further Information

The Inspection Panel's Website www.inspectionpanel.org provides:

- Current information on Panel cases and activities
- Each step in the processing of Requests
- Panel Reports
- Panel *Operating Procedures*, The IBRD/IDA Resolution establishing the Panel and the 1996 and 1999 Clarifications to the Resolution.

World Bank InfoShop

701 18th Street, NW, Washington, D.C. 20433
Tel: (202) 473-2941; Fax (202) 477-0604
Website: www.worldbank.org/infoshop

World Bank Public Information Centers PARIS

66 avenue d'Iéna, 75116 Paris, France
Tel: (33-1) 40 69 30 26; Fax: (33-1) 40 69 30 69
Email: pparis@worldbank.org

TOKYO

10th Floor Fukoku-Seimei Building.,2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100, Japan
Tel: (813) 3597-6676; Fax (813) 3597-6695
Email: ptokyo@worldbank.org

Bank Resident Missions, Regional or Country Office Where the project relating to a Request is located.

All Requests for Inspection should be sent directly to:
The Inspection Panel
1818 H Street, MC10-1007
Washington, D.C. 20433.
Email: Ipanel@worldbank.org

Any World Bank office around the world can be asked to forward a Request, unopened, to the Inspection Panel.

Administration and Budget

The Resolution provides that the “Panel shall be given such budgetary resources as shall be sufficient to carry out its activities.”

The administrative arrangements for the Panel provide for the Chairman to work on a full-time basis supported by a small Secretariat. He calls on the two part-time Panel members on a case-by-case basis as required by the Panel’s workload related to Requests, public inquiries, and consultations as well as institutional and administrative matters. In practice the Panel has worked by consensus with the two part-time members fully involved in all activities related to Requests, informational, institutional,

and administrative matters. The Resolution provides that if the workload reaches a level that would make it reasonable for the Panel to recommend it, the Board would appoint one or both part-time members on a full-time basis. The Panel has not yet recommended this, even though the workload of the Panel has progressively increased during each year of its existence.

The demand-driven nature of the Panel’s work requires a flexible budgetary strategy to ensure that sufficient resources are available to process all Requests received. Annex 5 contains a breakdown of the Panel’s budget and expenditures for fiscal 2000.

Annex 1

Resolution No. IBRD 93-10

Resolution No. IDA 93-6

“The World Bank Inspection Panel”

September 22, 1993

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Resolution No. IBRD 93-10

Resolution No. IDA 93-6

“The World Bank Inspection Panel”

The Executive Directors:

Hereby resolve:

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

Composition of the Panel

2. The Panel shall consist of three members of different nationalities from Bank member countries. The President, after consultation with the Executive Directors, shall nominate the members of the Panel to be appointed by the Executive Directors.

3. The first members of the Panel shall be appointed as follows: one for three years, one for four years and one for five years. Each vacancy thereafter shall be filled for a period of five years, provided that no member may serve for more than one term. The term of appointment of each member of the Panel shall be subject to the continuity of the inspection function established by this Resolution.

4. Members of the Panel shall be selected on the basis of their ability to deal thoroughly and fairly with the requests brought to them, their integrity and their independence from the Bank's Management, and their exposure to developmental issues and to living conditions in developing countries. Knowledge and experience of the Bank's operations will also be desirable.

5. Executive Directors, Alternates, Advisors and staff members of the Bank Group may not serve on the Panel until two years have elapsed since the end of their service in the Bank Group. For purposes of this Resolution, the term “staff” shall mean all persons holding Bank Group appointments as defined in Staff Rule 4.01 including persons holding consultant and local consultant appointments.

6. A Panel member shall be disqualified from participation in the hearing and investigation of any request related to a matter in which he/she has a personal interest or had significant involvement in any capacity.

7. The Panel member initially appointed for five years shall be the first Chairperson of the Panel, and shall hold such office for one year. Thereafter, the members of the Panel shall elect a Chairperson for a period of one year.

