



Independent Investigation Mechanism 2006 Annual Report

1. Background

The operational guidelines for the Independent Investigation Mechanism (GN-1830-11) stipulate the following reporting requirements in paragraph 8.3: *“In cooperation with the members of Panels, the Coordinator shall issue in the first trimester of each calendar year an annual report concerning any requests received and investigations undertaken and their results. The report will be transmitted to the President and to the Board of Executive Directors through the Secretary of the Bank. It will also be available to interested outside parties on request.”*

This report is being submitted to fulfill that provision. It covers the period from 1 January to 31 December 2006, and includes an update on pending cases as of 28 of February, 2007.

2. Processing of complaints under the Mechanism

In 2006, the Independent Investigation Mechanism (IIM) continued to monitor the following complaints received in 2004/2005:

Argentina Reconstruction of the Las Lomitas-Posta Cambio Zalazar section of the Provincial Route 28 (1118/OC-AR)

The processing of the complaint filed on 21 May 2004 by Mr. Luis María Zapiola, on behalf of the Pilagá community and various other groups was concluded in 2005. In his initial report (PR-2305-3), submitted to the Board in December 2004, the consultant appointed under the IIM recommended convening an Investigation Panel. However, after extensive discussion of Management’s response (PR-2305-4) to the report, the Board’s Organization, Human Resources, and Board Matters Committee agreed that the consultant would revisit the project site to determine whether Management’s actions had adequately addressed the issues raised.

Following a site visit in November 2005, the addendum to the consultant’s final report (PR-2305-7) recommended follow-up on a series of resettlement actions, and concluded that no Investigation Panel was required. The Board of Executive Directors endorsed this recommendation in February 2006.

On February 12, 2007 the Office of the IIM received a complaint regarding the completion of certain works in the indigenous community of Pilagá de Campo del Cielo. Discussions with Management are ongoing in this regard.

Brazil Certificate of Sustained Tourism (TC-0203001)

A letter was received on December 11, 2005 from Claudio Consolo (representing the Brazilian Paragliding Association), Silverio Nery (representing the Mountaineering Association of Sao Paulo State), Humberto Panzetti, (representing the National Association of Sports Entities), Mauzler Paulinett (representing the Sports Administration Entities of Sao Paulo State) and Jose Antonio Martins Fernandez (representing the Syndicate of Physical Education Professionals in Sao Paulo State). The letter raises issues with respect to a technical cooperation project in Brazil, Certificate of sustained Tourism (TC-0203001). The field office specialist and MIF specialist in the country, who met at two occasions with the complainants, indicated to the Office of IIM that the issues had been resolved. On August 30, 2006 the Office of the IIM sent a letter to Mr. Nery to confirm this understanding. No further correspondence has been exchanged since then.

In addition to these cases, the Office of the IIM recently received the following complaints:

Daule Peripa Project (493/OC-EC) and Hydroelectric Baba Project (L1026)

On January 9, 2007 the Office of the IIM received a copy of a letter addressed to President L. A. Moreno asking for the activation of the IIM for the Daule Peripa Project (493/OC-EC) and suspension of the financing for Hydroelectric Baba Project (L1026). The letter, signed by representatives from COORDENAGUA, Centro Agrícola Quevedo, UOCO and Comisión Diocesana de DDHH de los Ríos, alleges that the Daule Peripa Project, which has been fully disbursed, has had negative environmental, ecological and social impacts. The letter also states that the Hydroelectric Baba Project, which is currently under preparation, will result in the violation of the affected community's right to have access to water and land. The Office of External Relations is currently drafting a response to the complainants.

PRODETUR II – Northeast Region (1392/OC-BR) – Tamandaré Water Treatment Plant

A letter was received on August 11, 2006 from Ms. Geny Cleide S. M. Azevedo from the Área de Proteção Ambiental (APA) Guadalupe, Pernambuco. The letter raises issues with respect to the environmental impact of the construction of the Tamandaré Water Treatment Plant, a project eligible for financing under the PRODETUR II – Northeast Region, loan 1392/OC-BR. The Office of the IIM responded by asking for the complaint's original documents. The Office of the IIM is currently reviewing additional information on the case received on February 16th, 2007.

3. Review of the operational guidelines for the Mechanism

The public consultation process for the revisions to the IIM began on February 3, 2005, when the Draft Policy and Operating Guidelines for the Consultation and Compliance Review Mechanism (the "Draft Policy"), was disclosed to the public for 90 days. Public consultations were held in Brasilia, Mexico City, and Washington D.C., where

Management presented the new proposal to the civil society, including members of the NGO community, academics, private sector, representatives of accountability mechanisms and government. Written submissions also were considered. As a result, a record of all comments to the Draft Policy was compiled in a document made available to the public in July 2005

(http://www.iadb.org/aboutus/iii/independent_invest/independent_invest.cfm?language=english). The Board's Organization, Human Resources, and Board Matters Committee is currently considering the draft policy and the comments received during the consultations.

4. Budget execution

To meet the needs of the Mechanism in 2006, a budget of US\$373,425 was requested, US\$257,252 was allocated, and US\$20,036 was expended.