

November 25, 2003

REQUEST FOR INSPECTION

THE INSPECTION PANEL, 1818 H St. N.W., Washington, D.C. 20433, U.S.A.

We, Arturo Ruíz González, of known domicile in Santa María Lachixonace, municipality of San Carlos Yautepec, Oaxaca, Mexico, Tel. 01 (555) 1 51 91 00; Joyce García Sosa, of known domicile in Ejido Río Seco, municipality of San Pedro Huamelula, Oaxaca, Mexico, Tel 01 (958) 58 7 22 03; Sergio García Mendoza, of known domicile in Santa María Huatulco, municipality of Santa María Huatulco, Oaxaca, Mexico, Tel 01 (958) 58 1 41 04; and Román Aquino Matías, of known domicile in Ixtlán de Juárez, municipality of Ixtlán de Juárez, Oaxaca, Mexico, Tel 01 (951) 55 3 61 46, have been active members of the COINBIO Oaxaca State Committee for more than one year, as evidenced by the minutes of the state committee signed by us. Eduardo Ruíz García, Secretary of the Natural Resources Committee of Yautepec-Istmo, of known domicile in Santa María Lachixonace, municipality of Carlos Yautepec, Oaxaca, Mexico, Tel 01 (555) 1 51 91 00, together with the aforementioned persons, have been appointed by the natural resources committees of our region to represent the communities of Yautepec-Istmo and Costa Sur, both in the State of Oaxaca. We hereby attest to the following:

The Bank is overseeing execution of a grant from the Global Environment Facility (GEF) to Mexico, through *Nacional Financiera S.N.C.* [National Financing Agency], to finance the project "Indigenous and Community Biodiversity Conservation (COINBIO)" in the states of Oaxaca, Michoacán, and Guerrero, No. TF-024372.

COINBIO arose as a result of the initiative taken by four communities in the Sierra Norte, which, prompted by concerns related to conservation of their natural resources, sought guidance in order to request funding from the GEF to maintain their wooded areas through alternative management approaches that would be financially beneficial to the population.

The project objective is to conserve the areas of high biodiversity through the strengthening and promotion of community conservation initiatives in communally owned land in areas of high biodiversity, in a priority group of ecological zones in the states of Oaxaca, Michoacán, and Guerrero, building on the longstanding positive cultural values and traditional management practices of these communities with respect to the resources in these ecological zones.

This objective will be achieved by:

- (a) Supporting the ongoing efforts of the indigenous communities and *ejidos* to establish permanent conservation areas and cooperative networks that link communities with significant conservation areas within a wider region of high biodiversity;
- (b) Building capacity for community conservation and sustainable natural resource management of the communities in areas of high biodiversity but with weak organizational capacity and a poor economic base; and
- (c) Supporting the establishment of state and regional institutions that can promote and support the financing of community conservation initiatives over the medium- and long-term, while fostering a strong sense of ownership on the part of the communities themselves.

As a result of a participatory process of project design, involving communities, environmental organizations, academia, and governments, the following was decided with respect to the project: (i) the community should be actively involved in decisions and should be given flexibility in terms of modifying the criteria for project operation; and (ii) technical and strategic supervision by the Government should be kept at a minimum, in order to ensure institutionalization of the community conservation model.

The project is being implemented (under the general direction of SEMARNAP) by state committees and coordinators that represent the participating communities and *ejidos*. Each state committee has small coordination units, with a coordinator responsible for carrying out the project. The committees are the executing entities and are responsible for decision-making and oversight of the project at the state level. Implementation is therefore decentralized to the three states. State committees have six members; three representing the communities, one representing the federal government (with participation by SEMARNAP and CONAFOR state delegates), one representing the state government, and one representing the environmental and/or academic sectors.

It is our understanding that the Bank is operating in accordance with O.D 4.20 pertaining to indigenous peoples, pursuant to which beneficiaries play an important role in terms of decision-making related to projects. Also, Article 3, section 3.04(c) of the legal agreement states that the hiring and retention of state coordinators shall take place in consultation with the state committees.

As beneficiaries, we have a right to active participation in decision-making related to the project through our representatives, who are permanent members of the state committee.

The Bank has violated its own rules and procedures by proposing a restructuring of the project without the involvement of the state committees, an action that implies that they will be stripped of their powers in order to revert to a vertical approach to decision-making instead of the horizontal approach used thus far, and by giving its "no objection" to the removal of the state coordinators of Guerrero and Oaxaca, without consulting the state committees, as stipulated in the grant agreement.