8. Members of the Panel may be removed from office only by decision of the Executive Directors, for cause.
9. With the exception of the Chairperson who shall work on a full-time basis at Bank headquarters, members of the Panel shall be expected to work on a full-time basis only when their workload justifies such an arrangement, as will be decided by the Executive Directors on the recommendation of the Panel.
10. In the performance of their functions, members of the Panel shall be officials of the Bank enjoying the privileges and immunities accorded to Bank officials, and shall be subject to the requirements of the Bank's Articles of Agreement concerning their exclusive loyalty to the Bank and to the obligations of subparagraphs (c) and (d) of paragraph 3.1 and paragraph 3.2 of the Principles of Staff Employment concerning their conduct as officials of the Bank. Once they begin to work on a full-time basis, they shall receive remuneration at a level to be determined by the Executive Directors upon a recommendation of the President, plus normal benefits available to Bank fixed-term staff. Prior to that time, they shall be remunerated on a *per diem* basis and shall be reimbursed for their expenses on the same basis as the members of the Bank's Administrative Tribunal. Members of the Panel may not be employed by the Bank Group, following the end of their service on the Panel.
11. The President, after consultation with the Executive Directors, shall assign a staff member to the Panel as Executive Secretary, who need not act on a full-time basis until the workload so justifies. The Panel shall be given such budgetary resources as shall be sufficient to carry out its activities.

Powers of the Panel

12. The Panel shall receive requests for inspection presented to it by an affected party in the territory of the borrower which is not a single individual (i.e., a community of persons such as an organization, association, society or other grouping of individuals), or by the local representative of such party or by another representative in the exceptional cases where the party submitting the request contends that appropriate representation is not locally available and the Executive Directors so agree at the time they consider the request for inspection. Any such representative shall present to the Panel written evidence that he is acting as agent of the party on behalf of which the request is made. The affected party must demonstrate that its rights or interests have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal and/or implementation of a project financed by the Bank (including situations where the Bank is alleged to have failed in its follow-up on the borrower's obligations under loan agreements with respect to such policies and procedures) provided in all cases that such failure has had, or threatens to have, a material adverse effect. In view of the institutional responsibilities of Executive Directors in the observance by the Bank of its operational policies and procedures, an Executive Director may in special cases of serious alleged violations of such policies and procedures ask the Panel for an investigation, subject to the requirements of paragraphs 13 and 14 below. The Executive Directors, acting as a Board, may at any time instruct the Panel to conduct an investigation. For purposes of this Resolution, "operational policies and procedures" consist of the Bank's Operational Policies, Bank Procedures and Operational Directives, and similar documents issued before these series were started, and does not include Guidelines and Best Practices and similar documents or statements.
13. The Panel shall satisfy itself before a request for inspection is heard that the subject matter of the request has been dealt with by the Management of the Bank and Management has failed to demonstrate that it has followed, or is taking adequate steps to follow the Bank's policies and procedures. The Panel shall also satisfy itself that the alleged violation of the Bank's policies and procedures is of a serious character.

14. In considering requests under paragraph 12 above, the following requests shall not be heard by the Panel:

(a) Complaints with respect to actions which are the responsibility of other parties, such as a borrower, or potential borrower, and which do not involve any action or omission on the part of the Bank.

(b) Complaints against procurement decisions by Bank borrowers from suppliers of goods and services financed or expected to be financed by the Bank under a loan agreement, or from losing tenderers for the supply of any such goods and services, which will continue to be addressed by staff under existing procedures.

(c) Requests filed after the Closing Date of the loan financing the project with respect to which the request is filed or after the loan financing the project has been substantially disbursed.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.

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

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

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.

Annex 2

1996 Clarification of Certain Aspects of the Resolution

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

Annex 3

1999 Clarification of the Board's Second Review of the Inspection Panel

1999 Conclusions of the Board's Second Review of the Inspection Panel

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

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

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

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

4. When Management responds, admitting serious failures that are attributable exclusively or partly to the Bank, it will provide evidence that it has complied or intends to comply with the relevant operating policies and procedures. This response will contain only those actions that the Bank has implemented or can implement by itself.
5. The Inspection Panel will satisfy itself as to whether the Bank's compliance or evidence of intention to comply is adequate, and reflect this assessment in its reporting to the Board.

