

**BANK MANAGEMENT RESPONSE TO
REQUEST FOR INSPECTION PANEL REVIEW OF THE
ARGENTINA: PROVINCIAL ROAD INFRASTRUCTURE PROJECT (LOAN
NO. 7301-AR) AND THE PROPOSED SANTA FE ROAD INFRASTRUCTURE
PROJECT**

Management has reviewed the Requests for Inspection related to the Argentina: Provincial Road Infrastructure Project (Loan No. 7301-AR) and the proposed Argentina: Santa Fe Road Infrastructure Project, dated August 20, 2006. The first Request was received by the Inspection Panel on August 28, 2006 and registered on September 11, 2006 (RQ06/05); the second Request was received by the Panel on September 21, 2006 and registered on September 27, 2006 (RQ06/05-2).

Management asks that the Panel consider these Requests ineligible for investigation because Management did not have adequate time to address the concerns raised by the Requesters before the Requests were filed. According to the Notice of Registration, on August 28, 2006, the Panel received a Request for Inspection dated August 20, 2006. This is only five days after the August 15, 2006 letter by which Management was made aware of the Requesters' concerns. On the Second Request, Management received the letter on September 21, the same date it was sent to the Inspection Panel. The project team did engage with the Requesters and the Province of Santa Fe in respect of the issues raised in the letter, although none of these interactions are recorded in the Request for Inspection.

Management wishes to clarify that the Provincial Road Infrastructure Project (Loan 7301-AR) does not finance any activity related to the Requesters' claims. The Management Response thus does not refer to the Provincial Road Infrastructure Project.

Management has prepared the following response.

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ABBREVIATIONS AND ACRONYMS

| | |
|----------|--|
| AADT | Annual Average Daily Traffic |
| BP | Bank Procedure |
| DNV | National Road Directorate |
| DPV | Provincial Road Directorate |
| EA | Environmental Assessment |
| ESMP | Environmental and Social Management Plan |
| GDP | Gross Domestic Product |
| GGP | Gross Geographic Product |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IIRSA | Initiative for the Integration of Regional Infrastructure in South America |
| IPDP | Indigenous Peoples Development Plan |
| IPN | Inspection Panel |
| ISDS | Integrated Safeguards Data Sheet |
| Mercosur | Southern Common Market |
| NPV | Net Present Value |
| OP | Operational Policy |
| PAD | Project Appraisal Document |
| PID | Project Information Document |
| PIU | Project Implementation Unit |
| PSF | Province of Santa Fe |
| RAP | Resettlement Action Plan |
| ROW | Right of way |
| TOR | Terms of Reference |
| TTL | Task Team Leader |
| WPA | Work Program Agreement |

Currency Unit

(Exchange Rate Effective (October 2, 2006))

| | | |
|---------------|---|----------|
| Currency Unit | = | AR Peso |
| AR\$1.00 | = | US\$0.33 |

I. INTRODUCTION

1. On September 11, 2006, the Inspection Panel registered a first Request for Inspection, IPN Request RQ06/05 (“the First Request”), related to the Argentina: Provincial Road Infrastructure Project which is being financed by the International Bank for Reconstruction and Development (the Bank) through Loan No. 7301-AR, and the proposed Argentina: Santa Fe Road Infrastructure Project. A second Request (“the Second Request”) related to the same two projects, IPN RQ06/05-2, was registered on September 27, 2006. For reasons of economy and efficiency, the Second Request for Inspection is being added to the First Request and the Management Response will accordingly address issues raised in both Requests.

2. ***Structure of the Text.*** This Management Response to the Request for Inspection contains the following sections: Section II presents the Requests while Sections III and IV present the project background and issues of special relevance to the Request, including: (i) international significance of improving the transport corridor in the Province of Santa Fe (PSF), of which National Road 19 is a key segment; (ii) Management’s concerns about the Requests, given that the project remains under preparation; (iii) the specific nature of the Requesters’ claims, including road intersections and land acquisition, the first of which has been solved during project preparation; and (iv) extensive consultation, which is still ongoing. Section V presents Management’s response. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses, in table format. Annex 2 provides project background information and a detailed description of project components. Annex 3 contains a table of the public consultations undertaken for the project. Actions undertaken during project preparation to address the requirements of OP/BP 4.01 and OP/BP 4.12 are presented in matrix format in Annex 4. Annex 5 is comprised of a list of project documents. Preparation and other-project related missions are listed in Annex 6. Annex 7 contains photographs and diagrams illustrating key features of the project relevant to the Requesters’ concerns.

II. THE REQUESTS

3. The First Request was submitted on August 28, 2006 by Mr. Hugo Mario Arriola-Klein and Dr. Nancy Beatriz Jullier, residents of Chateaux Blanc, district of San Agustin, Province of Santa Fe; they represent residents who live, work and are users or owners of shops and dwellings in the location known as Chateaux Blanc. The Second Request was submitted on September 21, 2006 by Mr. Victor 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, Province of Santa Fe. (Both groups are referred to as the “Requesters”).

4. Attached to the First Request are:

- Letter dated August 2006 from Architect Hugo Mario Arriola-Klein to the World Bank regarding Highway Santa Fe-San Francisco (Córdoba);
- Letter dated August 2006 from 31 individuals (who either own, reside and/or work in the locality of Chateaux Blanc, district of San Agustin, Province of Santa Fe) to Mr. Francisco Godano (President of the San Agustin Community, Province of Santa Fe);
- Copies of e-mails sent to current and former World Bank staff and notice of delivery failures; and
- Photocopy of reception of faxes sent.¹

5. No further materials were received by Management in support of the First Request. In particular, the July 7, 2006 letter noted by the First Request as having been sent to the World Bank was not received either in Washington or at the Bank office in Argentina. In addition, the collective note sent to the President of the Community of Franck, which is mentioned in the Request as being attached, was not included.

6. Attached to the Second Request is a copy of a letter sent to Mr. Jorge Alberto Obeid, Governor of the Province of Santa Fe.

7. Both Requests concern improvement of National Road 19 in the PSF. The main concerns raised by the First Requesters can be summarized as: (i) objection to the construction of an overpass of National Road 19 where it intersects Provincial Road 6 and (ii) objection to the amount of land to be expropriated, location of land to be expropriated and compensation to be paid. The Second Request objects to the same issues listed under (ii) in the First Request.

8. The Requests contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:

- OP/BP 4.01, Environmental Assessment, January 1999;
- OP/BP 4.12, Involuntary Resettlement, December 2001;
- OP/BP 13.05, Project Supervision, July 2001; and
- World Bank Policy on Disclosure of Information, September 2002.

¹ The Notice of Registration did not include said documentation as indicated in the Request.

III. PROJECT BACKGROUND

9. The Requests concern two projects, the Provincial Road Infrastructure Project (Loan 7301-AR) and the Santa Fe Road Infrastructure Project which is currently under preparation.

PROVINCIAL ROAD INFRASTRUCTURE PROJECT

10. ***The Provincial Road Infrastructure Project (Loan 7301-AR) does not finance any activity related to the Requesters' claims.*** The claims refer to the improvement of National Road 19 in the Province of Santa Fe. None of the activities related to the improvement of National Road 19 are financed under the Provincial Road Infrastructure Project.²

11. ***The Provincial Road Infrastructure Project finances rehabilitation, maintenance and/or upgrading of works in roads under six provincial jurisdictions, of which Santa Fe is one.*** It does not contemplate the financing of such works for roads under national jurisdiction, such as the transformation of National Road 19 into a highway. Loan No. 7301-AR was declared effective as of September 15, 2006.

PROPOSED SANTA FE ROAD INFRASTRUCTURE PROJECT

Project Status

12. ***The proposed project, which would finance the improvement of National Road 19, has not yet been appraised.*** The proposed Santa Fe Road Infrastructure Project is a USD 175.2 million project to upgrade road infrastructure and provide institutional support for a strategic corridor linking the Province of Santa Fe (PSF) to regional and international transportation and trade hubs. The project has triggered the following Bank operational policies: Environmental Assessment (OP 4.01); Involuntary Resettlement (OP 4.12); Project Supervision (OP/BP 13.05) and The World Bank Policy on Disclosure of Information (September 2002). The project team is taking all necessary actions for the adequate implementation of Bank policies. The draft Environmental and Social Management Plan (ESMP) and Resettlement Action Plan (RAP) prepared by the PSF have been available to the public through its website since August 31, 2006. The Project Appraisal Document (PAD) decision meeting was held on September 7, 2006³ and the appraisal mission will commence upon presentation of the draft ESMP and RAP acceptable to the Bank.

13. ***Improving National Road 19 is a cornerstone of development of a transport corridor in the PSF, which is a fundamental step in fostering regional integration in the***

² This project has a technical assistance component but it does not finance any activity in the proposed Santa Fe Road Infrastructure Project.

³ See Annex 6 for project milestones and a list of preparation and other project-related missions.

Center Region.⁴ The investment in National Road 19 is a priority component of an infrastructure strategy being developed by the PSF, aimed at sustaining recent high rates of economic growth and positioning Santa Fe to be the most competitive province in Argentina. The infrastructure strategy includes projects under national jurisdiction, for example, the dredging of the Paraná River, and other projects under provincial jurisdiction, such as the relocation of the Santa Fe city port. While financing for the improvement of National Road 19 would normally be provided by the national government, due to limited fiscal resources and significant infrastructure backlogs, the national government accepted an offer by the PSF to finance this project. The national government will work with the PSF in this project through the National Road Directorate (DNV). The improvement of National Road 19 is a two-phase project. The first phase (to be financed under the proposed project) involves the construction of a two lane carriageway to convert National Road 19 into an *Autovia*,⁵ while the second phase plans to transform National Road 19 into an *Autopista*⁶ with total control access.⁷ The acquisition of the right of way (ROW) by the PSF for the construction and safe operation of the *Autovia* will allow future construction of an *Autopista* without any additional land requirements.

14. ***There is a broad consensus on the need to develop this transport corridor.*** The two main chambers of commerce in PSF⁸ produced a joint report⁹ contributing to the formulation of a strategic plan for the Center Region. In the report, the upgrading of National Road 19 between San Francisco and Santa Fe was recognized as a necessary infrastructure intervention to facilitate the flow of goods in the Center Region. Within a broader integration perspective, the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) highlighted the upgrading of National Road 19 as an integral part of the bi-oceanic corridor that constitutes the Mercosur-Chile transportation corridor.¹⁰

⁴ The Center Region was officially created in 2004 and integrates the provinces of Córdoba, Santa Fe and Entre Ríos.

⁵ A divided highway with a two lane carriageway in each direction. This highway is without full control of access, i.e., it has toll booths at certain points. Any driver entering and exiting the highway between these points does not pay a toll.

⁶ A divided highway with at least a two lane carriageway in each direction and which can only be entered or exited at toll booth points (i.e., a limited control of access freeway).

⁷ For more detailed project background information see Annex 2.

⁸ Bolsa de Comercio de Santa Fe y Bolsa de Comercio de Rosario.

⁹ *Aportes para la Formulación del Plan Estratégico de la Región Centro de la República Argentina. Informe Técnico N2: Relevamiento de Acciones Gubernamentales y Obras de Infraestructura de Transporte y Logística a Evaluar con el Gobierno de la Provincia de Santa Fe. Bolsa de Comercio de Santa Fe y Bolsa de Comercio de Rosario, November 2004.*

¹⁰ Mercosur is the Southern Common Market, a customs union between Brazil, Argentina, Uruguay, Paraguay and Venezuela, founded in 1991 by the Treaty of Asunción, which was later amended and updated by the 1994 Treaty of Ouro Preto. Its purpose is to promote free trade and the fluid movement of goods, peoples, and currency. The organization has a South and Central America integration vocation. The Mercosur-Chile transportation corridor is the main industrial area in South America, with high value added industries (automotive, construction materials, petrochemical, agroindustrial) and some of the most productive agriculture lands in the world. Further increases in the commercial flows, which are essential to the formation

15. ***The improvement of National Road 19 is supported by the significant growth in traffic levels.*** Between the last study conducted by DNV in 2003 and one carried out for project preparation in March 2006, Annual Average Daily Traffic (AADT) grew approximately 40 percent. Traffic composition changed, increasing the relative importance of trucks, which in some segments of the road account for more than 45 percent of total traffic, supporting its regional relevance. The economic evaluation of this project renders a Net Present Value (NPV) of USD 63 million.

