

A: Executive Secretary, The Inspection Panel 1818 H Street, NW Washington, DC 20433, USA Fax No. 202-522-'016 or local office of the World Bank

1. We, the leaders of the Association of Indigenous Communities of San Pedro (ACISPE) which unites indigenous communities in the San Pedro Department, and of the Joaju Ha'e Paveime Guara Coordination Bureau which unites organizations and communities in the Caaguazú Department, both in Paraguay. Have added the e-mail address of the President of the ACISPE, Mr. Secundino Vera - secundinoacispe@gmail.com and the President of the Coordinating Bureau of Caaguazú, Mr. Catalino Penayo: mcoordinadoracaaguazu@gmail.com.

2. We feel severely disrupted in our rights of consultation, participation and good faith which we had in relation to the Sustainable Development Project (PRODERS for the Spanish acronym) under Loan Agreement No. 7503-PA, which is a project of the Ministry of Agriculture of Paraguay financed by a World Bank loan, aimed at rural development for farmers and indigenous peoples in the departments of San Pedro and Caaguazú.

3. The World Bank has not adequately intervened or taken action as the guarantor to see that the PRODERS and Minister of the Ministry of Agriculture of Paraguay effectively ensure our right of consultation and participation in the Project in a sustainable manner throughout its implementation. This effective participation and consultation of our organizations has been definitively cut short in this year 2014 at the final stage of the project. The Bank allows this phase to continue, and at that has signed an extension of the loan to other areas of the country, meanwhile we have neither the means or services for organizational strengthening that were promised. In order to participate in the project and choose beneficiary communities of its development plans we require financial and operational resources. These resources are to carry out consultations with community leaders from each department - covering their food and travel expenses. Also, resources are needed so that the leaders elected by us may take part in the technical assistance provided to Communities with development plans in order that these would be implemented in keeping with our culture and economic and cultural practices. We also need funds for travel and suitable lodging to attend training planned by the Project, and in order to join the efforts of lawyers hired by the project and working with the INDI on title processes and regularization of our communities. We also need funds to manage requests and complaints before the national authorities in relation to health, education, roads, electricity and ongoing assistance to our communities. All these needs and activities we have raised with the Project, which has included them in documents such as the "Indigenous Strategy," and in its annual operating plans. This set of activities for consultation and participation represent the "organizational strengthening" of our organizations.

We were contacted by officials of the Indigenous Strategy Coordination of the Project in late 2010 - though we know the project officially began in 2009. At that time they said they would ensure adequate means so that consultations and activities for our organizational strengthening could be carried out. At that time we were informed of the

planned enlistment of two non-governmental organizations (NGOs) - CEPAG and Oguasu - which were trusted by us and had previously worked with our organizations, since there was no other legal or administrative remedies known and readily available to undertake the organizational strengthening. In 2011, two departmental consultations took place with the participation of community leaders from each department, and this was done with support from the aforementioned NGOs. However, for reasons beyond our control but relating to the Project and the Bank, the process of contracting these NGOs was initiated, but later canceled in August 2011. For this reason, we requested a meeting with representatives of the Bank and the Project on the basis of specific claims in connection with our participation. On November 15, 2011 the meeting was held in the City of Caaguazú, and at it representatives of the Bank and Project pledged to seek and work out alternatives to the contracting of CEPAG and Oguasu - by then canceled - to ensure our participation in the Project with sufficient resources and appropriate methodology. We again gave our endorsement to the Project, and we attended two departmental consultations, one in April in Caaguazú and another in June in San Pedro, where our leader members selected beneficiary communities of development and investment plans under the Project; however these consultations were again funded by NGOs. That year 2012, officials of the Project's Indigenous Strategy and Bank officials, on the occasion of their visits to the country, informed us that they were working on the contracting process and a new open call for a service provider for the organizational strengthening laid out in the Indigenous Strategy, pursuant to the claims made in November 2011.