6. The Panel will determine the eligibility of a request for inspection independently of any views that may be expressed by Management. With respect to matters relating to the Bank's rights and obligations with respect to the request under consideration, the Panel will seek the advice of the Bank's Legal Department as required by the Resolution.
7. For its recommendation on whether an investigation should be carried out, the Panel will satisfy itself that all the eligibility criteria provided for in the Resolution have been met. It will base its recommendation on the information presented in the request, in the Management response, and on other documentary evidence. The Panel may decide to visit the project country if it believes that this is necessary to establish the eligibility of the request. In respect of such field visits, the Panel will not report on the Bank's failure to comply with its policies and procedures or its resulting material adverse effect; any definitive assessment of a serious failure of the Bank that has caused material adverse effect will be done after the Panel has completed its investigation.
8. The original time limit, set forth in the Resolution for both Management's response to the request and the Panel's recommendation, will be strictly observed except for reasons of force majeure, i.e. reasons that are clearly beyond Management's or the Panel's control, respectively, as may be approved by the Board on a no objection basis.
9. If the Panel so recommends, the Board will authorize an investigation without making a judgment on the merits of the claimants' request, and without discussion except with respect to the following technical eligibility criteria:
 - a. The affected party consists of any two or more persons with common interests or concerns and who are in the borrower's territory (Resolution para.12).
 - b. The request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester (Resolution paras. 12 and 14a).
 - c. The request does assert that its subject matter has been brought to Management's attention and that, in the requester's view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures (Resolution para. 13).
 - d. The matter is not related to procurement (Resolution para. 14b).
 - e. The related loan has not been closed or substantially disbursed (Resolution para. 14c).
 - f. The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request (Resolution para. 14d).
10. Issues of interpretation of the Resolution will be cleared with the Board.
11. The "preliminary assessment" concept, as described in the October 1996 Clarification, is no longer needed. The paragraph entitled "The Panel's Function" in the October 1996 "Clarifications" is thus deleted.
12. The profile of Panel activities, in-country, during the course of an investigation, should be kept as low as possible in keeping with its role as a fact-finding body on behalf of the Board. The Panel's methods of investigation should not create the impression that it is investigating the borrower's performance. However, the Board, acknowledging the important role of the Panel in contacting the requesters and in fact-finding on behalf of the Board, welcomes the Panel's efforts to gather information through consultations with affected people. Given the need to conduct such work in an independent

and low-profile manner, the Panel – and Management – should decline media contacts while an investigation is pending or underway. Under those circumstances in which, in the judgment of the Panel or Management, it is necessary to respond to the media, comments should be limited to the process. They will make it clear that the Panel's role is to investigate the Bank and not the borrower.

13. As required by the Resolution, the Panel's report to the Board will focus on whether there is a serious Bank failure to observe its operational policies and procedures with respect to project design, appraisal and/or implementation. The report will include all relevant facts that are needed to understand fully the context and basis for the panel's findings and conclusions. The Panel will discuss in its written report only those material adverse effects, alleged in the request, that have totally or partially resulted from serious Bank failure of compliance with its policies and procedures. If the request alleges a material adverse effect and the Panel finds that it is not totally or partially caused by Bank failure, the Panel's report will so state without entering into analysis of the material adverse effect itself or its causes.

14. For assessing material adverse effect, the without-project situation should be used as the base case for comparison, taking into account what baseline information may be available. Non-accomplishments and unfulfilled expectations that do not generate a material deterioration compared to the without-project situation will not be considered as a material adverse effect for this purpose. As the assessment of material adverse effect in the context of the complex reality of a specific project can be difficult, the Panel will have to exercise carefully its judgment on these matters, and be guided by Bank policies and procedures where relevant.