Project Objectives

16. ***The overall purpose of the project is to improve transport conditions along a strategic road corridor that links the PSF with regional and international markets.*** Adding capacity to National Road 19 will reduce logistics costs, facilitate access to major regional consumption and export markets and foster the effective economic integration of the Center Region provinces. The project also aims to provide institutional support to the PSF to achieve the following specific objectives: (i) improve road safety by implementing pilot interventions capable of providing valuable qualitative and quantitative information to the comprehensive road safety action plan elaborated by the PSF in 2005; (ii) identify transport infrastructure and trade facilitation constraints by setting up a system to measure logistics costs in the PSF; (iii) reinforce the PSF's planning capacity to foster economic growth; (iv) strengthen the provincial capacity to assess and manage environmental and social impacts of large civil works; and (v) create provincial capacity to monitor and evaluate large infrastructure projects.

Project Financing

17. Total project cost as estimated before appraisal is USD 175.2 million, of which USD 126.7 million would be provided by the Bank and the remaining USD 48.5 million by the PSF. The Bank loan would be guaranteed by the Argentine Republic.

Project Components

18. The project has two key components, which are explained in more detail in Annex 2. As this project has not been appraised, the project description is subject to modifications:

- *Component 1 – Upgrading National Road 19* (estimated cost, including contingencies, USD 166 million of which USD 120 million would be financed by the Bank Loan). This component will transform 130 kilometers of National Road 19 in the PSF into a four lane highway (*Autovia*) with separate two lane carriageways in each traffic direction to expand the capacity and road safety

of more efficient supply value chains in both ends of the axis, are threatened by the poor state and capacity of infrastructure. To this end, IIRSA prioritized the upgrading of National Road 19.

of this heavily traveled corridor. This is the first stage in upgrading the corridor, which DNV plans to transform into a limited access freeway in the future. The component entails building: (i) a two lane carriageway within the ROW that will serve East-West traffic, which in the future will become one of the main carriageways of the freeway; (ii) three four-lane bypasses of the towns of San Jerónimo del Sauce, Sa Pereyra and Frontera (and its twin city San Francisco) within the PSF; (iii) alignment improvements for three sharp curves on the existing two lane highway; (iv) grade separation interchanges at intersections with high traffic National Roads 34 and Rosario Santa Fe Freeway and overpasses for railroad crossings; (v) ground-level interchanges at intersections with provincial and rural roads; and (vi) turn lanes and returns at intervals of about 6 kilometers to facilitate safe access to properties along the corridor.

DNV will also finance the upgrading of 6 kilometers of National Road 19 in the Province of Córdoba (from the border with PSF to National Road 158), using the same design standards applied to the upgrading of this road in the PSF. DNV design standards for National Roads that will be converted into freeways require 120 meter right of way (ROW) (as opposed to 100 meters for other national highways). In the 1970s, DNV acquired the land north of the existing alignment needed to meet the 120 meter ROW requirement for about 54 kilometers (approximately 40 percent of the project length). PSF will acquire the land for the remaining section of the project. The expansion of the ROW to the north of the existing alignment minimizes relocations and construction costs.¹¹

- *Component 2 – Institutional Strengthening* (Estimated cost USD 5.2 million, all Bank-financed). This component will consist of four subcomponents:
 - Sub Component 2.1- Road Safety;
 - Sub Component 2.2 - Systemic measurement of logistics costs in the PSF;
 - Sub Component 2.3 – Strengthening the planning capacity of the PSF to elaborate a new strategic development;
 - Sub Component 2.4 – Strengthening the capacity of the Provincial Road Directorate (DPV) to enhance environmental and social management; and
 - Sub Component 2.5 – Design a capacity building program to incorporate monitoring and evaluation analysis in infrastructure projects.

¹¹ Construction costs are minimized by extracting soil for embankments from adjacent land, avoiding long distance soil transport.

SUMMARY OF MANAGEMENT RESPONSE

19. The following is a summary of Management's Response:

- *There is no link between the Provincial Road Infrastructure Project (Loan No 7301-AR) and the Requesters' claims.* None of the activities related to the improvement of National Road 19 are financed under the Provincial Road Infrastructure Project.
- *Management takes the view that this Request is not eligible for investigation because Management did not have adequate time to address the concerns raised by the Requesters before those concerns were presented to the Panel.* There was no reasonable opportunity for Management to react between the date of the first communication with the Bank (August 15, 2006) and the date of the Request for Inspection (August 20, 2006). On the Second Request, Management received the letter on September 21, 2006 the same date it was sent to the Inspection Panel. In Management's view, this approach precludes Management's ability to engage with, and react in a timely manner to, the concerns that were raised.
- *The project is still under preparation. Accordingly, the consultation process is still ongoing and the design is evolving.*
- *The consultation process has involved the Requesters.* The PSF organized and conducted an extensive consultation process. Requesters were part of the consultation process; they attended consultation meetings and exchanged emails with PIU personnel. Moreover, Requesters had the opportunity to meet directly with PSF officials responsible for the project, as well as engineering consulting firms, to present their claims and receive relevant information on the project design.
- *The overpass concern is resolved.* The First Requesters asked to change the design of the intersection between National Road 19 and Provincial Road 6 to eliminate the overpass. No overpass will be built. Instead, a ground-level interchange has been determined to be the appropriate technical solution for the intersection.
- *Alternative schemes for land expropriation were carefully analyzed and design requirements confirmed on economic, technical and social grounds.* During early stages of project preparation, the project team raised the issue of expropriating lands for a 120 meter ROW and requested the PSF to review design alternatives for reducing land expropriation requirements. The technical policies established by the national road agency (DNV) stipulates a 100 meter ROW for any National Road and a 120 meter ROW for a limited access freeway, which is the ultimate objective for National Road 19. A reduction of the ROW would require bringing soil for embankments from outside the site, which would double the cost of constructing these embankments. Consulta-

tions with the project-affected communities have revealed a strong preference to have frequent returns between both traffic directions to maintain adequate local access to National Road 19. The technical specification for constructing these returns requires a 120 meter ROW. Any expropriated land will be compensated at market prices, which equates to replacement costs.

- *Management believes that the Bank has consistently and fully applied its policies and procedures.*

IV. SPECIAL ISSUES

20. This Management Response addresses issues raised by the Request, including the timeframe for the PSF and Management to respond to the Requesters' concerns; adequacy of consultation process; Requesters' specific concerns regarding the design for improving National Road 19; and application by the Bank of its safeguard policies. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

TIMEFRAME FOR THE PSF AND MANAGEMENT TO RESPOND TO THE REQUESTERS' CONCERNS

21. ***Management did not have adequate time to respond to Requesters' concerns.*** According to the Notice of Registration, on August 28, 2006, the Panel received the First Request for Inspection dated August 20, 2006. This is only five days after the August 15, 2006 letter by which Management was made aware of the Requesters' concerns. The Bank has no record of the July 7, 2006 letter from the First Requesters to the Bank referred to in the Panel's Notice of Registration, nor was the same attached to the Request for Inspection. Regarding the Second Request, Management was made aware of the Requesters' concerns the same day the Request for Inspection was filed. (See Table 1)

22. ***The project team did contact the Requesters and the PSF in respect of the issues raised in the letter, although none of these interactions are recorded in the Request for Inspection.*** In Management's view, the approach taken by the Requesters to file the Request before Management has had a reasonable amount of time to pursue such contacts and respond precludes Management's ability to engage with, and react in a timely manner to, the concerns that were raised.

Table 1. Chronology of Communications

| Date | Communications to/from World Bank | Communications to/from Province of Santa Fe |
|---------------------|--|--|
| August 9 | | Requesters sent an email to the PIU asking how to obtain a copy of the project to improve National Road 19 |
| August 10 | | PIU responded by email of August 9 saying that the question would be answered shortly |
| August 15 | The Requesters' letter dated August 2006 was received by the Argentina Country Office | |
| August 16 | The Task Team Leader (TTL) received a copy of the Requesters' August 2006 letter from the Country Office and sent an email to the Project Implementation Unit asking whether the Province had received a copy of the letter | |
| August 22 | The TTL and team safeguards specialists prepared draft letters to be sent to the Requesters and the Province of Santa Fe | |
| August 24 | The TTL sent: (i) a letter to the Head of the PIU in PSF, with the Requesters' letter attached, asking the PSF to inform the Bank how the issue would be handled; and (ii) a letter to the Requesters informing them that their letter had been sent to the Head of the PIU | |
| August 25 | The Requesters sent an email to a member of the project team in the Argentina Country Office confirming they received the letter sent to them by the TTL on August 24, 2006. The email specified that they would wait for an answer to their concerns from the Head of the PIU | |
| August 28 | The First Request was received by the Inspection Panel on August 28, 2006 and registered by the Panel on September 11, 2006. | PSF wrote to Requesters saying that in the next few days the ESMP would be posted on the web and that preliminary designs were available for consultation in DPV's offices |
| September 12 | | The PSF sent to the TTL a letter explaining that the Requesters' concerns regarding the design of the project were incorporated in the project design and already communicated to the communities located beside the project area |
| September 15 | | 1) The Minister of Finance of the PSF sent a letter to the Alternate Executive Director for Argentina indicating that: (i) the PSF had prepared an ESMP in accordance with Bank Policies OP 4.01, OP 4.12 and OP 17.50; (ii) some of the Requesters participated in the dissemination meeting organized in San Agustin on August 7, 2006; and (iii) the technical solution sought by the Requesters coincided with the one adopted by the engineering designs and this information had been communicated to all neighboring communities 2) The PIU sent an email to Requesters informing them about the website where the ESMP was posted |
| September 18 | | Requesters sent an email to PIU saying they could not access the website where the ESMP was posted |

| Date | Communications to/from World Bank | Communications to/from Province of Santa Fe |
|--------------|---|---|
| September 20 | | PIU indicated that the website was working correctly. PIU informed that the ESMP was available in PIU's offices and an executive summary was available in the affected communities' communal offices. PIU also indicated that the following week a copy of the engineering designs would also be made available |
| September 21 | The Second Request was received by the Inspection Panel on September 21, 2006 and registered by the Panel on September 27, 2006. | |
| September 22 | Acting Country Director responded to the letter sent by the Requesters TTL sent a letter to the Head of the PIU in PSF, with the Requesters' letter attached, asking the PSF to inform the Bank how the issue would be handled | |
| September 25 | | PSF met with three signatories of the First Request and an Aide Memoire of the meeting was produced |
| September 28 | | PSF met with signatories of the Second Request. An Aide Memoire of the meeting was produced |

ADEQUACY OF CONSULTATION PROCESS

23. *The consultation process began on April 10, 2006 and is continuing at present.*

In order to receive comments and suggestions from the potentially affected communities, public consultation meetings were carried out in all communities located near the ROW (see Annex 3). The key issues raised at the consultations included: (i) the amount of land that would be expropriated and the process the PSF would put in place to undertake the expropriation; (ii) access to properties along the road; (iii) preservation of existing trees; and (iv) construction of bicycle paths, among others. These consultations have been critical in the decision-making process, including road alignments of bypasses, location of road crossings and returns, the need for special safety measures such as bus stops, and the definition of the types of restoration programs to be carried out in urban areas. The case of Estación Josefina and the location of the bypass of Frontera is an example of how the engineering design was changed to accommodate a community's concerns. Estación Josefina, according to the first design, was supposed to be outside the bypass but after a series of consultations, it was decided to change the bypass' location leaving Estación Josefina inside the bypass to maintain its connectivity with the city of Frontera. By accepting this change, the cost of the project increased as the size of the bypass had to be increased. The final draft ESMP and RAP were also presented to and discussed with these communities. The issues raised in the consultations are summarized in the ESMP report, which also includes a complete list of participants.

24. *In addition to direct participation and consultation, all interested parties were provided two other means to submit concerns or comments:* (i) an electronic mailbox

(inforuta19@santafe.gov.ar); and (ii) mailboxes placed in 15 localities along the road corridor. Each communication received, electronically and in writing, was documented in the ESMP.¹²

25. ***Consultations included meetings opened to the public at large in the communities where the Requesters live or own properties.*** On August 7, 2006 the PSF organized a meeting with the community of San Agustin (district where the First Requesters live). During this meeting, personnel from DPV presented the project and the technical solutions adopted for the alignment of National Road 19 that affect the district of San Agustin. The meeting was attended by the Presidents of the localities of San Agustin and Matilde—communities adjacent to the project site—by a member of the provincial legislature, by staff from the PIU, by personnel from DPV and by 31 citizens. The ESMP documents that the owner of the gasoline station located in the crossing of National Road 19 and Provincial Road 6 presented questions regarding access to his business, once construction was completed. It notes further that three house owners on Provincial Road 6 presented their concerns about the negative visual effect that a bridge in the intersection of Road 19 and Road 6 might have. Two people that signed the letter dated August 2006 sent by the Requesters to Mr. Godano, President of the Community of San Agustin,¹³ participated in the August 7, 2006 meeting and are included in the participants list in the ESMP. A similar meeting was organized August 10, 2006 with the community of San Jerónimo del Sauce. One of the two persons that signed the Second Request participated in the August 10th meeting as reflected in the attendance sheet reported in the draft ESMP. The last meeting before the PSF submitted the final draft ESMP to the Bank for publication in the InfoShop was held on August 22, 2006. The draft ESMP was submitted to the Bank on July 28, 2006, and the draft RAP was submitted to the Bank on August 1, 2006. The project team sent comments on different occasions during the month of August. The draft ESMP and RAP were officially sent to the Bank on August 31, 2006 and were made available to the public on the Province's website.¹⁴ Besides describing the topics discussed during the meetings, the ESMP presents future steps in the consultation process, dividing it into three stages (pre-construction, construction and post-construction) and providing for interaction with communities or for community participation over a time span of 72 months.

