Statement by Whitney Debevoise  
Date of Meeting: October 20, 2009

**Inspection Panel – Argentina: Santa Fe Road Infrastructure Project**

We appreciate the work of the Inspection Panel and thank both the Panel and Management for their helpful bilateral meetings in advance of today’s Board discussion. The expansion of this road is a key component in strengthening regional infrastructure and improving Santa Fe province’s competitiveness – both goals which this chair supports. We commend Management for their proactive and early outreach to the Board to discuss the Request for Inspection and hope their actions in this regard become the standard for future requests.

**Inspection Panel Findings and Management’s Response**

The Bank Group’s Safeguards Policies and Performance Standards are intended to protect the interests and rights of project-affected persons. We continue 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, we share the Panel’s view that the first two requests did not meet this threshold and support their decision to not investigate the 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 sufficiently conveyed to Project Affected People 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.” p. 21 Management Response  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.” p. 10 Management Response

Most importantly, we support 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. We encourage Management to report back to the Board when the downstream assessment is completed (expected within six months). We 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, we encourage the Panel to make greater efforts to communicate their concerns with Management, both via formal and informal channels, prior to pursuing an investigation.