

**World Bank Inspection Panel Reports and Recommendations on
Liberia Development Forestry Sector Management Project and
Tajikistan Energy Loss Reduction Project (Rogun HPP)
February 3, 2011
U.S. Position**

The Inspection Panel is an essential accountability mechanism of the World Bank. It helps ensure that Bank management is accountable to the Board in applying agreed operational policies and procedures, and provides a mechanism of potential redress for individuals and communities adversely affected by Bank operations as a result of non-compliance. With this purpose in mind, the United States appreciates the work of the Panel and Management on these two cases, and supports the Panel's recommendation not to conduct an investigation on either case.

There has been much discussion about the Inspection Panel process, especially the process for deciding eligibility in the Liberia and Tajikistan cases and the level of factual background presented in the reports to the Board. With the goal of safeguarding the critical independence and effectiveness of the Panel, facilitating good decisions by the Board, and advancing shared goal of development effectiveness, we offer the following comments.

The Board is not in a position to conduct its own complete factual analysis in every case and we must rely on the Panel. It is important that the Panel's reports and recommendations to the Board contain sufficient factual background and context to support the Panel's recommendations without the need for substantial additional information or clarifications. As a general matter, this chair believes that, when the Panel is registering a case and determining whether to recommend an investigation, it should be reasonably clear that Management has been notified that alleged non-compliance with Bank policies in a project has caused a requester material harm, and that the World Bank has had a reasonable opportunity to respond to the concerns. Reasonable notice should be assessed in view of the particular facts and circumstances and may be assessed differently for requesters in remote and/or impoverished locations than for those with greater resources or information.

Finally, the United States notes that the General Counsel provided her opinion about interpreting the Board Resolution and Clarification. We reaffirm past practice that it is solely the responsibility of the Board in all cases to assess and evaluate the Panel's work and reports. The current Resolution and Clarifications remain valid and are robust enough to handle all of these issues.

Liberia – Development Forestry Sector Management Project

Ensuring that Liberia's natural resources are managed in a transparent and sustainable manner for the benefit of the people of Liberia is critical if the country is to bring itself out of poverty. The democratically-elected government under President Johnson-Sirleaf, with support from the World Bank, the United States and other donors, has made progress in improving management of its forest resources. The United States believes the World Bank has a valuable role to play in helping the government manage this sector. In our view, that role should be focused on strengthening transparency and accountability of natural resource revenue flows, and helping the government establish effective measures to combat corruption in the sector.

The United States accepts the Panel's determination on eligibility and agree with the recommendation that no investigation be carried out on the Liberia: Development Forestry Sector Management Project. We urge Management to ensure that its Action Plan, which does not imply an admission of non-compliance and is instead a proactive approach to address broader issues, reflects and incorporates the outcome of adequate consultations with community stakeholders.

The challenges facing the Liberian forestry sector are well beyond the scope of this project. The United States encourages Management to continue to work with the Government of Liberia to reinforce efforts to improve forestry management, such as the undertaking of additional assessments of new concessions and building government capacity to monitor concessions and enforce the law. We share the Panel's deep concern about intimidation of the requestors and join Management in urging the Liberian Government to address this issue.

Tajikistan – Energy Loss Reduction Project (Rogun)

The United States supports the World Bank's engagement in Tajikistan's energy sector and the focus on regional energy and water issues. The feasibility study for the Rogun dam – which was not part of the original project that triggered the Panel request but was recently added as part of a restructuring – will look at the engineering, geologic, financial, environmental and social issues related to the proposed dam. At present, the World Bank is not involved in the financing of the construction of the proposed dam, nor has the Board made any decision to finance the proposed dam.

The United States supports the Panel's finding of ineligibility and recommendation of no investigation, on the basis that “the Bank facilitated extensive consultations” with riparian governments, including Uzbekistan, and that there is adequate evidence of the Bank's intention to comply with applicable Operational Policies. We share Management's view that since the assessment study for the Rogun dam has not yet started, an inspection at this point could potentially undermine the Bank's policies requiring an independent and integrated environmental and social assessment. We note that the issues raised by the requestors focus on potential harm

that could derive from the construction, operation and/or failure of the proposed dam but not from the assessment studies.

Going forward, the United States urges Management to consider further measures to ensure that the studies are fully independent, so that they will be viewed as such by all the regional governments. We also urge that the studies fully take into account the economic costs and benefits of alternative flow scenarios, including the impacts on downstream. Finally, we would note that our statement today should not be viewed as a position on any future Bank proposal for the Rogun Dam, which we would consider on its own merits after carefully reviewing all the project documentation.