26. ***The environmental and engineering consulting firms hired by the PSF have interacted on a continuous basis.*** This continuous interaction results from the need to adapt engineering designs as new information emerges, including feedback from communities and flooding characteristics of the land, among other project relevant features. The outcome of the interaction is reflected in changes in the engineering designs that have been and will be communicated to all communities affected through various mecha-

¹² Up to July 11, 2006, with follow up messages saved by the PSF.

¹³ The letter is dated August 2006 and was included in the Request.

¹⁴ <http://www.portal.santafe.gov.ar/index.php/web/content/view/full/24720>. It has also been available since September 12, 2006 on the Bank's InfoShop website www.worldbank.org/infoshop.

nisms: meetings with mayors and other elected officials, meetings with citizens and the electronic and postal mailboxes.

27. ***The ESMP developed by the PSF with the advice of the project team goes beyond the scope of the project to be financed by the Bank, consistent with paragraph 4 of OP 4.12.*** The project team requested that the PSF and the national government apply the Bank's safeguard policies to works that are outside the project but would have an important impact on its outcome, such as expanding the scope of the environmental assessment (including the ESMP and RAP) to include the upgrading of 6 kilometers of works on National Road 19 that are an integral part of the Mercosur-Chile transportation corridor but will be carried out in the Province of Córdoba by the national government.¹⁵

CONSIDERATIONS OF REQUESTERS' SPECIFIC CONCERNS

28. ***The preparation process followed by the PSF and Bank team—from project identification up to the current stage of pre-appraisal—has incorporated a review of the specific concerns raised by the Requesters regarding improvements of National Road 19.*** The Requesters objected to the construction of an overpass, citing economic, road safety, visual and noise concerns. The technical solution adopted for the intersection of concern to the Requesters corresponds with their expressed choice: a ground-level interchange in the intersection of National Road 19 and Provincial Road 6¹⁶ which will be needed for the upgrade to an *Autovia* under the first phase of the program.

29. ***With respect to the concerns expressed in both Requests regarding land acquisition and resettlement, the project team requested the PSF to study alternative schemes to reduce land expropriation.*** In particular, to assess the impact of the project on land use, the team requested the PSF to consider the alternative of constructing the central carriageway under the project instead of the northern carriageway, minimizing expropriations.¹⁷

30. ***In a July 27 report, the PSF reaffirmed the 120 meter width and planned location of ROW.*** It justified its decision on the following basis.

- ***Additional construction costs and potential negative environmental externalities.*** A reduced ROW would not allow sufficient lateral extraction of soil for the construction of embankments, and the remaining soil would need to be extracted from land to be purchased, and then transported to construction sites. Consultants estimated that additional soil transportation costs would double

¹⁵ The consultation process also included the communities living along the 6 kilometer national road in Córdoba, and this is reflected in the ESMP.

¹⁶ Annex 7 presents a diagram of the ground-level interchange adopted for the intersection of National Road 19 and Provincial Road 6. Provincial Road 6 provides access to the locality of Franck.

¹⁷ Argentina. Proyecto Infraestructura Vial en Santa Fe. Ayuda Memoria. Misión de Preparación. Junio 2006. This Aide Memoire is in the Project files.

the cost of embankment construction.¹⁸ Extracting soil from sites located outside the ROW could create negative environmental liabilities. Land extraction sites, without the proper and continuous control, could become informal solid waste dumps.

- *Construction of frequent returns in response to the request of affected communities to minimize restrictions on access to properties.* Incorporating returns at about 6 kilometer intervals in line with the outcome of consultations with affected communities requires a wide separation between the existing carriageway and the one to be financed under the project, in order to provide enough space for acceleration lanes and returns compatible with the project design speed, without compromising road safety and the quality of the road alignment.
- *Standards applied by DNV in similar projects.* In similar projects under planning or execution, DNV is mandating a 120 meter ROW for improvement works aimed at the eventual construction of a limited access freeway. Examples of this practice are the two most recent roads being improved, National Roads 9 and 5.

31. ***The specific proposals of the Requesters regarding land acquisition would not be compatible with a design that is cost effective and safe. The proposals are also internally inconsistent with other Requesters' concerns.*** The proposal to expropriate 20 meters of land to the south would result in a 50 meter wide ROW –not enough space to build a two-carriageway *Autovia* with ground-level returns and even below the 100 meter national standard stipulated for one-carriageway roads. It would also result in the expropriation of those facilities located in the intersection of National Road 19 and Provincial Road 6, with the subsequent loss of income sources referred to in the First Requesters' letter. The Requesters' second proposal to take equivalent amounts of land to both sides would require additional expropriations. The PSF's decision to expropriate the land to the north of the National Road 19 minimizes resettlement as the southern side is more developed. In the 1970s, the National Road Agency made a similar decision when it acquired the land needed to complete a 120 meter ROW for 40 percent of the road corridor. Finally, the proposal of an incremental expropriation, in which the acquisition of the 120 meter ROW is deferred until the decision to build the freeway with full access control is made, was considered by the PSF but rejected for the reasons explained above (paragraph 30).

32. ***The Requesters' concerns regarding the process for land acquisition and compensation are addressed in the RAP that the PSF is preparing.*** In line with Bank policies, the draft RAP states by what means owners will be notified of the area affected, what criteria will determine the value of the lands and improvement thereon and which agency is appointed to this end. A detailed timetable will be prepared as soon as the start-

¹⁸ Net savings are estimated at USD3 million.

ing date of the project is defined. The draft RAP has been made available through several means and contemplates additional meetings with communities during the implementation of the Plan. The PSF is also holding meetings with the Requesters.

APPLICATION OF BANK SAFEGUARD POLICIES

33. *The Notices of Inspection indicate that the Requesters' claims may constitute non compliance of the following operational Policies and Procedures: Environmental Assessment (OP/BP 4.01); Involuntary Resettlement (OP/BP 4.12); Project Supervision (OP/BP 13.05); and The World Bank Policy on Disclosure of Information, September 2002.* The project design incorporates appropriate mitigation measures for each triggered policy. This section describes the mitigation measures for each of the policies mentioned in the Request. In a number of areas (as indicated below) the project team worked to enhance environmental and social outcomes.

OP/BP 4.01 Environmental Assessment (EA)

34. *Bank staff assisted the PSF in preparing the EA. The EA was an integral part of project design, with continuous interaction between the EA team and design engineers.* The project team undertook an initial screening of safeguards policies and reviewed with the PSF which policies would be triggered by the project and the resulting requirements for the PSF. The Bank reviewed the EA and recommended several rounds of consultations with communities located near the ROW.

35. *Based on the safeguards screening, the proposed project would be placed in Category "B".* The new road infrastructure will be located alongside the existing alignment, requiring only the expansion of the ROW and acquisition of additional land and with minimal physical displacement. Most of the impacts identified will be managed through sound engineering design and construction practices, such as the use of the latest version of construction procedures approved by DNV.¹⁹ The project area is already heavily developed with extensive and intensive cattle ranching and high-value crops, such as soy and corn. No significant adverse sensitive, diverse or unprecedented environmental impacts will occur. Specific comments on the application of OP/BP 4.01 are found in Table 1 of Annex 4.

36. *The PSF has prepared a comprehensive and detailed draft ESMP in accordance with Bank policy.* The ESMP evaluates the existing conditions, identifies the potential environmental and social issues of concern and proposes adequate mitigation measures for each negative impact identified as well as measures for enhancing each identified positive impact. The views and concerns of the project affected persons and local governments have been reflected in the ESMP, including a road safety program, landscaping, placement of bus stops, restoration of certain road segments in the urban areas of communities that the improved road will bypass, construction management, and

¹⁹ MEGA: Manual de Evaluación y Gestión Ambiental de Obrias Viales. Revised in 2005.

restoration of certain rural roads. The ESMP includes a summary chart where all the problems encountered and proposed mitigation and enhancement measures are mentioned, and their location is provided in alignment sheets for the entire road corridor. Monitoring and supervision arrangements, as well as an institutional strengthening program for the environmental unit of DPV are also included in the ESMP. Additionally, the institutional strengthening program for the environmental unit will be financed by Component 2 of the proposed project. A summary of the draft ESMP is presented in Box 1. All programs cited in the ESMP include numerous details on design specifications, associated costs, responsibilities and schedule. Project bidding documents under preparation will include all specifications regarding these programs.

Box 1: Environmental and Social Management Plan

- *Landscaping and Re-vegetation Program:* This major environmental enhancement program will include reforestation and re-vegetation of the ROW (including separators) with native species; restoration and augmentation of existing native-forest patches; and the construction of rest and recreation areas along the ROW.
- *Community Road Safety:* Complementing the engineering road safety design (bus stops, special crossings), this program will implement road safety education in communities along the ROW.
- *Restoration of Rural Road Network:* This includes the construction of special crossings and returns to allow connectivity of the existing rural road network.
- *Improvement in Urban Segment of Santo Tome:* Potentially perhaps the most challenging segment of the project, this heavily urbanized segment will be subject to a special urban restoration program including specific designs for boulevards, bicycle paths, parking spaces and traffic management measures.
- *Urban Restoration in By-passed Towns:* Road segments that will be abandoned because of the construction of by-passes will be reconstructed as urban boulevards, with special archways at the entrance points, reforestation, illumination, and special signs that will direct traffic to use businesses and facilities in those towns.
- *Environmental Management of Construction:* In order to adequately control impacts during construction, a rigorous set of good environmental practices will be applied in the project. These specifications are based on the existing Environmental Specifications for Road Construction designed by the Federal Road Agency under road programs financed by the Bank. In addition to these specifications, site specific guidelines and restrictions have also been incorporated such as prohibitions on construction camp and asphalt location in or near sensitive watercourses, demarcation of trees and patches of vegetation that need to be protected during construction, special traffic restrictions during harvest time, etc. Chance finding procedures for archaeological and paleontological artifacts are part of these specifications. All critical points along the ROW (either environmentally or socially) have been identified and applicable preventive and corrective actions were developed. Compliance with environmental specifications during construction will be part of the engineering supervision and will be monitored by the environmental unit of the Provincial Road Agency.

The above programs will be complemented by:

- *Institutional Strengthening in Provincial Road Agency:* The environmental management capacity of the existing environmental unit of the Provincial Road Agency will be improved in order to facilitate monitoring and supervision of this project.
- *Social Communication Program:* A social communication and public participation program has been designed and implemented for project preparation and construction to inform communities along the road about the progress of the project and establish a mechanism to respond to any question or concern.

OP/BP 4.12 – Involuntary Resettlement

37. ***The road infrastructure will be located alongside the existing alignment, requiring only acquisition of land for the expansion of the ROW.*** National Road 19 is located in an area characterized by low density population and intensive agricultural and live-stock productive activities. The average size of the affected properties is 100 hectares and in fifty percent of the properties less than 4 hectares will be acquired to expand the ROW. The expansion of the ROW affects 1,313 hectares. Of them, 662 (50.4 percent) were acquired by the national government (DNV) in the 1970s. The remaining hectares to be acquired (633) are located in 210 properties along the road (190 properties located in PSF and 20 in the Province of Córdoba).²⁰ Most of the properties are partially affected; for 56 percent of the properties, less than 10 percent of the total area will be affected. A total of 27 buildings will be displaced: 20 houses (6 with businesses), 6 businesses and one school. Fifteen of the 27 buildings will be relocated onto the same property, four will be relocated on new properties, and the remaining 8 cases are still under analysis to determine whether it is possible to relocate within the same plot.

38. ***No squatters have been identified in the socioeconomic diagnostic conducted during preparation of the ESMP.*** Impacts from land acquisition have been identified and detailed for each affected plot of land.