All of 2012 went by, before finally at the end of same the contracting of the NGO Alter Vida took shape- the only entity to submit a bid in the public tender. Since the beginning of 2013, through the aforementioned Provider we finally have the means to participate as promised by the Project, carrying out initial planning and forming a joint annual plan early in the year with activities that were fulfilled over the course of the year, and this for the first time in accordance with the wording of the Indigenous Strategy documents and in line with our rights of consultation and full participation. All planned activities were carried out: training, organizational meetings, radio programs with our own focus and under our direction, support for our leaders that we choose as facilitators, negotiations with various national authorities, among others. Both we as leaders and the leading members of our organizations evaluate this support at the end of 2013 very positively, which support also made it possible to better implement the investment plans in the communities, and we express the need for this to continue in 2014 in order to keep progressing and improving. Furthermore, we have also been informed that this collective effort and our participation was well received by the Bank and the Project, making its Indigenous Strategy a success. However, in early 2014 given the failure to continue these services due to internal problems with the Project, as we expected and we hoped it would, we communicated in February with the Bank - as noted in note 11 attached - expressing our concern for this new delay in the joint organizational strengthening services.

Months passed and since we received no positive response as to when the joint tasks would begin, we then wrote again to the Bank on May 16, 2014 reiterating our concern,

and the answer which we enclose and cite was that: "The Project Coordination, who we consulted on this matter, has confirmed that the item approval would be completed and the signing of the contract with the provider should be possible within a matter of days."

But the days went by and more than a month later we had no more news. We consulted with the officials of the Indigenous Strategy, who said that they just needed the signature of the Minister of Agriculture, and by the end of June 2014 they informed us that the Minister was not willing to sign off for the reinstatement of these services. Given this, we wrote a joint note from both organizations on June 30, 2014 requesting and communicating several points to all the authorities involved and implicated in the Project, including a request for the suspension of the project since our participation was not effectively realized, we demanded the non-cooperation of INDI in its continuation, and asked the Bank for a written answer to these demands made on the Bank. We have had no response from the authorities to the present.

In short, the PRODERS and the Ministry of Agriculture, have only secured in one year - 2013 - through the entire duration of the project (2009-2014), our right to effective participation and consultation. In this final stage, rather than consolidate our organizational strengthening, consultation and participation, what has been done is to back track to the point where we were at odds and would not accept the project. This also does away with the trust and good faith which we had placed in it.

What concerns and impacts us in addition is that the Bank we trusted at one point will not give us an answer on what it will do about this situation. We will recall that in Agreement 7503-PA, it states in Article 4, paragraph 4.01, that an additional event for suspension of the project for the Bank is, inter alia, the breach by INDI of any of its obligations under the Participation Agreement with MAG. Under that INDI-MAG agreement, INDI must "**take or allow to be taken, in consultation with the communities**, all steps to enable compliance with its obligations as referred to in the Loan Agreement, relating to INDI's participation under the Project."

What measures can be taken by the INDI or the Project in consultation with us— for instance, choosing the new beneficiary communities of the 2014 plans - if there are no effective means to implement them, nor so it seems will there be until the end of the year? This means we cannot meet, have training, participate or monitor the project.

The consequences are obvious and harmful to us; our right to prior, free and informed consultation on the project actions and effective participation therein is subject to the whims of the authorities in power rather than effective and sustainable measures. At present, neither our autonomy nor our true role is respected, we cannot take part in community plans nor facilitate their implementation in accordance with our knowledge, experience and cultural practices. In addition the executing agency, namely the Ministry of Agriculture, is seeking more money from the Bank for the PRODERS, without at the same time proposing or having in place legal and effective means in the short or medium term to ensure our participation and consultation. According to those of us who checked with Project officials and the President of INDI himself, it is not legally possible

this year 2014 to transfer funds from the Project to the INDI for organizational strengthening, a fact known to the Minister himself and the Bank.

Finally, in the past it was suggested that we could gather as organizations and communities using Project vehicles and providing us with food for the meetings, but many times we explained that this is not possible due to the distances - our communities are scattered all across the departments of Caaguazú and San Pedro - and regardless this is simply an indignity as we are not animals to be herded.

