

[for public release]

World Bank
Land Administration Project (Honduras)
United States Position
Board Date: October 4, 2007

We appreciate the work of the Inspection Panel on an extraordinarily complex and sensitive issue. We also appreciate the thoughtful, forthright and serious manner in which the Bank Management has approached the various issues raised by the Inspection Panel.

Among the issues addressed by the Inspection Panel, there are three that we wish to focus on. First is the issue of the nature of consultations during project implementation. There is no doubt in our mind that the Requester is a representative organization within the meaning of OD 4.20 (Indigenous Peoples) and has been in a position to provide an effective channel for communicating local preferences. But what is Bank Management to do in cases where a representative organization has continuously rebuffed attempts by the Bank to have the organization participate in the consultative process? If Bank Management was required to include a particular representative organization in order to comply with OD 4.20, it would effectively give that organization veto power over the implementation of the project. In this regard, we agree with the Management's view that it would be inappropriate to assign veto-power to any one subgroup among stakeholders. If provision of veto-power to indigenous peoples was intended, OD 4.20 would have required "prior, informed consent" rather than the extant "prior, informed consultation."

The second issue pertains to the finding that the Project may contribute to the demise of titles and claims to collective lands held by the Garifuna and indigenous peoples as required by OD 4.20. Among the concerns raised by the Panel in this regard is the inclusion of titling and regularization in the first phase of the project in the absence of a legal and regulatory framework for indigenous peoples' lands. It is clear from the information provided by the Panel and the Management that the demise of titles and claims was already occurring to the point where the affected communities felt a "sense of crisis" and demanded immediate concrete actions. The argument by Management that resolution of these problems, which have intensified in recent years, could no longer wait is a compelling one. Appropriate steps appear to have been taken to safeguard indigenous peoples' land rights and, as management notes, to date no Ethnic Lands have been titled in violation of the obligations which Management negotiated with the Borrower. More generally, we agree that in the absence of the Project, protections against powerful non-Garifuna interests would not exist which would allow such interests to influence decision-making processes to the detriment of the Garifuna. That said, we are extremely concerned with the situation regarding indemnification of third parties who hold annullable titles to Ethnic Lands. Measures that the Bank puts down on paper to address problems such as this are meaningless without the resources to carry out them out. An essential part of the scoping performed by Bank staff is the identification of resources to carry out the project in all its dimensions.

The third issue pertains to project oversight. From the lack of distribution of printed materials prior to consultative meetings to the Government's repudiation of the Mesa Regional to the manner in which the Mesas conducted their business, there appears to have been a record of lack of proper supervision by Bank Management over the Project. The Action Plan identifies a number of steps that have been taken and/or will be taken to address this deficiency. While we applaud these steps, and the entire Action Plan for that matter, lack of proper supervision is not limited to this project and we look forward to the discussion of the findings of the independent audit of internal management controls and procedures for meeting operational objectives in IDA operations in order to address this recurring problem.

Finally, we recommend that Management provide the Board, in a year's time, with a report on the implementation of its Action Plan and that this report be made publicly available. We further suggest that the Requester be invited to provide the Board with its assessment of progress under the Action Plan