39. ***Consistent with Bank policy, the PSF is preparing a RAP that meets the requirements of OP 4.12.*** It should be noted that the RAP covers not only the portion of the project in the PSF, but an additional 6 kilometers of road that traverses the neighboring Province of Córdoba. A census has been undertaken to identify project-affected persons. The RAP will be implemented prior to any physical works. Discussions have also been held with the PSF and DNV regarding compensation, with agreement that cash compensation will correspond to replacement cost at market value; and compensation will be provided before land is undertaken. For the case of former land owners of properties expropriated in the 1970s (about 40 plots of land), the PSF is assessing the legal status of the land acquired, the result of which will be reflected in a revised RAP. The draft RAP also includes an information and communication program, administrative procedures to be followed to make available the previously expropriated land and legal assistance should any of the land owners need it to resolve a legal issue (i.e., tenants). For owners of land to be acquired and for households and businesses to be displaced, additional programs are included. A summary of the draft RAP is included in Box 2. Specific comments on the application of OP/BP 4.12 are found in Table 2 of Annex 4.

²⁰ The difference between 1,313 hectares and those hectares owned by the national government (662) and those to be acquired (633), totals 18 hectares; these are owned by the PSF and currently being used for institutional purposes: 0.25 hectares by rural school Number 1,303 and 17.7 hectares by an agro technical school. This information is detailed in the RAP, page 17.

Box 2: Land Acquisition and Resettlement Plan

- *Information and Communication:* Stakeholders will be informed through mass media and a newsletter which will be distributed monthly. The project has also created an electronic address where stakeholders can send their questions and comments. Additionally, several “Community Points” will be established along the road to maintain a direct dialogue with affected communities. Two social specialists will be assigned by the Province of Santa Fe and monitored by the project PIU to manage these Community Points.
- *Land Acquisition and Compensation:* Through this program the land required by the project will be acquired and compensated. The method to value the properties will allow the replacement of the affected properties with other properties having similar characteristics.
- *Implementation of Former Expropriations:* This program aims at determining if the properties expropriated by the national government more than 30 years ago are ready to be used for construction of the new carriageways of National Road 19. The program includes information and communication activities, administrative procedures to be followed to make available the previously expropriated land, and legal assistance should any of the land owners need it to resolve a legal issue (i.e., tenants). The PSF is currently assessing the legal status of land acquired in the 1970s, the result of which will be reflected in a revised RAP.
- *Assistance for Socioeconomic Restoration:* This program will provide support for the families and businesses that will be physical displaced to restore their socioeconomic conditions to the level that existed prior to displacement.
- *Assistance for Partially Affected Properties:* This program is designed to assist owners of partially affected properties, whose houses will be close to the road, to mitigate any problems related to safety, noise and privacy.
- *Relocation of the school, General San Martin:* A specific program was design to relocate this school. This program will be implemented with the Ministry of Culture and Education of the Province of Santa Fe.
- *Grievance Mechanism:* A grievance mechanism was designed to receive and respond to any grievance that could emerge during the implementation of the Plan.

OP/BP 13.05 -- Project Supervision

40. The Request for Inspection states that “[t]he preparation of the Santa Fe Road Infrastructure Project may have been partly financed by the Provincial Road Infrastructure Project.” None of the activities related to the improvement of National Road 19 is being financed by the Provincial Road Infrastructure Project (Loan 7301-AR). The Provincial Road Infrastructure Project (Loan No. 7301-AR) finances rehabilitation, maintenance and/or upgrading of works in roads under six provincial jurisdictions. It does not contemplate the financing of said type of works in roads under national jurisdiction, such as the transformation of National Road 19 into a highway. Loan No. 7301-AR was declared effective as of September 15, 2006.

41. Project preparation is consistent with OP/BP 13.05. A supervision plan will be prepared at appraisal and a supervision budget is included in the Work Program Agreement (WPA) for fiscal year 2007.

World Bank Policy on Disclosure

42. The World Bank Policy on the Disclosure of Information, 2002 requires that certain documents be publicly disclosed while the project is under preparation. These are the Project Information Document (PID), the Integrated Safeguards Data Sheets (ISDS), the EA and the resettlement instruments.

43. The PID was disclosed on February 6, 2006. The EA report (including the draft ESMP) and draft RAP were disclosed on August 31, 2006, and the ISDS was disclosed on September 14, 2006. Copies of the documents are available in the InfoShop and the Public Information Center in Buenos Aires, Argentina. The Executive Summary of the ESMP is available in the executive offices of the local communities. The ESMP and RAP are in the local language (Spanish). As explained above in paragraphs 23 to 27, there have been several public consultations, and the draft ESMP has been shared and discussed with members of the affected communities.

V. MANAGEMENT'S RESPONSE

44. ***Management believes that the Bank has consistently and fully applied its policies and procedures and has systematically and concretely pursued its mission statement.*** In Management's view, the Bank is thus complying with the policies and procedures applicable to the matters raised by the Requests and will continue applying the same at all times.

45. ***Management takes the view that it has not had sufficient time to respond to the claims prior to the filing of the Request.*** Paragraph 13 of the Resolution states that "[t]he Panel shall satisfy itself before a request for inspection is heard that the subject matter of the request has been dealt with by the Management of the Bank and Management has failed to demonstrate that it has followed, or is taking adequate steps to follow the Bank's policies and procedures. The Panel shall also satisfy itself that the alleged violation of the Bank's policies and procedures is of a serious character." Under the present case, Management has not been provided with sufficient time to respond to the claims raised by Requesters in their correspondence to the Bank before the Requests were filed, which would suggest that the Requests are ineligible for investigation²¹.

46. With respect to the First Request, the Requesters stated that they raised their concerns with Bank staff through a number of communications sent to the Bank, starting with a letter dated July 7, 2006 (which has not been received by the Bank, nor was a copy attached to the First Request), and a follow-up letter of August 2006 entitled "Sres. Banco Mundial exijan un proyecto digno para los Santaferinos" (the August 2006 Letter), which was received by the Bank on August 15, 2006. Five days later, on August 20, 2006, the First Request was sent to the Panel. On August 28, 2006, the Panel acknowledged receipt of the First Request. As detailed in Table 1 above, between August 15, 2006 and August 28, 2006, Bank staff took prompt and diligent action with the PSF and the Requesters.

47. Concerning the Second Request, on September 21, 2006 the Requesters sent (via fax) to the Bank's office in Buenos Aires, Argentina a letter (the September 21 Letter)

²¹ For similar cases please see the following Requests: Brazil Land Reform Poverty Alleviation Project and the Philippines Manila Second Sewerage Project.

stating, *inter alia*, that it was probable they would suffer damages as a result of the failures or omissions of the Bank in connection with the preparation of the proposed project. The day after, the Bank responded to the September 21 Letter stating, *inter alia*, that: (a) the Requesters' concerns had been considered jointly by the PSF and the Bank during project preparation, and the Bank expected that the same could be clarified and addressed through dialogue; (b) the September 21 Letter had been sent to the PSF, and the Bank was aware that the PSF would meet with the Requesters; and (c) the Bank was available to meet with the Requesters at their convenience. Also on September 21, 2006, the Panel acknowledged receipt of the same September 21 Letter which became the Second Request. In this Second Request, Bank Management was given no opportunity to respond to the claims before the Second Request was filed.

48. ***The registration of the Request has prevented Management from demonstrating that the project's preparatory design and appraisal phases are indeed proceeding in a Requester-responsive, policy compliant manner.*** It is during such preliminary design phases that Management is best positioned to react to such concerns, as it would have done if the Requesters had afforded it an opportunity to do so.

49. ***There is no link between the Provincial Road Infrastructure Project (Loan No 7301-AR) and the Requesters' claims.*** The claims refer to the improvement of National Road 19 in the Province of Santa Fe. None of the activities related to the improvement of National Road 19 are financed under the Provincial Road Infrastructure Project.

50. ***Management notes that the proposed Santa Fe Road Infrastructure project has caused no harm given that it is under preparation.*** All project components are still under preparation and may be subject to improvements and changes. The scope of each project component has evolved in accordance with World Bank guidelines.

51. ***Management considers that the consultation process designed and being implemented by the PSF with the support of the Bank is comprehensive, detailed and has included all affected communities along National Road 19.*** The consultation process has involved the Requesters through different mechanisms and their concerns are being taken into account by the PSF to minimize the negative effects this project could have on their well being. Consistent with Bank policy, the PSF has prepared a draft RAP that meets the requirements of OP 4.12 which will be implemented prior to any physical works, will compensate according to replacement costs before resettlement is undertaken, and will assist displaced families in their efforts to restore their livelihoods and standards of living. The PSF has prepared a comprehensive and detailed ESMP in accordance with Bank policies OP 4.01 and OP 4.12. The ESMP evaluates the existing conditions, identifies the potential environmental and social issues of concern and proposes adequate mitigation measures for each negative impact identified; as well measures for enhancing each identified positive impact. The views and concerns of the project affected persons and local governments have been reflected in the ESMP, including a road safety program, landscaping, placement of bus stops, alignment of bypasses, restoration of certain road segments in the urban areas of communities that the new road will bypass, construction management, and restoration of certain rural roads.

52. ***Management understands the PSF has studied alternative schemes for land expropriations and the decision taken was justified on economic, technical and social grounds.*** The consultation process influenced the Province's decision as frequent returns between both traffic directions were included in the design to maintain adequate local access to National Road 19. The design incorporated other important requests raised during consultation such as road safety. Consultations motivated the PSF to finance a program to introduce the concept of "green roads" for the first time.

53. ***Management would like to point out that the overpass claim presented by the First Request is resolved.*** The First Request sought to change the design of the intersection between National Road 19 and Provincial Road 6. In line with this, no overpass will be built. Instead, a ground-level interchange has been determined to be the appropriate technical solution for the intersection.

54. ***Management reaffirms its commitment to the ongoing consultation process, which has generated meaningful and broad participation and open dialogue that allows all interested parties to express their views about the project.*** Management intends to continue with project preparation, including appraisal. Project preparation thus far is consistent with BP 13.05. A supervision plan will be prepared at appraisal and a supervision budget is included in the WPA for fiscal year 2007.

55. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

ANNEX 1

CLAIMS AND RESPONSES. FIRST REQUEST

| No | Claim/Issue | Response |
|-----------------------------------|---|---|
| Project Design | | |
| 1. | <p><i>From Panel Notice:</i></p> <p>Relationship of Project to PRIP. The preparation of the Santa Fe Road Infrastructure Project may have been partly financed by the Provincial Road Infrastructure Project. The Provincial Road Infrastructure Project <i>"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 (Córdoba, Corrientes, Neuquén, Santa Fe, Entre Ríos and Chubut)."</i>¹ It aims at <i>"improving the reliability of essential road assets that facilitate access of provincial production to the markets and the efficiency of their management as a means to support the country's productive sector, competitiveness and economic growth"</i></p> | <p>The Provincial Road Infrastructure Project (Loan 7301-AR) does not finance any activity related to the Requesters' claims. The claims refer to the improvement of National Road 19 in the Province of Santa Fe. None of the activities related to the improvement of National Road 19 are financed under the Provincial Road Infrastructure Project.</p> <p>The Provincial Road Infrastructure Project finances rehabilitation, maintenance and/or upgrading of works in roads under six provincial jurisdictions, of which Santa Fe is one. It does not contemplate the financing of road works under national jurisdiction, such as the transformation of National Road 19 into a highway. Loan No. 7301-AR was declared effective as of September 15, 2006.</p> |
| Environmental (OP/BP 4.01) | | |
| 2. | <p>Change in Design. [The Requesters] propose a change in the design addressing [the Project's] current failures. The current design contemplates an overpass consisting of an elevated bridge and its corresponding bankings in road No. 6 at its intersection with the Highway, we propose its replacement with a level roundabout.</p> | <p>The first preliminary engineering design presented to the project team in June 2006 proposed an overpass for the intersection of National Road 19 and Provincial Road 6, access to Franck (the location mentioned by The Requesters). However, the design was modified and a report presented by the PSF on July 27, 2006 uses a ground-level interchange for this intersection (see Annex 7 for drawings). The design, including the ground-level interchange as the technical solution for this intersection, was used as the basis for meetings during the month of August 2006 with the affected communities, which included the participation of local citizens.</p> |
| 3. | <p>Economy. The construction costs of an elevated bridge (taking into account that it is a highway and not a motorway¹) added to the soil movements that are necessary for the slopes are incalculable as compared to a level roundabout.</p> | <p>During the Preparation Mission conducted between June 5 and 8, 2006, the project team indicated that the construction of elevated bridges foreseen in the preliminary engineering designs would cause the upgrading of National Road 19 to have a negative NPV. The project team suggested changing the design to incorporate as many level ground-level interchanges as possible to reduce project costs, leaving elevated bridges as a solution only for those crossings with highest traffic volumes and/or railroad crossings, due to safety considerations. These suggestions were presented in the Aide Memoire of the Preparation Mission that was signed by the TTL and the provincial and national government.</p> |

