

May 13, 2008

World Bank approves investigation of the Request for Inspection related to the Argentina: Santa Fe Road Infrastructure Project

World Bank Board of Executive Directors approves the Panel's Recommendation on a Request for Inspection related to the Argentina: Santa Fe Road Infrastructure Project

On May 2, 2008, the World Bank Board of Executive Directors approved, on a non-objection basis, the Inspection Panel's Recommendation on a Request for Inspection related to the Argentina: Santa Fe Road Infrastructure Project (IBRD Loan no. 7429-AR). The Panel received the Request for Inspection on September 13, 2007.

The Project aims at improving transport conditions of a segment of National Route 19 between the Province of Santa Fe (PSF) and the Province of Cordoba, Argentina. The Project provides for upgrading Route 19 between the town of Santo Tomé in the PSF and the border of the Province of Cordoba, including widening this segment of the road to convert it into a dual carriageway. According to Project documents, this Project component provides also for the alignment of three sharp curves, and for constructing four lane by-passes in the towns of San Jeronimo del Sauce and San Pereyra along Route 19, ground-level interchanges at the intersections with rural and urban roads, and turn lanes and returns at intervals of 6km each. The IBRD supports the Project with a US\$126.7 million loan to the Province of Santa Fe. The loan is guaranteed by the Republic of Argentina.

The Request was submitted by residents of Franck, a town along the segment of Route 19 to be upgraded under the Project, on behalf of themselves and of other residents of the Project affected area. The Requesters believe that, based on the current Route design and expropriation plans, the Project could cause them harm as a result of the Bank's possible non compliance with its policies and procedures, in particular OP/BP 4.01 on Environmental Assessment and OP/BP 4.12 on Involuntary Resettlement. They believe that the Project design does not adequately provide for water drainage, and, as a result, the proposed elevation of the new carriageway to be built will increase the risk of flooding of lands surrounding the road, rather than address the existing serious flooding problem. They also claim that no socio-economic baseline survey was conducted to assess and eventually restore their economic situation after their land is expropriated, and that the disclosure of information and consultation were not adequate.

On December 21, 2007, the Panel requested the Board of Executive Directors to extend the deadline for submitting the Report and Recommendation. This Request was based on recent changes in the PSF government and possible changes in the Project Implementation Unit, which may have had an impact on the Project and the Requesters' concerns. After discussing the matter with the Executive Director for Argentina and with

the Requesters, the Panel determined that the interests of all parties would have been better served if the Panel delayed the issuance of its report on the eligibility and its recommendation for about 90 days. The Panel submitted its Report and Recommendation to the Board of Executive Directors on April 18, 2008.

After reviewing the eligibility of the Request for Inspection and Bank Management Response to the Request, and visiting the Project area, the Panel determined that the Request and the Requesters satisfy the eligibility criteria for an Inspection. The Panel also noted that the Request and Management Response and additional communications of both parties with the Panel contain conflicting assertions and interpretations about the issues, the facts, compliance with Bank policies and procedures, and harm, that could be addressed only with an investigation.

The Panel noted however that Management outlined in a communication to the Panel certain actions that Management intends to carry out to improve transparency of land-related information (soil maps and cadastre data), provide capacity building on resettlement and consultations, monitor compensation payments and ensure continued review of Project design.

The Panel recommended an investigation of the matters raised in the Request for Inspection. The Panel noted that *“the investigation would take into account progress in the implementation of the actions noted in the Management Response and other actions being carried out to address the concerns of the Requesters.”* It added that the investigation, therefore, *“will focus on issues raised in the Request that still remain pending, particularly issues related to route design and flood risks, as well as disclosure of information and consultation with project affected people on resettlement and environmental aspects.”*

The Panel’s Eligibility Report and Recommendation, the Request for Inspection and the Management Response are available in the Panel’s website at www.inspectionpanel.org. For additional information about the Inspection Panel, please contact the Panel’s Secretariat at ipanel@worldbank.org or at Tel. 1(202) 458-5200.