4. The operational policy which is not observed is clearly OP 4.10 on Indigenous Peoples, which in its first article states: "This policy contributes to the fulfillment of the Bank's mission to reduce poverty and achieve sustainable development by ensuring that the development process is carried out with full respect for the dignity, human rights, economies and cultures of Indigenous Peoples. In all projects proposed for Bank financing that affect Indigenous Peoples, the Bank requires the borrower to undertake a process of free, prior and informed consultation with the affected indigenous peoples. The Bank only provides funding for the project when the prior, free and informed consultations result in broad support for it by the community. The projects financed by the Bank include measures to a) avoid potentially adverse effects on indigenous communities, or b) when they can not be avoided, to the extent possible to reduce, mitigate or compensate them. The projects financed by the Bank are also designed so that Indigenous Peoples receive social and economic benefits that are culturally appropriate and inclusive from an intergenerational and gender standpoint."

5. We have expressed our complaints and concerns to the Project staff of the Indigenous Strategy and its successive Coordinators, the Minister and the Bank staff on multiple occasions, of which we cite only the dates of which we still retain a record via note or e-mail: September 28, 2011, November 15, 2011, January 13, 2014, May 16, 2014, May 19, 2014 and June 30, 2014. We received responses, also on the occasion of Bank missions and some in writing on the dates: October 6, 2011, December 29, 2011 and May 21, 2014.

Initially and at the time these responses were thoughtful and encouraging, so we knew to await the results that finally materialized in 2013. But with regard to the last response dated May 21 by the Bank, we saw that this was not the case since it later informed us, and unofficially to boot, that Minister Gattini had canceled the contracting of organizational strengthening services, citing the need to "allow free participation by broad bidders who can fulfill the required service, emphasizing equality and free competition." This decision affects us directly, and the Minister had not consulted nor informed us beforehand about his reasons or possible alternatives to accomplish organizational strengthening in the short term. Faced with this, neither did the Bank answer us as to what measures would be taken in light of this situation.

6.- We ask therefore that the Inspection Panel recommend to the Executive Board of the World Bank to conduct an investigation into these matters, and furthermore to recommend the suspension of the project until such time as the means can be identified that will ensure our right to consultation and participation.

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The following documents are not part of this Notice but are on record with the Inspection Panel

List of Attachments:

- a) Note from October 6, 2011 from Project Manager Diego Arias to the leaders of the Coordination Bureau of Caaguazú
- b) Note (Draft) presented by the Coordination Bureau of Caaguazú at the meeting of November 15, 2011 to the PRODERS Coordinator and anthropologist Judith Lisansky.
- e) Note from December 29, 2011, from Project Manager Renato Nardello to the President of the Coordination Bureau of Caaguazú
- d) Note from January 13, 2014 from the ACISPE to World Bank representatives
- e) Note from May 13, 2014 from the Coordination Bureau of Caaguazú to representatives of the Bank and the General Coordinator of PRODERS
- f) Note from May 16, 2014 from the ACISPE to representatives of the Bank and the General Coordinator of PRODERS
- g) Response from May 21, 2014 via email from Project Manager Renato Nardello to the President of the ACISPE Secundino Nuñez.
- h) Note from June 30th from the ACISPE and Caaguazú Coordination Bureau addressed to the Minister of Agriculture Mr. Jorge Gattini, to Mr. Dante Mossi, resident representative of the World Bank, to Mr. Jorge Servin, president of the Paraguayan Indigenous Institute, to Deputy Tadeo Rojas, president of the Committee on Indigenous Affairs of the Chamber of Deputies.
- i) Note from July 7, 2014 from the Coordinator General of PRODERS Mr. Guillermo Céspedes to Mr. Cesar Duarte, Director of the DINCAP.
- j) Resolution of the MAG No. 1,029/2014 signed by the Minister of Agriculture Mr. Gattini, cancelling the contracting of organizational strengthening services.