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WORLD BANK

Press release No. 2010/ 106 / ALC

Contacts:

World Bank: Gabriela Aguilar
(202) 473 6768

gaguilar2@worldbank.org

Inspection panel: Luis Schunk
(202) 458 2500

lschunk@worldbank.org

Argentina: World Bank Board Discusses the Inspection Panel's Investigation of the Santa Fe Road Infrastructure Project

WASHINGTON, DC, October 21, 2009 — The World Bank's Board of Executive Directors met on October 20th to discuss Management's Response to an Inspection Panel investigation of the Santa Fe Road Infrastructure Project in Argentina.

The Santa Fe Road Infrastructure Project supports the upgrading of National Road 19, a strategic corridor that links the Province of Santa Fe in northcentral Argentina to regional and international markets. Specifically, the project will transform 130 kilometers of National Road 19 in the Province of Santa Fe in Argentina (between the City of Santo Tomé and the City of San Francisco on the border with the Province of Córdoba) into a four lane slightly elevated highway. The project which was approved by the Bank's Board on February, 2007 has a total cost of US \$126.7 million.

The investigation came in response to a request September 7, 2007, from residents of Franck, Department of Las Colonias in the Province of Santa Fe in Argentina. The residents claimed that they were negatively affected by the design and implementation of the project and raised issues regarding the adequacy of the highway design, flood risk management, compensation for land expropriated under the project as well as the amount of the land expropriated and the adequacy of the communication and consultation process. In the eligibility phase of the process, the Panel recommended an investigation focused on the issues of flood risks and consultation and communication with affected people. The Panel deemed that the remaining issues raised in the request were being addressed by Management without the need for a full investigation.

In general, the Inspection Panel found that Bank Management and staff made significant efforts to address the issues raised by the Requesters, to achieve compliance with Bank policies and to engage in a constructive and forthcoming dialogue with the affected people. The Panel noted the positive way in which Management dealt with the complaint and strived for appropriate corrections during the Panel process.

The Panel found some important instances of non-compliance with Bank policies. The investigation found that the original environmental assessment did not fully analyze the impacts of the project in the surrounding areas upstream and downstream of Road 19. While the upstream analysis was brought into compliance with the policy during the course of the investigation, the

Panel found that the impacts of the Project in the areas downstream were not assessed. An important concern for the Panel with respect to consultation was an inadequate recognition on the part of technical experts of the knowledge and expertise of local people about their lands and how water flows.

At the Board meeting, **Werner Kiene, Chairperson of the Inspection Panel** noted: *“This investigation process was fruitful. It brought to the surface issues of compliance with Bank policies for which actions are proposed by Management and it fostered early problem solving during the process. The Panel particularly notes that Bank Management, the Panel and the Requesters succeeded in building a constructive and forthcoming dialogue that helped to resolve the problems at hand and clarified some of the compliance issues that had arisen.”*

Bank Management appreciated the Panel’s findings and welcomed its observations. These are reflected in the Action Plan for following up on the findings. At the request of the Bank, the Province of Santa Fe will conduct an analysis of the project’s potential impacts on flooding risks downstream of Road 19. The study will include environmental mitigating measures if the results identify negative impacts related to the project.

As part of the Action Plan, stakeholder engagement, communication and consultation will remain an integral part of the communication program of the project. Stakeholder involvement will also continue to be an important element in the Bank’s discussions with Government as part of implementation support and supervision. Bank Management also committed to continue providing the necessary resources to conduct enhanced supervision of the project.

Pamela Cox, World Bank Vice President for Latin America and the Caribbean explained during the proceedings: *“The follow up to the Panel’s report will entail looking closely at potential impacts on flooding risks downstream of Road 19 and continuing to promote stakeholder engagement, communication and consultation as an integral part of project implementation.”*

The Board thanked the Panel and Management for their reports, and approved the Management Action Plan. Board members highlighted the value of the Panel process and commended Bank Management for its constructive and forthright response to the investigation. It was agreed that Management will report back on the implementation of the Action Plan in about six months time.