



# Center for Human Rights and Environment

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Mr. Paul Wolfovitz  
President, World Bank Group  
1818 H St., NW - Washington, DC 20433

#### **Re: Request of Publication/Release of CAO Audit on Cellulose Case (Botnia/ENCE-Uruguay)**

Cc: Karl Jackson (World Bank), Meg Taylor (CAO), O. Bordón (Argentine Embassy), Alieto Guadagni, (Executive Director of Argentina at the World Bank), Santiago Cantón (Inter-American Commission on Human Rights), Jorge Busti (Governor of Entre Ríos, Argentina); Jorge Taiana (Foreign Minister, Argentina), Assembly of Gualaguaychú, Keith Kozloff, Rachel Bayley (US Treasury).

Dear Mr. Wolfovitz,

It has come to our attention that your office has received the CAOs Compliance Audit of IFC/MIGA participation in the Orion and M'Bopicuá Uruguayan papermill projects.

As you are well aware, these projects have generated serious concern amongst stakeholders resulting in massive protests, blocking international traffic between Uruguay and Argentina, legal action in both countries against the projects, international legal action taken before the Inter-American Commission on Human Rights, a complaint submitted to the CAO in September by 39,366 stakeholder, Equator Principle Compliance Complaints against ING Group of Netherlands and BBVA of Spain, and more recently diplomatic conflict resulting in steps by Argentina to take Uruguay to the International Court of Justice, at the Hague for violations to the Uruguay River Treaty.

The CAO undertook the Compliance Audit as a result of its Preliminary Assessment Report which sustained numerous violations cited in the original stakeholder CAO complaint, to IFC environmental and social safeguards policy. Stakeholders continue to be seriously concerned about the ongoing illegitimacy of the IFC's handling and assessment of environmental-social impacts of these projects.

We understand that the CAO has formally submitted its conclusions to your office, and that the IFC, *under your new procedure for reviewing CAO Compliance Audits*, has also submitted responses to the CAO report, to your office.

While we understand and fully respect that you now have the discretion of releasing these documents, and that you will surely weigh in on the eventual IFC and World Bank Group involvement in the resolution of this conflict, we would like to stress the importance that **your review and decision should occur under open, transparent and fair conditions**, and that the public, and especially the complainants in the complaint to the CAO, should be allowed to review these submissions (i.e. the CAO Audit AND the IFC response) and be allowed to give their opinion, **BEFORE** you and the World Bank Group reach a final decision about how to proceed.

We understand that under these new procedural rules **your office will be setting a precedent** and establishing a process of review of audits, and we would like to stress under such circumstances, the importance of transparency and stakeholder participation in the process, which is the only means by which to ensure fairness, legitimacy and transparency in this VERY important access to justice mechanisms the World Bank Group has created to protect stakeholders and uphold its own environmental and social safeguard policies.

In sum, we request the following:

1. That you **release the CAO Compliance Audit AND IFC's response as soon as possible, and BEFORE** you make any decisions on how to proceed;
2. That you allow for public commentary, or at least, confidential stakeholder commentary, on the CAO Audit and IFC Response which can serve to inform you and your office about the projects and possible resolution to the conflict;
3. That you utilize this opportunity to establish clear rules and a clear timetable for how review, publishing, and commentary of Compliance Audit results occur, before your office proceeds.

We hope that you take this opportunity to establish a level, transparent and informed playing field, in the handling of CAO Compliance Audits, and as pertains specifically to this case, ensure that stakeholders have full access to information and a voice about this process, and that their rights are fully protected and guaranteed in this process.

Respectfully,  
Jorge Daniel Taillant  
Executive Director, CEDHA