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Highlights

Highlights of [GAO-09-99](#), a report to the Chairman, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

The World Bank Group lends about \$40 billion annually to developing countries. Critics have claimed that some projects have harmed the environment and the local population. Title XIII of the International Financial Institutions Act of 1977 outlines in part the U.S. government's requirements for reviewing potential environmental and social impacts of proposed multilateral development bank projects. GAO was asked to assess the U.S. government's international environmental oversight efforts by examining (1) how U.S. agencies implement legislative requirements to review the potential environmental concerns associated with proposed World Bank Group projects, and (2) agencies' ability to identify and address these concerns. GAO reviewed Title XIII, World Bank Group reports, and U.S. agency documents and met with representatives from U.S. government agencies, the World Bank Group, and nongovernmental organizations.

What GAO Recommends

To maximize interagency contributions to evaluating World Bank Group proposals, GAO recommends that the Secretary of the Treasury routinely identify all proposals of concern in advance of interagency working group meetings. Treasury agreed with the recommendation, whereas USAID suggested that it may warrant further guidance to more clearly address short lead times.

To view the full product, including the scope and methodology, click on [GAO-09-99](#). For more information, contact Thomas Melito, 202-512-9601, melitot@gao.gov.

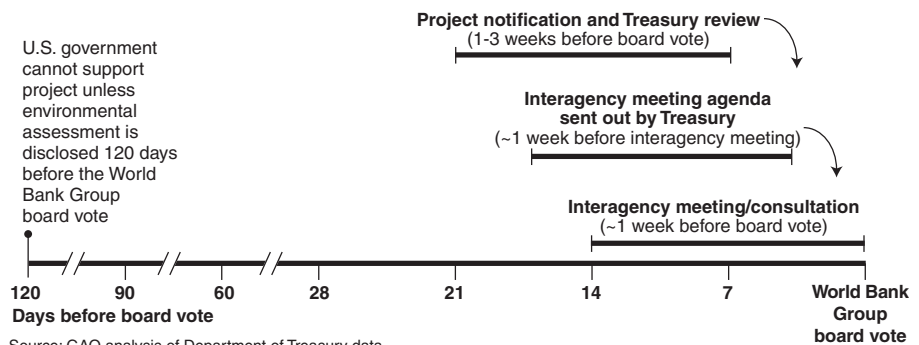
INTERNATIONAL ENVIRONMENTAL OVERSIGHT

U.S. Agencies Follow Certain Procedures Required by Law, but Have Limited Impact

What GAO Found

U.S. agencies take various approaches to meet legal requirements for reviewing World Bank Group proposals likely to have significant adverse environmental impacts. The Treasury Department (Treasury), which leads these efforts, generally focuses on fulfilling the law's largely procedural requirements, such as ensuring that the project's environmental assessment is made publicly available by the project sponsor 120 days before it is voted on by the Group's board. The reviews usually occur from 1 to 3 weeks prior to such a vote. Treasury also engages in required consultations by leading a weekly interagency working group. Some participants stated that, because of limited time and the volume of proposals, they rely on Treasury to identify proposals of concern to facilitate the discussions. However, Treasury has not routinely done so. For a selected few projects, Treasury and the U.S. Agency for International Development analyze in more depth a proposal's potential environmental and social impacts. Both agencies learn about many such projects through regular interaction with nongovernmental organizations.

Timeline of Events Related to U.S. Government Review of Proposed World Bank Group Projects



Time constraints limit the U.S. government's ability to identify environmental and social concerns associated with World Bank Group projects before a vote on the proposal, and projects with potentially significant adverse impacts proceed with or without U.S. government support. The compressed review time frame makes it difficult for U.S. officials to examine proposal documentation and solicit information from knowledgeable parties (see fig.). In addition, by the time of the vote, a project is often already in its final design stage or even under construction, which limits U.S. agencies' ability to identify ways to mitigate the concerns. Furthermore, proposals with potentially significant adverse impacts proceed with or without U.S. government support. The board consistently approves proposals that lack U.S. support; between January 2004 and May 2008, all 34 of the proposals the United States did not support because they did not meet legislative requirements were still approved by the board. Finally, the U.S. government occasionally supports proposals with significant environmental impacts, due to competing priorities, including economic and other considerations.