

U.S. Position on Inspection Panel Report on Argentina: Santa Fe Road Infrastructure Project, October, 20, 2009

The World Bank Group's Safeguards Policies and Performance Standards are intended to protect the interests and rights of project-affected persons. The U.S. continues to strongly support the role of the Inspection Panel in ensuring compliance with these policies and standards in order to ensure that the Bank Group meets its development objectives. The Inspection Panel will be most effective when it focuses on clear-cut cases of non-compliance to which Management did not adequately respond. With this in mind, the U.S. shares the Panel's view that the first two requests did not meet this threshold and supports their decision not to investigate those requests further.

Based on our reading of the Panel's report and Management's response, as well as our meetings with both parties, it seems clear that the determination of whether the hydrological assessments of the project sufficiently conveyed to those living in the area the risks of flooding may be somewhat subjective. On the one hand, Management contends that every study and simulation did indeed show that "the hydrological situation of the area surrounding Road 19 *with the* project is better than *without* the project."<sup>1</sup> Meanwhile, the Panel initially found that the studies did *not* include a proper description and analysis of the upstream and downstream affects and that therefore the project was not in compliance with OP/BP 4.01 (Environmental Assessment). Following the October 2008 discussions between Management and the Panel's expert consultant, studies were completed that did adequately assess upstream impacts of the road, according to the Panel, but the lack of a downstream assessment meant the project remained non-compliant with OP/BP 4.01. A contributing factor appears to be Management's delay in hiring a communications expert, which could have addressed the fact that the hydrological studies, in Management's words, "do not convey in a way that is easily understandable for most Project Affected People, the potential impacts of the upgraded Road 19 on the surrounding area."<sup>2</sup>

Most importantly, the U.S. supports the finding that a downstream assessment would ensure that the Requesters' concerns are met and bring the project into compliance with the Bank's environmental policies. The U.S. encourages Management to report back to the Board when the downstream assessment is completed (expected within six months). The U.S. would also urge management to make greater efforts to ensure that there are genuine consultations with stakeholders in future projects, since this is an issue that tends to come up in many of these cases. By the same token, the U.S. encourages the Panel to make greater efforts to communicate their concerns with Management, both via formal and informal channels, prior to pursuing an investigation.

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<sup>1</sup> p. 21 Management Response

<sup>2</sup> p. 10 Management Response