¹ The terms used by the Requesters (highway and motorway) are equivalent to *Autovia* and *Autopista* respectively, terms referred to and defined in the main body of this text.

| No | Claim/Issue | Response |
|----|---|--|
| 4. | Road Safety. There is a history of frequent accidents involving; trucks and loads that overturn at the sloped loops located in the entries and exits of the Santa Fe-Rosario Highway. The proposed change in the project is intended to slow traffic down in its perimeter, and provides an interior residual space free of obstacles that generates greater visibility between different vehicles and between vehicles and pedestrians. | <p>To prepare the ESMP, the Province conducted a study of road accidents in the Province of Santa Fe, with a section on accidents along National Road 19. Information is organized according to accident characteristics (deaths, serious injuries and light injuries). The ESMP identified and documented road safety black spots. The intersection of National Road 19 and Provincial Road 6 (kilometer 18) was identified as one of the hot spots, with 3 accidents in 2005 (Annex 9, page 23). The improvement of National Road 19, combined with the measures to be taken under the Road Safety Program included in the ESMP (for instance, construction of bus stops where none currently exist), will improve road safety along the upgraded National Road 19.</p> |
| 5. | Rural Security. A recently inaugurated rural police post that is strategically important for the control of the region would be rendered useless due to the lack of visibility that would result from the large sloped embankments, with the situation being compounded by the number of exits that would make the police work meaningless. | <p>The situation described will not occur as the overpass will not be constructed. The ground-level interchange will allow for visibility by the rural police post.</p> |
| 6. | Safety of Pedestrians. By decreasing the speed of vehicles, both light and heavy, with the aid of signal posting, traffic lights at intervals and police control, the residents of Franck and its surroundings will be able to cross the paved road without danger, to wait for the interurban transportation lines of their choice, at sites selected to this end (parking and pedestrian shelter) and in a protected manner. | <p>The scenario presented corresponds to that occurring with use of a ground-level interchange, which is the design selected by the project for this intersection.</p> <p>Road safety has been a priority topic during project preparation. Special attention is being paid to safety of pedestrians along National Road 19. Pedestrian bridges, signalling, and bus stops will be included and their location will be determined through the consultation process. The proposed project not only includes road safety for National Road 19, it also has an institutional component aimed at improving road safety in two provincial roads (pilot areas) as well as the provincial institutional capacity of agencies and personnel in charge of implementing a provincial road safety plan.</p> |
| 7. | Effects on the Landscape. The impact caused by these crossings is important, beginning with the maintenance costs of the periodical mowing of the grass on a slope, which is significantly higher than on horizontal planes. The tunnel that would be formed by the bridge will require [the construction] of the concrete buttresses that end up being covered with advertisements, political slogans or graffiti. | <p>No overpass will be constructed. In addition, the ESMP prepared for the project includes a landscape program (Chapter 7) estimated to cost USD2.5 million and aimed at improving the landscape along National Road 19. It should be pointed out that the introduction of a landscaping program for improvements of national roads has seldom been part of this type of project in Argentina. The program design has benefited from inputs received during the consultation process.</p> |
| 8. | Visual, Noise and Communication. No account has been taken of the fact that there are houses (four already constructed and two projected) on Road No. 6 that would remain behind the slope required to cross the elevated bridge, causing future disturbances to | <p>No overpass will be constructed at the intersection with Road No 6.</p> |

| No | Claim/Issue | Response |
|----------------------------|--|--|
| | <p>their owners with the noise coming from the traffic of light and heavy vehicles, besides affecting their views and cutting off the communication roads to enter and exit from the same.</p> | |
| 9. | <p>Heavy Traffic. Road No. 6 is used every now and again by over-sized vehicles that transport specific equipment (boilers) from the city of Esperanza; should the current design be maintained, they would be prevented from passing due to the turn radiuses and the perimeter guard-rails.</p> <p>With the completion of the current works in Road No. 70 (widening of bridges) and complemented with the North Ring of the city of Santa Fe to ease the flow of most of the heavy and light traffic that comes from the province's northwest region, the choice of the drivers will become evident once they are able to avoid the locality of Franck and the poor condition of the pavement in Road No. 6 in the segment Franck-Chateaux Blanc. When the current average of 2000 vehicles per day becomes sharply reduced, the futility of building the bridge over Road No. 6 will become apparent.</p> | <p>No overpass will be constructed at the intersection with Road No 6. The ground-level interchange will be designed to allow adequate space for wide-turning vehicles.</p> |
| Social (OP/BP 4.12) | | |
| 10. | <p>Expropriations. Oversizing this roundabout it is not necessary to expropriate a larger area from the adjacent private lands.</p> | <p>It is understood that the Requesters refer to a ground-level interchange that is associated with construction of an overpass (the ground-level interchange necessary to enter or exit the bridge). As no overpass will be constructed, no oversizing will occur and no expropriation of additional land beyond the 120 meter ROW will be required.</p> |
| 11. | <p>A work of the importance of the Santa Fe - San Francisco Highway has always been and continues to be supported by the majority of the population of Santa Fe. The doubts become manifest in those individuals from whom a tangible and immediate sacrifice is required, namely the expropriation of assets such as fields, houses, crops, etc. especially taking into account that the state's machinery always becomes autistic in order to under-value real estate. With the layout having been a dilemma for years, it now seems to be taking a definite shape, but it still lacks human, professional, rational and consulta-</p> | <p>A draft RAP is being prepared in accordance with the provisions of OP/BP 4.12. The Plan includes the following programs:</p> <ul style="list-style-type: none"> - <i>Information and Communication:</i> Stakeholders will be informed through mass media and a newsletter which will be distributed monthly. The project has also created an electronic address where stakeholders can send their questions and comments. Additionally, several "Community Points" will be established along the road to maintain a direct dialogue with affected communities. Two social specialists will be assigned by the PSF through the PIU to manage these Community Points. - <i>Land Acquisition and Compensation:</i> Through this program the land required by the project will be acquired and compensated. |

| No | Claim/Issue | Response |
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| | <p>tive criteria. This very particular project begins by putting the landowners in an unequal position, in view of to the expropriations to be carried out on one of the sides. It is thus that the owners on the north side are insecure, dispossessed and unhappy, while those on the south side remain secure, with a greater quality of life and above all happy to see the value of their land increase its prices. What we propose is that the 20 meter- expropriation announced for many years takes place immediately, while [the expropriation of] the 70 meters that are needed now, be carried out when the highway is built, but taking 35 meters on each side, to the north and the south of the wire fencing. The reasons are simple: 1) In the end, it makes no difference to any owner to have 35 meters more expropriated. 2) The farmers will be able to farm the land until the time when the highway is built. 3) The current pavement in a west-east direction is merely 10 meters away from the south wire fencing.</p> | <p>The method to value the properties will allow the replacement of the affected properties with other properties having similar characteristics.</p> <ul style="list-style-type: none"> - <i>Implementation of Former Expropriations:</i> This program aims at determining if the properties expropriated by the national government more than 30 years ago are ready to be used for construction of the new carriageways of National Road 19. The program includes information and communication activities, administrative procedures to be followed to make available the previously expropriated land, and legal assistance should any of the land owners need it to resolve a legal issue (i.e., tenants). The PSF is currently assessing the legal status of land acquired in the 1970s, the result of which will be reflected in a revised RAP. - <i>Assistance for Socioeconomic Restoration:</i> This program will provide support for the families and businesses that will be physically displaced to restore their socioeconomic conditions to the level that existed prior to displacement. - <i>Assistance for Partially Affected Properties:</i> This program is designed to assist owners of partially affected properties, whose houses will be close to the road, to mitigate any problems related to safety, noise and privacy. - <i>Relocation of the school, General San Martin:</i> A specific program was design to relocate this school. This program will be implemented with the Ministry of Culture and Education of the Province of Santa Fe. - <i>Grievance Mechanism:</i> A grievance mechanism was designed to receive and respond to any grievance that could emerge during the implementation of the Plan. <p>The decision to expropriate the land to the north of the current alignment is justified on economic, technical and social grounds:</p> <ul style="list-style-type: none"> - Economic and technical: The project will transform 130 kilometers of National Road 19 in the PSF into a four lane highway with separate two lane carriageways in each traffic direction to expand the capacity and road safety of this heavily traveled road corridor. This is the first stage in upgrading the corridor which DNV plans to transform into a limited access freeway in the future. The component entails building: (i) a two lane carriageway within the ROW that will serve East-West traffic, which in the future will become one of the main carriageways of the freeway; (ii) three four-lane bypasses of the towns of San Jerónimo del Sauce, Sa Pereyra and Frontera (and its twin city San Francisco) within the PSF; (iii) alignment improvements for three sharp curves on the existing two lane highway; (iv) grade separation interchanges at intersections with high traffic National Roads 34 and Rosario Santa Fe Freeway and overpasses for railroad crossings; (v) ground-level interchanges at intersections with provincial and rural roads; and (vi) turn lanes and returns at intervals of about 6 |

*Provincial Road Infrastructure Project and
Proposed Santa Fe Road Infrastructure Project*

| No | Claim/Issue | Response |
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| | | <p>kilometers to facilitate safe access to properties along the corridor. DNV design standards for National Roads that will be converted into freeways require a 120 meter ROW (as opposed to 100 meters for other national highways). In the 1970s DNV acquired the land north to the existing alignment needed to complete a 120 meter ROW for 54 kilometers (40 percent of the project length). PSF will acquire the land for the remaining section of the project (approximately 75 kilometers). The expansion of the ROW to the north of the existing alignment minimizes relocations and construction costs. Costs are reduced since soil for embankments can be taken from the ROW instead of being transported from distant locations.</p> <ul style="list-style-type: none"> - From a technical perspective, the proposal to expropriate 20 meters of land to the south would result in a 50 meter wide ROW – not enough space to build a two-carriageway <i>Autovia</i> with ground-level returns and even below the 100 meter national standard stipulated for one-carriageway roads. It would also result in the expropriation of those facilities located in the intersection of National Road 19 and Provincial Road 6 (gas station, truck wash, oil change, tire repair, snack bar, dinner), with the subsequent loss of income sources referred to Requesters' first letter (See Items 13 and 14 of this Matrix). - The Requesters' second proposal to take equivalent amounts of land to both sides (35 meters) would require additional expropriations. The PSF's decision to expropriate the land to the north of National Road 19 minimizes resettlement as the southern side is more developed. In the 1970s the National Road Agency made a similar decision when it acquired the land needed to complete a 120 meter ROW for 40 percent of the road corridor. - Social: Incorporating returns at about 6 kilometer intervals in line with the outcome of consultations with affected communities requires a wide separation between the existing carriageway and the one to be financed under the project, in order to provide enough space for acceleration lanes and returns compatible with the project design speed, without compromising road safety and the quality of the road alignment. |
| 12. | Shops and Services. By conserving the current shops and services established in the locality (filling station, truck wash, oil change, tire repair, snack bar, dinner) their owners will not be damaged and future claims for loss of profits will be avoided. | The shops and services mentioned by the Requesters—filling station, truck wash, oil change, tire repair, snack bar, diner—are located to the south of the latest road alignment design presented by the Province. Accordingly, the shops and services will not be expropriated and their operation will not be affected. |
| 13. | Jobs. The current jobs would be preserved; they currently employ 40 people dependent on these establishments, some of whom are not young. | The source of employment will remain as the shops and services referred to in item 13 will neither be expropriated nor affected. |

| No | Claim/Issue | Response |
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| Other Issues | | |
| 14. | <p>Communications with Requesters.</p> <ul style="list-style-type: none"> • Letter sent on 07/07/06 to the office located in Bouchard 547, 28th floor, Buenos Aires (1106); • Fax on 08/15/06 to 5411 43131233 belonging to your offices • E-mail on 08/16/06 to headquarters staff, • E-mail on 08/18/06 to Bank Director for Argentina. <p>No response was received.</p> | <p>The following is a brief chronology of the Bank's responses to the Requesters to date:</p> <ul style="list-style-type: none"> - The Bank did not receive the letter sent on July 7, 2006. - The Bank received the letters dated August 15 and August 16, 2006. - <i>August 16, 2006.</i> The Task Team Leader (TTL) received a copy of the Requesters' August 15, 2006 letter from the Country Office and sent an email to the Project Implementation Unit asking whether the Province had received a copy of the letter. - <i>August 22, 2006.</i> The TTL and team safeguard specialists prepared draft letters to be sent to the Requesters and to the Province of Santa Fe. - <i>August 24, 2006.</i> The TTL sent: (i) a letter to the Head of the PIU in PSF, with the Requesters' letter attached, asking the PSF to inform the Bank how the issue would be handled; and (ii) a letter was sent to the Requesters informing them that their letter had been sent to the Head of the PIU. - <i>August 25, 2006.</i> The Requesters sent an email to a member of the project team in the Argentina Country Office confirming they received the letter sent to them by the TTL on August 24, 2006. - <i>September 12, 2006.</i> The Province of Santa Fe sent to the TTL a letter explaining that the Requesters' concerns regarding the design of the project were incorporated in the project design and already communicated to the communities located beside the project area. |