15. A distinction has to be made between Management's report to the Board (Resolution para. 23), which addresses Bank failure and possible Bank remedial efforts and "action plans," agreed between the borrower and the Bank, in consultation with the requesters, that seek to improve project implementation. The latter "action plans" are outside the purview of the Resolution, its 1996 clarification, and these clarifications. In the event of agreement by the Bank and borrower on an action plan for the project, Management will communicate to the Panel the nature and outcomes of consultations with affected parties on the action plan. Such an action plan, if warranted, will normally be considered by the Board in conjunction with the Management's report, submitted under Resolution para. 23.

16. The Panel may submit to the Executive Directors for their consideration a report on their view of the adequacy of consultations with affected parties in the preparation of the action plans. The Board should not ask the Panel for its view on other aspects of the action plans nor would it ask the Panel to monitor the implementation of the action plans. The Panel's view on consultation with affected parties will be based on the information available to it by all means, but additional country visits will take place only by government invitation.

17. The Board underlines the need for Management to make significant efforts to make the Inspection Panel better known in borrowing countries, as specified in the 1996 "Clarifications."

18. The Board emphasizes the importance of prompt disclosure of information to claimants and the public, as stipulated in the Resolution (paras. 23 and 25) and in its 1996 Clarifications. The Board requires that such information be provided by Management to claimants in their language, to the extent possible.

19. The Board recognizes that enhancing the effectiveness of the Inspection Panel process through the above clarifications assumes adherence to them by all parties in good faith. It also assumes the borrowers' consent for field visits envisaged in the Resolution. If these assumptions prove to be incorrect, the Board will revisit the above conclusions.

Annex 4

Operating Procedures

The Panel is currently in the process of revising its *Operating Procedures* to reflect the 1996 and 1999 Clarifications to the Resolution that established the Panel, as well as lessons learned and comments received during the first six years of operation.

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*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" includes 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]

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 acknowledgment 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.

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 time-barred; 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 time-table 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 non-local 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: The Executive Secretary
The Inspection Panel
1818 H St., NW, Washington, D.C. 20433, U.S.A.
(or to a World Bank Country/Regional Office)

We, , and , and other persons whose names and addresses are attached live/represent others, living in the area known as: [and shown in the attached map or diagram] claim the following:

1. The Bank is financing the design/appraisal and/or implementation of a project [name and brief description]

2. We understand that the Bank has the following policy(ies) and/or procedures [list or describe]:

3. Our rights/interests are [describe]:

4. The Bank has violated its own policies/procedures in this way:

5. We believe our rights/interests have been, are likely to be adversely affected as a direct result of the Bank's violation. This is, or is likely to cause us to suffer [describe harm]:

6. We believe the action/omission is the responsibility of the Bank.

7. We have complained/made an effort to complain to Bank staff by [describe]:

Please attach evidence or explanation.

8. We received no response; or

We believe that the response(s) (attached/not attached) is unsatisfactory because:[describe why]:

9. In addition we have taken the following steps to resolve our problem:

We therefore believe that the above actions/omissions which are contrary to the above policies or procedures have materially and adversely affected our rights/interests and request the Panel to recommend to the Bank's Executive Directors that an investigation of these matters be carried out in order to resolve the problem.

As advised in your Operating Procedures, this Request for Inspection is brief. We can provide you with more particulars.

DATE: _____

SIGNATURES: _____

CONTACT ADDRESS: _____

Attachments: [Yes][No]

We authorize you to make this

Request public [Yes][No]

Annex 5

Panel Budget

<i>The Inspection Panel Budget</i> <i>August 1, 1999 to July 31, 2000</i> (thousands of U.S. dollars)	
Fees - Panel Members	473.0
Salaries*	472.3
Temporaries	30.6
Consultants Short-term	166.0
Overtime	3.1
Travel - Members/Staff	426.0
Benefits*	236.0
Equipment & Building	
Services	35.4
Contractual Services	30.99
Other Indirect Costs	222.1
Office Occupancy	140.6
Total Expenses	2,201.2
Current Budget	2,233.7

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

* Includes chairman's salary.



THE WORLD BANK

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