We believe that our rights have been adversely affected as a direct result of this breach of agreement on the part of the Bank. We do not agree with the unjustified removal of the coordinators of Oaxaca and Guerrero. This action has created an environment of uncertainty in the regions in which the project is being implemented, since the violation of the process has led the beneficiary communities to fear that the projects currently under way will not be continued or that the rules of operation governing the project will be changed and money for the projects will be given directly to service providers rather than to the communities, as has been the case so far. Indignation is widespread, inasmuch as it is felt that the Bank is bypassing the beneficiaries of the project and making important decisions related to its structure and operation. This action makes a mockery of our people and representatives. We have been participating actively in COINBIO meetings and together have outlined the strategies that have been developed in Oaxaca state through the state committee. If we are going to be excluded and decisions are ultimately going to be made by the upper echelons, then why are we asked to participate, why do

we have our people travel to Oaxaca, why do we give our valuable time if our opinions are not going to be considered? It seems that the state committees are being used as a "front" to create the impression that the approach to the project is a transparent and democratic one. It should be borne in mind that this is a project of and for the people; that it is the product of an explicit request made by four indigenous peoples. Now that the funds provided by the GEF are already in Mexico, we find that our views are no longer taken into account.

In our view, the Bank bears responsibility, inasmuch as it supported and suggested the removal of the state coordinators and their replacement with PROCYMAF coordinators, another project that is unrelated to COINBIO, in an attempt to subordinate the COINBIO project to PROCYMAF and thus strip COINBIO of its *raison d'être*, and suggested that the Operational Manual and PAD be changed in order to divest the state committees of their authority and vest the national coordinator with full powers, thereby shifting the approach to the project from a democratic and participatory one to a vertical and dictatorial one. All these changes were proposed by the World Bank, which gave precise instructions to *Nacional Financiera S.N.C.*, the executing agency, to implement them as soon as possible, arguing that this action did not require a legal amendment. In so doing, the state committees were overlooked and a deaf ear turned to our complaints. We requested, in different ways, the removal of the national coordinator since he is *persona non grata* among our peoples, as well as the reinstatement of our state coordinator, inasmuch as his removal violated the legal agreement and there was no justification for this action, which was encouraged and supported by the World Bank.

Although we submitted our complaint to Bank officials by means of letters signed by us, in our capacity as representatives, and by communal and municipal authorities, we failed to receive a positive response. The response of Mr. Daniel Gross, the Project Manager, to our letters of complaint and to the request of *Nacional Financiera, S.N.C.*, the entity executing the project in Mexico, for reinstatement of our coordinator, was denial of the "no objection," despite the fact that the legal agreement was skirted when he was removed. Also, a meeting was held on November 5 in the COINBIO Oaxaca offices with Messrs. John Kellemborg and Juan Martínez, at which it was agreed, among other things, that the World Bank would authorize the "no objection" for the reinstatement of our coordinator, in view of the fact that his removal constituted an irregularity. However, a few days after that meeting, these persons failed to honor the agreements.

We believe that the response is unsatisfactory inasmuch as Mr. Gross is putting his personal opinion ahead of the explicit request of the state committee, while being cognizant of the fact that he is violating the legal agreement and the unanimous decision of the different participants in the project. Messrs. Kellemborg and Martínez are acting in a similar fashion, by failing to honor the agreement reached in Oaxaca on November 5.

Lastly, we sent a letter to Dr. Isabel Guerrero, World Bank representative in Mexico, expressing our disagreement with the actions taken by Mr. Gross. This letter was signed by the different communities so that our views could be taken into account in resolving the problem. We also sent letters to World Bank officials as well as officials of the GEF, which provided the project grant.

We believe that the aforementioned actions, which run counter to the policies and procedures indicated, have had a significant adverse effect on our rights. For this reason, we are asking the Inspection Panel to recommend to the Executive Directors of the Bank that an investigation be conducted into these matters, with a view to resolving the problem.

In keeping with the guidelines set forth in your Operating Procedures, this Request for Inspection is brief; however, we can provide more detailed information.

/s/

Arturo Ruíz González
Member, COINBIO Oaxaca State Committee
Representative, Yautepec-Istmo Region of Oaxaca
Domicile known, Santa María Lachixonace
Municipality of San Carlos Yautepec, Oaxaca

/s/

Joyce García Sosa
Member, COINBIO National Committee
Member, COINBIO Oaxaca State Committee
Representative, Costa Sur Region of Oaxaca
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/s/

Sergio García Mendoza
Member, COINBIO Oaxaca State Committee
Representative, Costa Sur Region of Oaxaca
Chief, Office of the Commissioner of Santa María
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Municipality of Santa María Huatulco

/s/

Román Aquino Matías
Chief, Office of the Commissioner of Ixtlán de
Juárez, Oaxaca
Domicile known, Ixtlán de Juárez, Municipality
of Ixtlán de Juárez

/s/

Eduardo Ruíz García
Secretary, Natural Resources Committee of
Yautepec-Istmo, Oaxaca
Secretary, Office of the Commissioner of
Santa María Lachixonace, Oaxaca
Domicile known, Santa María Lachixonace
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Enclosures: [Yes]

[Four signatures appear in the right margin of the first three pages of the Spanish text]