

NEWS RELEASE

World Bank Board Approves Mediation to Resolve Issues in Kenya Inspection Panel Case

WASHINGTON, October 23, 2015 — The World Bank’s Board of Executive Directors met on Tuesday October 20, 2015 to discuss the Inspection Panel investigation of the Kenya Electricity Expansion Project. The \$330 million IDA project, approved in May 2010, aims to increase the capacity, efficiency, and quality of electricity supply as well as expand access to electricity in urban, peri-urban, and rural areas.

The Inspection Panel’s investigation responded to members of the Maasai community claiming harm as a result of resettlement of four villages. The project is being implemented by Kenya Electricity Generating Company (KenGen), and jointly financed with the European Investment Bank (EIB) and other donor agencies. The Bank’s Board authorized the investigation in February 2015 and the Inspection Panel submitted its report in July 2015. The EIB also received a complaint on the project and its Complaints Mechanism undertook an investigation into these claims.

The Inspection Panel found that that some of the most vulnerable people experienced harms during the resettlement process, and the Panel observed impoverishment among them as a result of the resettlement. The Panel found noncompliance with Bank policies related to indigenous peoples and involuntary resettlement and inadequate supervision by the Bank. It also found that the Bank had followed its policies with regard to Physical Cultural Resources.

“The Panel recognizes the many positive aspects of this resettlement, but our investigation also confirmed that some of the most vulnerable people experienced harms during the resettlement process. We expect that redress will be provided to the affected community through the proposed way forward,” *said Panel Chairman Gonzalo Castro de la Mata.*

During the Board discussion, the Executive Directors thanked the Panel and Management for their constructive approach. They also stressed their overall appreciation for Management’s work under this Bank-supported project to harness geothermal energy from the Olkaria site. By helping to bring clean, affordable power to Kenya, the project plays an integral part in fighting poverty and promoting shared prosperity. The Executive Directors recognized the commitment of KenGen and the Government of Kenya to create a model for future resettlement. They supported the Bank’s engagement in transformative projects like these while also encouraging a swift solution to the issues raised by the Inspection Panel. The Board overall appreciated the development impacts and benefits of this project.

The EIB Complaints Mechanism has started a mediation process between KenGen and the Requesters to agree on actions to address the issues identified by the Panel. In its presentation to the Board, Bank Management proposed a constructive way forward to join the mediation process through its Grievance Redress System (GRS). The Board approved the Bank’s participation in this mediation process and welcomed the Bank’s commitment to work through mediation to resolve outstanding issues. Bank

Management will return to the Board within one year to present the results of the mediation and an Action Plan for Board approval.

“We are supporting the Kenyan authorities to bring clean, renewable energy to households and businesses across the country. This is critical for fighting poverty and promoting shared prosperity,” *said World Bank Managing Director and Chief Operating Officer Sri Mulyani Indrawati*. “Large scale infrastructure projects are complex, and the Bank is fully committed to working with the affected communities, KenGen, and other partners to solve any issues. As we move forward with mediation, we expect to jointly learn and trouble-shoot issues quickly. We’ll reinforce our commitment to engaging with citizens on how best to plan and build transformative, sustainable infrastructure projects.”

The Panel’s investigation report and Management’s response to it can be found at the [Panel Case](#) and [Project’s](#) webpages.

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