

IPN REQUEST RQ06/05

September 27, 2006

**NOTICE OF RECEIPT OF
ADDITIONAL REQUEST FOR INSPECTION**

**Re: Second Request for Inspection
ARGENTINA: Santa Fe Road Infrastructure Project (Proposed) and Provincial
Road Infrastructure Project (IBRD Loan No. 7301-AR)**

On August 28, 2006, the Panel received a Request for Inspection raising issues related to the Argentina: Provincial Road Infrastructure Project and the proposed Argentina: Santa Fe Road Infrastructure Project (the "Project").¹ It registered this Request on September 11, 2006 as IPN Request RQ06/05 (the "First Request").

On September 21, 2006, the Inspection Panel (the "Panel") received a second Request for Inspection (the "Second Request"), dated September 21, 2006, related to the above-mentioned Projects. This Request was submitted by Mr. Víctor Hugo Inhoff and Ms. Maria Alejandra Azzaroni, on their own behalf and on behalf of people living in San Jerónimo del Sauce, in the Department of Las Colonias, Santa Fe Province, Argentina. The Second Request is similar to the First Request and refers to the same Projects and issues. For reasons of economy and efficiency the Panel has, therefore, added the Second Request for Inspection to the First Request and will process them jointly.

As indicated in the September 11, 2006, Notice of Registration, the proposed Project "*aims at fostering the Province of Santa Fe competitiveness and economic growth through increasing the availability of road assets. Adding capacity to a key component of a major bi-oceanic corridor that links the Province of Santa Fe and the Center Region with Chile and Brazil will reduce logistics costs, facilitate access to major regional consumption and export markets, create new business opportunities and foster the effective economic integration of the Center Region provinces.*"

¹ The preparation of the Argentina: Santa Fe Road Infrastructure Project may have been partly financed under the Argentina: Provincial Road Infrastructure Project (Loan No. 7301-AR).

The objectives of this Project are to be achieved through two main components, the “[c]onstruction of a parallel carriage way along the National Highway 19 in the Province of Santa Fe, converting it into a four lane road, with two lanes in each direction” and Institutional Strengthening. The Santa Fe Road Infrastructure Project is based on a proposed Loan amount of US\$126.7 million and a maximum financing percentage of 75%.²

The preparation of the Santa Fe Road Infrastructure Project may have been partly financed under the Argentina: Provincial Road Infrastructure Project, which “*is demand-driven and has been designed and appraised based on financing requests of interested provinces that prepared and submitted investment programs during Project preparation (Cordoba, Corrientes, Neuquén, Santa Fe, Entre Rios and Chubut)*.”³

The signatories of the Second Request believe that it is probable that they will suffer damages as a consequence of the deficiencies or omissions of the World Bank in the proposed Project providing for the transformation of Road No. 19 into a Highway connecting the city of Santa Fe (Province of Santa Fe) with the city of San Francisco (Province of Cordoba) in the Republic of Argentina. The alleged damages include excessive expropriation of lands; reduced productivity; discrimination; and economic insecurity and psychological damages.

According to the Requesters, the Project needs to be analyzed by taking into consideration the social and economic conditions of the area between the cities of Santo Tome and Frontera along National Road No. 19. The Requesters claim that the Project is building on a 40-year old project that provided for the construction of a provincial motorway parallel to the Road No. 19, in order to improve the area’s inter-communication. However, they argue that realities have changed and thus needs have changed too and these factors have not been considered in the design and preparation of the proposed Project.

The Requesters state that at the time of the original project the area’s production was mainly from dairy farms. However, most of these farms have now disappeared, only few “company-type dairies” remain, while most of the owners are now smallholders. Service stations, diners and stores have emerged at each crossroad, and the only places still fully inhabited are those close to the main roads such as National Road no. 19. They also say that the run off flows have changed and this has created critical situations in various parts of the road. According to the Request, because of this changed environment, the transformation of Road No. 19 and the expropriations needed for this are “not logical”. Under the Project, 1000ha would be expropriated, but 2000 to 3000ha would be affected in reality because all this land would become “*useless or restricted in terms of production*” as it would be isolated with no access to the highway. In the Requesters’ view, some fields would be divided and this will not support production activities.

² PID, p. 5.

³ Argentina: Provincial Road Infrastructure Project, Project Appraisal Document (PAD), Report No. 320 19-AR, dated May 12, 2005, p. 8, para. 25.

The Requesters acknowledge that construction of the highway is necessary, and believe that “*developing a comprehensive and consistent project that minimizes the damages to the affected people*” would “*foster a new production pole.*” They argue that the project would be “reasonable” if it takes less land than planned, indemnifies land owners for the updated values of the assets expropriated, and takes into consideration that people may lose their means of livelihood.

The Requesters believe that in relation to the proposed Project there is “*lack of consensus, questionable project [design], deprivation of lands, loss of value of lands, environmental impact, [and] destruction of family-based economic models.*”

The Requesters state that they have raised their concerns with the World Bank staff and sent them a fax on September 21, 2006. In their Request to the Panel, the Requesters asked the Inspection Panel to recommend to the Board of Executive Directors of the World Bank that an investigation be conducted on the alleged matters.

The above claims may constitute non-compliance by the Bank with various provisions of the following operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OP/BP 4.12	Involuntary Resettlement
OP/BP 13.05	Project Supervision

Until further notice, all communications with the Requesters in connection with the Request will be sent to Mr. Víctor Hugo Inhoff and Maria Alejandra Azzaroni.

As stated above, the Panel notes that the Second Request deals with the same Projects and same issues as the First Request registered on September 11, 2006 as IPN Request RQ06/05. For reasons of economy and efficiency the Panel has decided to join the Second Request with the First Request and to process them jointly. For Panel administrative purposes, the Second Request is designated as IPN Request RQ06/05-2.

In accordance with paragraph 18 of the IBRD Resolution that established the Panel (‘Resolution’), paragraphs 2 and 8 of the ‘1999 Clarifications’, and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel with written evidence that it has complied, or intends to comply, with the Bank’s relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications. The Panel understands that Management will provide its Response to the consolidated Requests by October 18, 2006.

After receiving the Management Response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, “*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”

Yours sincerely,

A handwritten signature in black ink that reads "Edith Brown Weiss". The signature is written in a cursive, flowing style.

Edith Brown Weiss
Chairperson

Mr. Víctor Hugo Inhoff
Zona Rural San Jerónimo del Sauce, Santa Fe (3009)
Argentina

Mr. Maria Alejandra Azzaroni
Rio de Janeiro 190, Rafaela, Santa Fe (2300)
Argentina

Mr. Paul D. Wolfowitz
President
International Bank for Reconstruction and Development
Room MC12-750

The Executive Directors and Alternates
International Bank for Reconstruction and Development