

Date of Meeting: August 4, 2004

Inter-American Development Bank (IDB)
Investigative Panel Report for Loan 760/OC-RG for the Yacyretá Hydropower Project
and IDB Management Response

U.S. Executive Director Statement

The Investigative Panel is to be thanked for this report. It clearly delineates the many implementation problems that have led to negative impacts on people in the affected areas. While the Bank's current resettlement and environmental policies were not in effect at the time of project approval, this report makes clear that there have been shortcomings in the Bank's enforcement of the borrowers' compliance with meeting the social and environmental obligations that were in place.

Therefore we welcome Management's intention to work with the Yacyreta Binational Authority (EBY) to reach agreement on a project termination plan that will address critical issues such as resettlement, economic rehabilitation, and grievance resolution. It is our clear understanding that agreement on a project termination plan is not contingent upon any particular operating level for the project but will be mutually agreed by the governments and international financial institutions involved. Management should also return and discuss with the Board, no later than the end of this year, its plan to help bring to completion the outstanding tasks remaining at the current operating level of the project.