

IPN REQUEST RQ 11/01

June 29, 2011

NOTICE OF REGISTRATION

Re: Request for Inspection

Argentina: Second Norte Grande Water Infrastructure Project (IBRD No. 8032-AR)

On May 4, 2011, the Inspection Panel received a Request for Inspection from the Comunidad Los Flores.¹ The Request was submitted on behalf of residents of neighborhoods in the city of Santiago del Estero, Argentina. The Request sent to the Panel on May 4, 2011 was complemented by a clarifying note received on May 15, which the Requesters asked that the Panel consider as an integral part of the Request. The Requesters asked that the Panel keep their names as confidential.

The Requesters raise concerns related to the Argentina: Second Norte Grande Water Infrastructure Project (the "Project") and more specifically about one of the subprojects expected to be financed under the Project in the city of Santiago del Estero, where the Requesters reside.

The Project

The Second Norte Grande Project aims at increasing sustainable access to sanitation and water supply services in the Norte Grande Region and its nine provinces by financing investments in infrastructure and supporting institutional development. The Project has three components: Water Supply and Sanitation Infrastructure; Institutional and Operational Development and Technical Assistance of Argentina; and Project Management and Supervision. The Project was designed as a framework project under which a number of sanitation and water subprojects are to be developed and financed.

¹ The Requesters have been in communication with the Panel about their concerns on the Project since January 2011, when they sent an initial Request for Inspection and indicated their desire to be given an opportunity to discuss their concerns with the Bank and Project authorities. The Panel informed Management of these concerns in the hope that an opportunity could be found for the Requesters to raise their concerns and have their questions answered.

The subprojects will be selected during Project implementation from a list of potential investments, proposed by the Project's Executing Unit within the Coordinating Unit for Programs and Projects with External Financing (UCPyPFE). Once completed, the ownership and operation of subprojects to be financed under the Project are to be transferred to the Provinces. The subprojects are to be selected upon meeting a number of technical, economic, financial, institutional, environmental, and social eligibility criteria, which include consultation and disclosure requirements set forth in the Project's Environmental and Social Management Framework (hereinafter "ESMF" or the "Framework").

The Request refers to one of the subprojects included in the list of potential subprojects to be financed under the Project, the Santiago del Estero Sanitation and Wastewater System, which would provide for the construction of a sewage network for the city of Santiago del Estero and would include a wastewater treatment plant. According to the Project's Environmental Assessment (EA), at the beginning of Project preparation, the proposed subproject in Santiago del Estero was one of two subprojects already in advanced state of preparation that were proposed by the Government for funding in the first year of Project implementation. However, the Project's EA determined that, before approval of this subproject, additional in-depth technical and environmental studies were needed.

The Project is partially financed by an IBRD Loan in an amount of US\$ 200 million, which was approved by the Board of Executive Directors on April 5, 2011. The expected effectiveness date is June 30, 2011 and the loan closing date is April 30, 2017. The Borrower is the Republic of Argentina and the implementing agency is the above-mentioned UCPyPFE.

The Request

The Requesters' claims relate both to the Project as prepared as well as to one of the possible subprojects to be approved under such framework Project, the Santiago del Estero Sanitation and Wastewater System, which would include sewage works and a wastewater treatment plant in Santiago del Estero that would affect the Requesters directly. In general, the Requesters state that they could suffer harm as a result of the Bank's failures and omissions in the design and preparation of the Project, because these alleged failures of the Bank will in turn adversely affect the design and will worsen the social and environmental impacts of subprojects financed under the Project, including the proposed sewage works and wastewater treatment plant in Santiago del Estero.

The Requesters complain about the Framework, prepared under the Project, because, in their view, it has a number of shortcomings and mistakes that were not corrected by the Bank although the Requesters pointed out these mistakes in their extensive contacts and correspondence with Management. According to the Requesters, the Framework does not clearly specify the "Regulatory Framework" for citizen participation in all the nine Project provinces where subprojects are to be built. In the Requesters' view, for many of these Provinces there is no information on public hearing mechanisms ensuring that potentially affected people would be consulted. Where hearings are provided, the way in which people will participate is not clear.

