

**U.S. Position on the World Bank's Inspection Panel Investigation Report and Management's
Response on the Eskom Investment Support Project
May 22, 2012**

The Inspection Panel is an essential accountability mechanism of the World Bank. It provides a mechanism of potential redress for individuals and communities adversely affected by Bank operations as a result of non-compliance. In this case, the United States notes the findings of the Inspection Panel on gaps in the Bank's assessment of equivalency for managing environmental impacts, as well as the conclusion that a number of the Requesters' claims did not raise issues of compliance and that there was "broad concurrence" with Bank policies.

South Africa is a borrowing country with significant capacity and a robust legal framework to govern and mitigate the environmental and social impacts of its investments. In fact, the Panel affirmed Management's overall conclusion that "South African systems are broadly equivalent to the objectives and operational principles of OP/BP 4.00." In this regard, the United States underscores its belief that the South African authorities are making significant efforts to monitor and mitigate potential harms related to this project.

The United States is concerned with the lack of an action plan in this case, which could be construed as undermining the Inspection Panel process. It is critical that Management, in its response to Panel findings, focuses on clearly communicating to the Board and the public what steps it is taking or will take to manage risks and potential risks that have been identified. It is appropriate that this be a partnership with the country authorities.

However, the United States is pleased that Management has issued an addendum to its response that more clearly explains the actions that the Bank, in partnership with the South African authorities, is taking to monitor and mitigate potential harms related to the Project. This addendum responds directly to the concerns of the Requesters, particularly with regard to issues such as ambient air quality, water availability, and capacity building. It would be useful if management could clarify whether this addendum will be made publicly available.

The United States urges Management and the Inspection Panel to develop more collaborative ways of working, including strengthening regular communication channels to discuss specific cases and the evolving nature of Bank operations. In the past, the Board has asked for Panel comments on systemic issues highlighted by individual cases, but this can be a source of tension when that assessment is included in the documentation for individual cases. In specific Panel investigations, the Panel and Management should focus on issues of non-compliance and harm (or potential harm) that impact on affected peoples, as called for in the Resolution and Clarification. The Panel and Management intend to meet to discuss the evolving nature of Bank operations and devise practical solutions to move Panel and Management interactions onto a more productive footing, including capturing trends and lessons learned, while maintaining Panel independence. The United States strongly endorses and encourages these efforts.