ANNEX 1

CLAIMS AND RESPONSES. SECOND REQUEST

| No | Claim/Issue | Response |
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| Project Design | | |
| 1. | <p>The project to transform existing National Road 19 into a highway in the leg Santo Tome – Frontera deserves to be analyzed in the framework of the current reality and the future perspectives of the zone in social and economic terms, integrating it into a broader communications network by road to achieve a consistent and beneficial project. The current project has retrieved modifications made over 40 years ago, that entailed the construction of a provincial motorway parallel to the road, from the Santa Fe – Rosario Motorway up to the city of Córdoba, and it represented an important project to improve the zone's inter-communication. Since then reality has gradually changed, making some needs fade away while new ones emerged.</p> | <p>The upgrading of National Road 19 will have a notable effect on regional integration. Not only will it foster productivity and competitiveness through cost reductions in transport and logistics, it will also contribute to the effective integration of the Center Region. The Center Region currently accounts for 20 percent of the Argentine population, 30 percent of exports, 40 percent of total agricultural and livestock activity and 25 percent of Argentina's GDP. National Road 19 is considered a top priority for the Center Region as it links its three provinces and is part of a bi-oceanic corridor that provides a gateway for the Center Region's exports.</p> <p>It is expected that an improved National Road 19 will open development opportunities for the local communities, as agricultural production and agribusinesses located in the area will benefit from reduction in logistics costs. The economic evaluation conducted during project preparation estimated the NPV of the proposed project will reach USD 63 million.</p> <p>Traffic levels along National Road 19 in the territory of the PSF have been growing significantly. Between the last study conducted by the DNV in 2003 and the one carried out for project preparation in March 2006, Annual Average Daily Traffic (AADT) grew approximately 40 percent. Traffic composition changed, increasing the relative importance of trucks, which in some segments of the road account for more than 45 percent of total traffic. According to the latest traffic study, it is expected that the average AADT will exceed 7,500 by 2015 in all segments of the road in the PSF, and 10,000 in segments close to urban areas.</p> |
| 2. | <p>As a Mercosur communication, building a highway has already become outdated, because of the restrictions for heavy traffic that are present in the access roads to the city of Santa Fe, the unavoidable crossing of the city, the port of little //illegible// towards the province of Entre Rios //illegible//.</p> <p>These limitations have caused the Mercosur links to shift to the zone of Rosario where there is a //illegible// more fluid and with more expansion possibilities. It is there that the highways from Buenos Aires converge, the Rosario-Victoria Bridge, with its practical possibility of gaining access to the Uruguay River Highway. There are important industrial plants and National Road 14 (to?) Paraná, with important bridges and //illegible//from which //illegible// of the domestic national production</p> | <p>There is a broad consensus on the need to develop this transport corridor. The two main chambers of commerce in PSF produced a joint report contributing to the formulation of a strategic plan for the Center Region. In the report, the upgrading of National Road 19 between San Francisco and Santa Fe was recognized as a necessary infrastructure intervention to facilitate the flow of goods in the Center Region. Within a broader integration perspective, IIRSA highlighted the upgrading of National Road 19 as an integral part of the bi-oceanic corridor that constitutes the Mercosur-Chile transportation corridor.</p> <p>A study of traffic composition clearly shows that National Road 19 is already working as a bi-oceanic corridor. A significant percentage of trucks are from Brazil and Chile. Improving National Road 19 will not convert the road into a bi-oceanic corridor for the Mercosur; it will just upgrade it, making it safer and more reliable.</p> <p>Management agrees with the observation regarding the need to have a direct link between Rafaela (and Sunchoales) and Rosario. That link currently exists (National Road 34) and it will soon be</p> |

| No | Claim/Issue | Response |
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| | <p>is exported.</p> <p>It is logical and reasonable for the industrial poles of Rafaela and Sunchales to need a direct link with the Rosario pole, and in this case, National Road 19 offers very few possibilities.</p> | <p>upgraded as a result of an unsolicited proposal by the private sector currently being revised by the national government.</p> |
| 3. | <p>However, the construction of the highway is necessary, and looking at the current reality of the zone, developing a comprehensive and consistent project that minimizes the damages to the affected people, it is possible to foster a new production pole.</p> | <p>Management agrees with the Requesters' observation regarding the need to improve National Road 19. From Project Identification onward, the Bank and the PSF have taken all necessary steps to plan and design the improvement of National Road 19 to minimize negative effects on project-affected households and productive facilities.</p> |
| Environmental (OP/BP 4.01) | | |
| 4. | <p>Land Use. At that time the zone's production consisted of family dairy farms. All dairy farms had a daily need to transport their milk to the cheese factories and/or processing plants, which in turn, needed to send their production to the consumer centers.</p> <p>Most of these farms have disappeared, as have also the zonal cheese makers, the emptying of the houses in the fields and the subdivision of the lands continued, until the present times in which in a radius of 50 kilometers from [the city of] Santa Fe, most of the owners are smallholders. The only places that remain almost fully inhabited are those close to the main roads, in this case, National Road 19.</p> <p>Dairy production became transformed into very few "company" type dairies while most of the small farmers opted for agriculture carried out with share-croppers.</p> <p>[The] Diagonal division of dairy exploitations, making it impossible to continue pursuing this activity</p> | <p>A census to assess the quantity and type of land use was conducted for the preparation of the RAP. Each property along National Road 19 from Santo Tome to San Francisco has been included in the census. For a few plots of land (18 out of 163), expropriation and alteration of land use will exceed 40 percent of total size. For example, a few of these cases will bring about a diagonal division of productive plots, making it impossible to continue pursuing an economic activity.</p> <p>In cases where expropriations affect more than 40 percent of total size, owners have the right to be compensated for the total size of land. The same principle applies to cases such as those described by the Requesters, which will be solved on a case-by-case basis. One of the signatories to the Second Request presented his case (i.e., the future alignment of National Road 19 would produce a diagonal division of his dairy exploitation) in June 2006. The communication and consultation process developed and implemented by the PSF as part of the RAP included the Requester, who made his concerns known through several mechanisms. The PSF has intended to respond to the Requesters' concerns, along with those of other Requesters and/or project-affected persons, through community meetings as well as during a visit to the PIU offices.</p> |
| 5. | <p>At each crossroads, service stations, diners, stores and housing have emerged (e.g., the locality of Chateaux Blanc at the crossing of road 19 and the access to Franck).</p> | <p>During preparation of the ESMP and the RAP, the PSF conducted a census of all affected households and businesses. The draft RAP includes a series of mitigation measures to reduce the negative effects associated with resettlement.</p> <p>It is important to note that the Second Request gives as an example the same intersection that is used as the basis of the First Request. In this intersection, the shops mentioned (see Matrix, First Request in this Annex) will not be affected. On the contrary, it is expected that higher traffic flows induced by the improvement of</p> |

| No | Claim/Issue | Response |
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| | | National Road 19 will bring more demand to these businesses. |
| 6. | Runoff. The runoff flows have changed or increased, something that has produced critical situations in several parts of the road. | The Province of Santa Fe suffered significant floods in 2003 that affected approximately 200,000 hectares. The PSF has adopted measures to minimize the risks of this phenomenon occurring again. Given the latent existence of this problem, the draft ESMP details the possible impacts of the improvement of National Road 19 on a wide range of hydrological aspects. A matrix included in the draft ESMP (Chapter 3, page 12) links a list of hydrological aspects with measures to be taken under the proposed project and the legislation or procedures applicable to each aspect. A detailed description of the hydrological and hydraulic aspects of the project, included in the draft ESMP in an Annex (4, pages 1-64), lists all recommendations to be included in the engineering design. These include minimizing the risk of flooding on the road. There has been continuous interaction between the environmental and engineering consulting firms to incorporate in the design measures to address the hydrological problems identified. |
| 7. | Industries. As for the industrial plants of other types, they became concentrated at sites that are not close to Road 19. | The improvement of National Road 19 will not have any negative effects on industries. On the contrary, it will have positive effects through reduction of transport costs. A more reliable National Road 19 might influence firms' location decision, which could translate into job creation activities for the communities along the road. |
| Social (OP/BP 4.12) | | |
| 8. | <p>Excessive expropriation of agricultural lands. Consequently, the expropriation of //illegible// and more meters (according to the zones) for a highway, and the construction of a highway is not logical.</p> <p>In this case, over 1000 h[ectares] would be expropriated directly, with the demolition of houses and buildings, and affecting indirectly 2000 to 3000 h[ectares] that would become useless or restricted in terms of production because they would become isolated without possible access from the highway, some fields will be subdivided leaving remnants that will not support productive activities.</p> | <p>The design adopted to improve National Road 19 indicates the need for a 120 meter ROW for the following reasons: (i) additional costs that would result from an overly narrow ROW, resulting in insufficient lateral extraction of soil for the construction of embankments; (ii) allowance for the construction of frequent returns, in response to affected communities' concerns about minimizing restrictions on access to their properties; and (iii) standards comparable to other DNV road projects (for more details, see paragraphs 28 to 30 of the Management Response). The expansion of the ROW affects 1,313 hectares. Of these, 662 (50.4 percent) were acquired by the national government (DNV) during the 1970s. The remaining hectares to be acquired (633) are located in 210 properties along the road (190 properties located in PSF and 20 in the Province of Córdoba). Most of the properties are partially affected; for 56 percent of the properties, less than 10 percent of the total area will be affected.</p> <p>Management does not agree with the Requesters' point of view regarding the impact (indirect effect) that the improvement of National Road 19 will have on the 2000 or 3000 hectares mentioned by the Requesters. The design of the new alignment of National Road 19 includes frequent returns (on every 6 kilometers or less) allowing easy access by land owners located along the road. Frequent returns were inserted in the design as a result of the consultation process and their objective is to prevent isolation of produc-</p> |

| No | Claim/Issue | Response |
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| | | <p>tive facilities. To improve access to National Road 19 from the three largest towns located by this road, special access will be constructed, as well as urban boulevards.</p> <p>In response to the Requesters' concerns that 2000 to 3000 hectares would become useless, Management considers that the evidence indicates the contrary. When a road is upgraded and access to it maintained or even improved, as is the case of National Road 19, the value of nearby land increases, as transportation costs to demand centers decrease. The reduction in transportation costs make nearby land more attractive economically as logistics costs are reduced.</p> <p>As previously mentioned, the draft RAP contemplates those cases where productive land becomes useless in terms of production capabilities. For those cases, and according to law, the owners and the PSF or DNV may agree to acquire the entire property during the negotiation phase. If there is no agreement, national law also grants the right to the land owner to request the government to buy the whole plot of land or production facility. Additionally, the PSF and DNV will make compensation using market values understood as replacement costs.</p> |
| 9. | <p>We consider that a reasonable project would be that which causes the least damages in order to complete the highway, the smaller number of meters of broadening, the granting of indemnifications on updated values of the assets that are expropriated – lands and buildings – and contemplating the reality of lost profits, since for many of the affected this could mean the end of their means of livelihood.</p> <p>Programming the access to the adjacent properties for entry and exit by safe and accessible means and, at the junctures with accesses, building speed reducers such as roundabouts and shelters.</p> <p>In parallel; other agencies [should provide] social support and foster any new venture that is economically viable, especially for those that, as a result of the reduction. of their productive area, may be forced to shift to other activities.</p> | <p>The project team is working with the PSF to produce an ESMP and RAP that addresses the concerns expressed by the Requesters. Box 2 of the Management Response summarizes the programs included in the draft RAP. These programs specifically address the Requesters' concerns regarding social support and advice on how to find alternative productive sites or economic activities.</p> <p>It should be highlighted that the ROW takes the minimum possible amount of land given economic, technical and social constraints. Following the request of affected communities, ground-level interchanges with speed reducers are included every 6 kilometers or less. Moreover, the future freeway will include a collector road to maintain access to the road and, as part of the Bank financed project, intersections with unpaved rural roads will be upgraded, which will have a positive effect on rural connectivity.</p> |
| Other Issues | | |
| 10. | <p>The damages and losses we will suffer are:</p> <ul style="list-style-type: none"> - Excessive expropriation of agricultural lands; - Diagonal division of dairy exploitations, | <p>The project team has worked with the PSF to minimize, to the extent possible, the expropriation, not only of agricultural lands, but also of houses and businesses.</p> <p>Understanding that an expropriation process could be a psychologically difficult event for some individuals, the RAP will be im-</p> |