In the Requesters' view, the Framework is inadequate in analyzing the institutional framework within which the Project is to be carried out, and is unclear about how the executing authorities at the provincial level for each subproject will be identified. They state that clear institutional responsibilities have not been defined and the corresponding documentation is not referred to in the ESMF.

The specific subproject the Requesters are concerned about, the proposed sewage works and wastewater treatment plant in Santiago del Estero, was identified but not approved during the Project preparation. The Requesters believe that this subproject, as currently envisioned, would cause them harm because, if not planned and designed properly, it would add an additional source of contamination to an already polluted river, the River Dulce. The River, they state, is their source of water and life.

The Requesters have indicated to the Panel that they do not oppose the proposed sewage works and treatment plant per se, but want them to be planned and designed to meet appropriate technical, environmental, and social standards that would take into account the existing conditions of the River, and would not lead to contamination but rather be an integral part of measures to improve the current situation of the River. They are, however, concerned about the impacts of the discharge of effluents on the River Dulce, which they emphasize is the most "*precious thing in Santiago del Estero*" as the source of water for the city as well as of livelihoods, through drinking water and fishing, for some part of the population. They argue that, as proposed, the sewage works and treatment plant are not about cleaning up the river basin, rather about polluting it.

The Requesters state that they have not seen the technical design for the plant but base their concerns on an analysis of the ESMF for the Project and the specific environmental impact assessment (EIA) already prepared for the proposed sewage works and treatment plant. In their view, the EIA did not consider the "floating population" of the city and the high population mobility in the area, nor did it discuss the management of sludge and other solid waste. Furthermore, the Requesters are concerned about the selected treatment technology and energy requirements of the plant. They further argue that the sewage works and treatment plant were not conceived within an integrated plan that would take into account issues of land use and management of the area. Cumulative impacts of the proposed subproject, according to the Requesters, were not analyzed.

They also claim that there was no adequate consultation during the preparation of the EIA for the sewage works and plant. Not all those concerned could participate in the public hearings held to discuss the treatment plant because of poor information and inadequate prior notice about the hearings. The Requesters participated in one public hearing in 2010 where they presented twenty five objections to the plant and Framework. They state that only eight of the twenty five questions were answered satisfactorily. In addition, the record of the second hearing lists participants that did not attend, while among the alleged participants are some indigenous peoples whose addresses and information are incorrect because they do not live in the area of impact of this subproject.

The Requesters state that they have had several exchanges with the Bank where they raised these issues, and attach to the Request correspondence with the Bank staff, but add that they are not satisfied with the response from Management. They request the Panel

recommend to the Board of Executive Directors to conduct an investigation into the matters alleged in the Request.

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
OMS 2.20 Project Appraisal
The World Bank Policy on Access to Information dated July 1, 2010

In accordance with paragraph 17 of the Panel's Operating Procedures (the "Operating Procedures"), I am notifying you that I have, on June 29, 2011, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register. Please note that the Panel's registration is an administrative procedure and it implies no judgment whatsoever concerning the merits of the Request for Inspection.

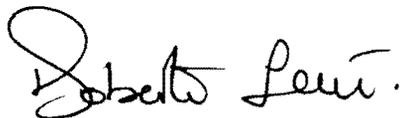
As provided in paragraph 18 of the IDA Resolution that established the Panel (the "Resolution"), paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*" (the "1999 Clarifications"), and paragraph 18(d) of the Operating Procedures, Bank Management must provide the Panel, no later than July 29, 2011, 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.

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.*"

All communications with the Requesters in connection with the Request will be sent to Rolando Gomez, Grupo 8 – Duplex 15 Bo. Misky Mayu – 4300 La Banda – Santiago del Estero, Rep. Argentina.

The Request has been assigned IPN Request Number RQ 11/01.

Yours sincerely,



Roberto Lenton
Chairperson

Mr. Rolando Gomez,
Grupo 8 – Duplex 15 Bo. Misky Mayu – 4300
La Banda – Santiago del Estero, Rep. Argentina.

Mr. Robert B. Zoellick
President
International Bank for Reconstruction and Development

The Executive Directors and Alternates
International Bank for Reconstruction and Development