

[For Public Release]

**Inspection Panel Report and Management Response**  
**Yacyretá Hydropower Dam Project**

On May 6, 2004, the Board of Directors of the World Bank discussed an inspection panel report and management response concerning the Yacyretá Hydropower Dam project on the border of Argentina and Paraguay<sup>1</sup>. U.S. Executive Director Carole Brookins presented the following written statement:

“The Inspection Panel should be commended on their work on this project. The report is comprehensive, balanced, and timely given the recent attention the Board has given to CASs and projects for both Paraguay and Argentina. The report makes clear that the Bank was in compliance with its policies and procedures in several important aspects of the civil engineering and environmental impact aspects of the project; and that allegations of the requesters in these areas were without merit. Nonetheless, the report also is clear in delineating a number of areas where the Bank was not in compliance and where significant negative consequences for people in the affected areas resulted from this.

Therefore, the Panel should be asked to return to the project to report to the “Requesters” on their findings and on Management and the Board’s response. The panel should also be employed to review the implementation of action plans until such time as a decision on the final reservoir operating level and all resulting resettlement activity is completed. Furthermore, the Management should come back to the Board with deadlines established for each major component of the outstanding tasks after discussions with EBY, the Government of Argentina, and the Government of Paraguay. Finally, the Management should report back to the Board in three months time on the necessary collaboration between the World Bank and the Inter-American Development Bank.”

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<sup>1</sup> The panel report is in response to an inspection request for two loans: (1) Paraguay Reform Project for the Water and Telecommunications Sector and Argentina SEGBA V Power Distribution Project.