

Asunción, September 12, 1996

Mr. Richard Bissell, Chairman
The Inspection Panel
1818 H Street, NW
Washington, DC 20433

Dear Mr. Bissell:

SOBREVIVENCIA, Friends of the Earth Paraguay, respectfully submits this Request for Inspection of violations of World Bank policies in the design and implementation of the Yacyreta Hydroelectric Project (YHP). We are filing this claim on behalf of SOBREVIVENCIA and as representatives of persons directly, materially and adversely affected by the project. Original copies of Authorizations of Representation are attached to this letter, but due to the likelihood of retaliation against those individuals, we must ask that their names and affiliations remain strictly confidential.

Over the past 20 years, the World Bank and the Inter-American Development Bank have poured well over a billion dollars into the design and construction of the YHP. The project has been plagued by rampant corruption and a failure to adequately mitigate the massive environmental and social impacts. The Banks have concentrated their financing on the physical works and have ignored the environmental and social aspects of the project. The project is flooding over 100,000 hectares of wildlands and is scheduled to displace 50,000 people. Despite the very clear environmental and social dangers associated with this project, the Banks have systematically failed to ensure that the YHP complies with their policies and procedures. We allege that, among others, Bank policies on Involuntary Resettlement, Wildlands, Environmental Assessment, Indigenous Peoples, Environmental Policy for Dam and Reservoir Projects, Cultural Property, Project Monitoring and Evaluation, and Supervision have been violated. Each of these violations is documented in more detail in the attached claim.

SOBREVIVENCIA has been actively monitoring the YHP and working with local communities since 1991. SOBREVIVENCIA is a non-profit organization dedicated to action and research for the protection, conservation and restoration of the environment. Our works prioritize indigenous, peasant and marginalized urban communities living in poverty. We have repeatedly warned EBY and the Banks of the risks and problems associated with the financing of the YHP, but our warnings and concerns have been consistently ignored. The voices of the affected people and of civil society have been silenced and public participation has been a sham. The Banks and the entity they have supported and financed, the Entidad Binacional Yacyreta (EBY), have been unresponsive to the concerns and demands of the people whose lives are being affected by this project.

Accordingly, we have no choice but to bring this claim to the attention of the Inspection Panel.

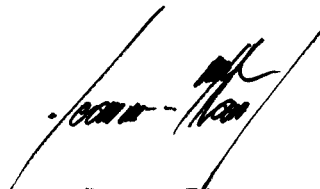
We have attached to the claim copies of correspondence with the Banks and EBY.

The situation at Yacyreta is extremely urgent, especially in light of the fact that the Banks, EBY and the governments of Argentina and Paraguay are actively discussing privatization of the project. Privatization would only exacerbate an already bad situation and would not remedy the past violations of Bank policies. EBY and the Banks have failed to demonstrate the capacity or willingness to mitigate the environmental and social impacts of the project at 76 meters above sea level (the current level). If YHP is privatized, the private sector will seek to raise the reservoir to 83 meters as quickly as possible, in order to maximize profits without regard for the destruction that will result from that elevation. The proponents of privatization are seeking to privatize the income generated by the project while socializing the costs.

Neither privatization nor further elevation of the reservoir should take place until environmental and social mitigation measures are fully developed and enforceable.

Thank you for your attention to this project. We look forward to working with you in the investigation of this claim.

Sincerely,

A handwritten signature in black ink, appearing to read 'Oscar Rivas', is written over a horizontal line.

Oscar Rivas
Coordinator