| No | Claim/Issue | Response |
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| | <p>making it impossible to continue pursuing this activity;</p> <ul style="list-style-type: none"> - Reduced productivity; - Discrimination; - Psychological damages. | <p>plemented by a team comprised of 14 professionals who will provide support for all the technical, legal and social issues related to involuntary resettlement. On the economic dimension of expropriations, the PSF will provide compensation according to Bank policy.</p> <p>Management has been carefully supervising the preparation of the RAP and considers that no discrimination of any type is present in the expropriation process. Issues of discrimination have not been raised either in the consultations or with the Bank directly. If discrimination is understood by the Requesters as land acquisition taking place only to the north of the current alignment please, see Item 11 of Matrix 1 for Management response.</p> |
| 11. | <p>LETTER TO GOVERNOR OF THE PROVINCE OF SANTA FE (ATTACHMENT)</p> <p>Among the questions without an answer provided by the panel are the following:</p> <ol style="list-style-type: none"> 1. Technical explanation of the reason for the expropriation of land for a future motorway project to carry out the construction of a highway. 2. Explanation of the technical construction project to determine why the expropriation only affects the north side. 3. Date when the call for bids for the construction of the works will take place. 4. When should the owners free up the affected areas? 5. When, and by what means will they be notified of the area effectively affected? 6. What is the mechanism that will be used to determine the value of the lands and improvements thereon? 7. Which is the agency appointed to this end? 8. What is the schedule contemplated to sign the respective expropriation agreements? 9. When will the effective payment of the amounts resulting from the expropriations take place? 10. When will the construction of the works begin? | <p>The consultation process put in place by the PSF and detailed in the ESMP provided detailed technical explanations of the construction process and the need for land acquisition. The design has been made available to affected parties by sending it to Presidents of those communities along National Road 19 in the PSF (and the city of San Francisco in Córdoba), and the PIU has indicated in all meetings and through electronic mail that designs are available in the PIU's office for consultation. The PIU personnel have consistently indicated their willingness and readiness to meet with those affected land owners who would like to obtain additional information regarding the land acquisition process.</p> <p>It is important to note that the consultation, communication and information process is not over. On the contrary, it lasts 72 months (the process commenced in April 2006). It cannot realistically be expected that all concerns regarding land acquisition can be solved at this stage of project preparation when designs are nearing finalization.</p> <p>Questions relating to specific dates (Questions 3 to 5, and 7 to 10) cannot be answered at this stage because no date has been set for the bidding of works contracts. However, under the information and communication program included in the draft RAP a permanent communication channel has been established to answer questions and address concerns that project-affected people might have.</p> <p>Questions regarding procedures and institutional responsibilities, including mechanisms for determining land value and improvements thereon are already included in the draft RAP.</p> |

ANNEX 2

PROJECT BACKGROUND INFORMATION AND DESCRIPTION OF PROJECT COMPONENTS

Background

1. In order to address transport and logistics problems, the Province of Santa Fe (PSF) has been concentrating efforts on designing and implementing an agenda to increase the efficiency of the road sector.¹ These efforts began during the 1990s, when the national government decided to decentralize expenditures and financing responsibilities in the road sector to the provinces. The PSF has been gradually transforming its operations within the road sector, transferring the execution of works to private contractors, focusing the capacity of its road agency on more efficient planning, and prioritizing investments based on cost-efficiency criteria.

2. The road network in the PSF, under national and provincial jurisdiction, has a total length of about 16,600 kilometers (37 percent paved). More than 70 percent of total traffic volume is concentrated in the paved national and provincial network (the tertiary network under municipal jurisdiction, consists of unpaved roads, access to farms and feeder roads with very low traffic volumes). Provinces in Argentina rely on four financing sources to upgrade and maintain their road network: Road Coparticipation Fund, provincial treasury budgetary allocations, external financing (multilateral institutions) and revenue collection from concessioned provincial toll roads. The relative weight of the Road Coparticipation Fund, a fund that is fed by gasoline taxes and is distributed by the national government, has been decreasing steadily since the 1990s. Revenues from tolls have also decreased as tolls in real terms have fallen significantly since 2002. Consequently, provincial treasuries have become the primary financing source for provincial road networks. The economic crises of 2001 and 2002 forced the PSF to halt the financing of all road construction and maintenance activities. However, in recent years the PSF has significantly increased the DPV budget, boosting it from USD 2 million in 2002 to USD 79 million in 2005.

3. The strategy adopted by the PSF to improve the condition of the road network is based on two main pillars: (i) facilitating traffic flows along the major road corridors in the province; and (ii) rehabilitating and maintaining those provincial roads with the highest level of actual and potential traffic and in the worst structural conditions. Based on a comprehensive view of the road network, the proposed project aims at helping the province accomplish the first pillar. The first corridor, measured by traffic levels, is the road between Santa Fe and Rosario (continuing to Buenos Aires). This corridor does not have congestion problems because its capacity was expanded during the late 1990s. The national government is currently financing the upgrading of National Road 9—the road corridor with the second highest traffic level in the PSF—between the cities of Rosario and

¹ The PSF not only concentrates on the road sector. It is working with the national government to improve the efficiency of railways and waterways as both sectors fall under national jurisdiction. The majority of ports in the province are private but there are projects to relocate the Port of Santa Fe to provide shippers with an alternative to the Gran Rosario area. Feasibility studies are being financed by Fonplata.

Córdoba.² The third most important corridor is National Road 19. By upgrading National Road 19 and taking into account that National Road 34 will also be upgraded in the next few years (through an unsolicited proposal that is in an advanced planning stage), the PSF would have upgraded all major trunk roads in its territory.

National Road 19

4. For the PSF, upgrading National Road 19 to four lanes is a fundamental step in fostering regional integration in the Center Region and improving the reliability of a bi-oceanic corridor linking the province with regional and international demand centers. The investment in National Road 19 is a priority component of an infrastructure strategy being developed by the PSF, aimed at sustaining recent high rates of economic growth and positioning Santa Fe to be the most competitive province in Argentina. The infrastructure strategy includes projects under national jurisdiction, for example, the dredging of the Paraná River, and others under provincial jurisdiction, such as the relocation of the Santa Fe city port. While upgrading of National Road 19 would fall under national jurisdiction, due to limited fiscal resources and significant infrastructure backlogs, the national government accepted an offer by the PSF to finance this project. The national government will work with the PSF in this project through the DNV.

5. The upgrading of National Road 19 will have a notable effect on regional integration. Not only will it foster productivity and competitiveness through cost reductions in transport and logistics, it will also contribute to the effective integration of the Center Region. Although a preliminary plan to form a political and economic region among the provinces of Córdoba, Santa Fe and Entre Ríos dates back to 1973, it gained momentum when the constitutional reform of 1994 authorized the provinces to form inter-provincial regions, and was officially launched in 2004. The Center Region currently accounts for 20 percent of the Argentine population, 30 percent of exports, 40 percent of total agricultural and livestock activity and 25 percent of Argentina's GDP. The first document³ produced by the Center Region governing body analyzed the infrastructure gaps that needed to be addressed to achieve effective integration. National Road 19 was listed as a top priority as it links the three provinces and is part of a bi-oceanic corridor that provides a gateway for the Center Region's exports.

6. There is ample consensus regarding the need to upgrade National Road 19. The two main chambers of commerce in PSF⁴ produced a joint report⁵ contributing to the formulation of a strategic plan for the Center Region. In the report, the upgrading of Na-

² National Road 9 and the highway between Santa Fe and Rosario have traffic levels that exceed 8,000 AADT.

³ Región Centro: Tierra de Oportunidades. Ejes Temáticos Fundamentales. August 2004.

⁴ Bolsa de Comercio de Santa Fe y Bolsa de Comercio de Rosario.

⁵ Aportes para la Formulación del Plan Estratégico de la Región Centro de la República Argentina. Informe Técnico N2: Relevamiento de Acciones Gubernamentales y Obras de Infraestructura de Transporte y Logística a Evaluar con el Gobierno de la Provincia de Santa Fe. Bolsa de Comercio de Santa Fe y Bolsa de Comercio de Rosario, November 2004.

tional Road 19 between San Francisco and Santa Fe was recognized as a necessary infrastructure intervention to facilitate the flow of goods in the Center Region.

7. Within a broader integration perspective, IIRSA considers the Mercosur-Chile axis as one of the ten integration hubs in South America. This axis contains the main industrial area in South America, with high value added industries (automotive, construction materials, petrochemical, agroindustrial) and some of the most productive agriculture lands in the world. According to IIRSA⁶, interregional trade among Mercosur countries and Chile has grown more than the trade volume between the same countries and other commercial partners outside Mercosur. However, further increases in the commercial flows, which are essential to the formation of more efficient supply value chains at both ends of the axis, are threatened by the poor state and capacity of infrastructure. To this end, IIRSA prioritized the upgrade of National Road 19 as it is an integral part of the bi-oceanic corridor that constitutes the Mercosur-Chile axis.

8. Traffic levels along National Road 19 in the territory of the PSF have been growing significantly. Between the last study conducted by DNV in 2003 and the one carried out for project preparation in March 2006, AADT grew approximately 40 percent. Traffic composition changed, increasing the relative importance of trucks, which in some segments of the road account for more than 45 percent of total traffic. According to the latest traffic study, it is expected that the average AADT will exceed 7,500 by 2015 in all segments of the road in the PSF,⁷ and 10,000 in segments close to urban areas.

9. Given that National Road 19 is under the jurisdiction of the national government, once the upgrading works to be carried out under the proposed project are completed, the PSF will hand the new assets over to the DNV. Maintenance of the new assets will be the sole responsibility of the national government. At present, National Road 19 is concessioned to a private operator but the concession contract allows for the public financing and execution of upgrading projects (see Box 1).

⁶ www.iirsa.org

⁷ In March 2006 the average AADT was 5,000. The estimated traffic levels assume the upgrading of National Road 19, which implies induced and deviated traffic.

Box 1: Road concessions in Argentina. National Road 19

During the early 1990s, the Government of Argentina concessioned high traffic roads under its jurisdiction. The aim of this process was to leave the financing and execution of works to the private sector while DNV would be responsible for efficient planning and supervision of the primary road network. Under the original concession scheme, private investment of construction works would be financed by tolls. A total of 8,878 kilometers were concessioned to 14 consortia. In 2001, a new agency (OCCOVI) was created to regulate road concessions.

Initially concession contracts involved rehabilitation and upgrading works as well as operation and maintenance. However, when these contracts expired in 2003, new operation and maintenance contracts were awarded for a 5-year period, under which the Government bears the responsibility for expansion and rehabilitation investments. Thus, public sector financing of National Road 19 capacity expansion was an event foreseen in the 2003 concession contract. Roads were regrouped in 8 corridors, with National Road 19 part of 'Corredor Vial 3'. This corridor was awarded by Decree 1007/2003 to Vial 3 SA. The concession contract is not under renegotiation and will expire in 2008.

Corredor Vial 3 comprises the following roads:

| | |
|------------------------------------|---------------|
| National Road N9 | 205 km |
| National Road N°A-012 | 42 km |
| National Road N°11 | 464 km |
| National Freeway N°A-009 | 12 km |
| National Road N°19 | 280 km |
| National Road N°188 | 479 km |
| National Freeway Rosario-Armstrong | 18 km |

Institutional Strengthening Program

10. The relatively comfortable fiscal situation currently enjoyed by the PSF opened the possibility to fund key infrastructure projects necessary to sustain a process of economic growth. During the crisis, investment in infrastructure fell below 1 percent of GGP (Gross Geographic Product, a proxy for provincial GDP) although it rose to 1.7 percent in 2005. It is the intention of the PSF to increase this to 2.5 percent in the near term. The PSF has requested to work jointly with the Bank in the design of institutional strengthening components aimed at: (i) creating provincial capacity to better plan and implement infrastructure investments, including monitoring and evaluation and measurement of logistics cost; and (ii) improve road safety, a critical area for the PSF.

11. **Planning Capacity of the PSF.** The PSF has enjoyed high rates of growth in the last three years, and it seeks to create the conditions to sustain that growth. The PSF has provided inputs to the Strategic Plan for Territorial Development, which is being prepared by the Ministry of Planning (activity that is being partially funded by the Bank). The PSF would like to produce its own regional development plan to effectively reach those areas with the highest incidence of poverty, helping them to generate conditions to increase local productivity and competitiveness of local products in domestic and international markets. The main problem the PSF faces in the area of planning is lack of coordination and experience. In the context of this project the province has requested guidance to elaborate a new strategic development plan. A necessary prior step is a diagnostic of the current institutional set up. The proposed project will provide a diagnostic and propose mechanisms for improving coordination among agencies and setting up an efficient information-sharing system.

12. ***Systemic Measurement of Logistics Costs.*** The PSF has significant competitive advantages in agro-industrial production. However, in order to gain new export markets, in particular for high value added products, the PSF needs to reduce its logistics costs. Currently available logistics cost estimates are aggregated at the country level, which makes it difficult for provincial governments to assess their relative position through benchmarks and accordingly define an agenda with concrete and well targeted policies. The PSF wishes to develop the capacity within the provincial administration to conduct periodic surveys to measure logistics costs (ideally to be extended to the Center Region through agreements with Córdoba and Entre Ríos). The surveys will allow the identification of infrastructure bottlenecks or trade facilitation practices that hinder the optimization of logistics costs and will provide valuable inputs for identification of investment policies and regulations with high economic and social rates of return.

13. ***Improving Road Safety Standards.*** Argentina's road network suffers from poor road safety, with a road crash fatality rate three times greater than that of best practice countries (Sweden, United Kingdom, the Netherlands, New Zealand). Even in a regional comparison, Argentina leads the ranking for Latin American countries with an average rate of 20 deaths per day (11 deaths per 100 million kilometers traveled). Costs directly associated with road crashes in Argentina represented 1.75 percent of the GDP in 2005.⁸ Within this context, the PSF is second in the ranking of road crash rates by province (526 deaths during 2005 with an estimated cost of USD 500 million). The provincial government has recently begun work on a plan to improve road safety but more has to be done to reverse the current trends.

Project Components

14. ***Component 1 – Upgrading of National Road 19*** (estimated cost, including contingencies, USD 166.6 million of which USD 120.94 million would be financed by the Bank Loan). This component entails the widening of National Road 19 in the PSF, converting it into a four lane road, with two lanes in each direction. A total of 135 kilometers will be constructed, linking the towns of Santo Tomé in Santa Fe with National Road 158 in the Province of Córdoba. This project will only finance the construction of National Road 19 in the PSF (130 kilometers); the remaining 5 kilometers in the Province of Córdoba will be financed by DNV.

15. ***Component 2 – Institutional Strengthening*** (estimated cost USD 5.2 million, all Bank-financed). This component will consist of four subcomponents:

- ***Sub Component 2.1 – Road Safety.*** The PSF has elaborated a Provincial Road Safety Program that lays out a series of actions to be taken in the short (up to December 2006), medium (2007-2010) and long run (2011 and beyond). This project would support those actions, with a focus on two road segments that will constitute pilot exercises and whose lessons are expected to feed into the implementa-

⁸ Source: Institute of Road Safety (ISEV).

tion of the Road Safety Provincial Program. It was agreed to take Provincial Road 1 (RP1) and Provincial Road 21 (RP21) as pilots because they have high levels of AADT (more than 7,500) and the highest rates of accidents in the PSF. The segments of RP1 (7 kilometers) and RP21 (52 kilometers) that will be the subject of road safety interventions are located in heavily populated areas where cars, trucks, pedestrians and cyclists use the same road. Two types of road safety interventions are envisaged for the two pilots: (i) hard: including vertical and horizontal signaling, shoulders, bus bays, and pedestrian bridges; and (b) soft: purchase of alcohol testing equipment and programs to train provincial inspectors to improve enforcement of road safety legal provisions. The final design of the pilot interventions will benefit from the interaction between DPV and DNV as the latter is implementing pilot programs financed by a Bank project (National Highway Asset Management, AR-7242).

- *Sub Component 2.2 – Systemic measurement of logistics costs in the PSF.* This subcomponent will include the following activities: (i) support to set up a Logistics Unit within the provincial administration; (ii) training of provincial staff in logistics issues; (iii) surveys to measure logistics costs in the PSF and complementary studies to identify infrastructure and trade facilitation constraints; and (iv) dissemination of findings in workshops organized jointly with the private sector.
- *Sub Component 2.3 – Strengthening the planning capacity of the PSF to elaborate a new strategic development plan.* This component will finance studies to: (i) conduct a diagnostic of the current institutional set up with an assessment of the performance of each agency with planning responsibilities; (ii) develop of a framework listing all activities and a roadmap to produce a strategic development plan; and (iii) propose an information sharing system for planning purposes to be implemented in the PSF.
- *Sub Component 2.4 – Strengthening DPV's capacity to enhance environmental and social management.* The DPV has long and proven experience in the field of civil works supervision and will supervise the civil works of National Road 19 with in-house personnel. However, experience related to the assessment and management of environmental and social impacts of large civil works (such as the widening of National Road 19) is limited. This component aims at strengthening DPV's environmental unit to carry out effective planning, design and supervision of environmental and social aspects of civil works. This sub-component will finance a training series, preparation of manuals and purchase of equipment to control the quality of air and measure noise levels during road construction or rehabilitation works.
- *Sub Component 2.5 – Design a capacity building program to incorporate monitoring and evaluation analysis in infrastructure projects.* The PSF requested Bank assistance to improve provincial capacity in the area of monitoring and evaluation. Personnel from the project implementation unit (PIU) will be the initial recipients of training.

ANNEX 3

PUBLIC CONSULTATIONS DESCRIBED IN THE ESMP

| # | Type | Place | Participants | | Date |
|----|--|------------------------|---|--------------|----------------|
| | | | Type | Number | |
| 1 | Working Sessions with County representatives and Mayors | Frontera | Community's authorities, provincial authorities and civil servants, DNV representatives and consultants. | | 10-Apr |
| 2 | | San Francisco | | | 10 or 11/april |
| 3 | | San Jerónimo del Sauce | | | 11-Apr |
| 4 | | Sa Pereyra | | | 12-Apr |
| 5 | | Santo Tomé | | | 12-Apr |
| 6 | Meetings with main community players | Frontera | Representatives from business, professional and social Chambers, Community representatives, provincial authorities and civil servants, DNV representatives and consultants. | More than 80 | 01-Jul |
| 7 | | San Francisco | | | 01-Jul |
| 8 | | Santo Tomé | | | 13-Jun |
| 9 | Launching of "Mailbox Campaign" | Sa Pereyra | Representatives from the 15 communities in the road area and consultants. | | 07-Jun |
| 10 | Meetings with the communities to disseminate the ESMP | San Agustin | Community authorities, provincial deputies, authorities and civil servants, other stakeholders, consultants. | 50 | 07-Aug |
| 11 | | San Carlos Norte | | 20 | 08-Aug |
| 12 | | San Jerónimo del Sauce | | 23 | 10-Aug |
| 13 | | Sa Pereira | | 30 | 14-Aug |
| 14 | | San José | | 29 | 17-Aug |
| 15 | | Frontera | | 5 | 22-Aug |

ANNEX 4

MATRICES OF OP/BP 4.01 AND OP/BP 4.12 APPLIED TO SANTA FE PROJECT

| OP/BP 4.01 (Environmental Assessment) | |
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| OP/BP | ACTION |
| <p>OP 4.01, para 5: The Bank advises the borrower on the Bank's EA requirements.</p> <p>BP 4.01, para 6: During preparation of the PCD, the TT discusses with the borrower the scope of the EA and the procedures, schedule, and outline for any EA report required. For Category A projects, a field visit by an environmental specialist for this purpose is normally necessary.</p> <p>BP 4.01, para 7: EA is an integral part of project preparation. As necessary, the TT assists the borrower in drafting the terms of reference for any EA report.</p> | <p>The project team carried out a screening exercise with the PSF, identified environmental and social issues, informed the PSF as to the Bank policies that would be triggered, explained to the PSF the requirements of those policies, and assisted the PSF in the preparation of the for the EA report. The EA was an integral part of project design with continuous interaction between the EA team and the design engineers.</p> |
| <p>OP 4.01, para 5: The Bank reviews the findings and recommendations of the EA to determine whether they provide an adequate basis for processing the project for Bank financing. When the borrower has completed or partially completed EA work prior to the Bank's involvement in a project, the Bank reviews the EA to ensure its consistency with this policy. The Bank may, if appropriate, require additional EA work, including public consultation and disclosure.</p> <p>BP 4.01 Para 12: For Category A and B projects, the TT and the RESU review the results of the EA, ensuring that any EA report is consistent with the agreed with the borrower.</p> | <p>The Team reviewed a draft EA report received on July 28, made recommendations and requested additional work in some areas, and recommended yet another intensive round of consultations in communities along the ROW which the PSF carried out in August, 2006.</p> |
| <p>OP 4.01, para 14: "For all Category A and B projects proposed for IBRD or IDA financing, during the EA process, the borrower consults project-affected groups and local nongovernmental organizations (NGOs) about the project's environmental aspects and takes their views into account. The borrower initiates such consultations as early as possible.</p> <p>BP 4.01, para 12: For Category A projects, and for Category B projects proposed for IDA funding that have a separate EA report, this review gives special attention to, among other things, the nature of the consultations with affected groups and local NGOs and the extent to which the views of such groups were considered; and the EMP with its measures for mitigating and monitoring environmental impacts and, as appropriate, strengthening institutional capacity.</p> | <p>The PSF initiated the consultation process as early as April, 2006 in the early stages of EA preparation. Additional rounds of consultation were carried out in June and August, 2006. The EA report includes a register of all consultations carried out by the PSF. The views and concerns of the affected population and local governments are reflected in the activities included in the project's draft ESMP: a road safety program, landscaping design, location of bus stops, restoration of road segments in urban areas of by-passed communities, construction management, rural road network restoration, etc. Monitoring/supervision arrangements and an institutional strengthening program for the environmental unit of the provincial road agency are included in the ESMP.</p> |
| <p>OP 4.01, para 17: Any separate Category B report for a project proposed for IDA financing</p> | <p>The PSF posted the draft ESMP on the website of the PSF. Before appraisal: (i) the Prov-</p> |

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| is made available to project-affected groups and local NGOs. Public availability in the borrowing country and official receipt by the Bank of Category A reports for projects proposed for IBRD or IDA financing, and of any Category B EA report for projects proposed for IDA funding, are prerequisites to Bank appraisal of these projects. | ince will send Executive Summaries to all localities; and (ii) the Province will inform the communities about the availability of the ESMP on the website. A comprehensive communication program is part of the ESMP. The PSF sent the draft ESMP to the Bank on September 1. It was sent to the InfoShop on September 12. |
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| OP4.12 (Involuntary Resettlement) | |
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| OP/BP | ACTION |
| 2. (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs. | Where possible, engineering designs incorporated small realignments of right of ways, relocated ground-level interchanges a few meters and considered modifying the circularity of ground-level interchanges to minimize resettlement. Alternative analysis for overall right of way was limited given the nature of the project, which consists of construction of two new carriageways parallel to the existing alignment. |
| 2 (b) Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs. | A draft Resettlement Action Plan (RAP) was prepared to comply with the Bank's OP 4.12 requirements and to assist displaced population in their efforts to restore their livelihoods. Consultations have taken place since April 10, 2006. |
| 2 (c) Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher. | The socioeconomic diagnosis identified four cases that will be relocated in different properties. Specific measures are included to ensure the achievement of the OP 4.12 objective. |
| 3. This policy covers direct economic and social impacts that both result from Bank-assisted investment projects, and are caused by (a) the involuntary taking of land resulting in (i) relocation or loss of shelter; (ii) lost of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods | Impacts from land acquisition were identified and detailed for each affected plot. |

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| of the displaced persons. | |
| <p>4. This policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, that in the judgment of the Bank, are</p> <p>(a) directly and significantly related to the Bank-assisted project,</p> <p>(b) necessary to achieve its objectives as set forth in the project documents; and</p> <p>(c) carried out, or planned to be carried out, contemporaneously with the project.</p> | <p>While Bank financing will only be provided to the PSF, 6 kilometers of National Road 19 will be constructed in the neighboring Province of Córdoba. The draft RAP included this portion of the road and details the legislation and institutional arrangements that apply and will be followed for resettlement.</p> |
| <p>6 To address the impacts covered under para. 3 (a) of this policy, the borrower prepares a resettlement plan or a resettlement policy framework (see paras. 25-30) that covers the following:</p> <p>(a) The resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are</p> <p style="padding-left: 40px;">(i) informed about their options and rights pertaining to resettlement;</p> <p style="padding-left: 40px;">(ii) consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; and</p> <p style="padding-left: 40px;">(iii) provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the project.</p> <p>(b) If the impacts include physical relocation, the resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are</p> <p style="padding-left: 40px;">(i) provided assistance (such as moving allowances) during relocation; and</p> <p style="padding-left: 40px;">(ii) provided with residential housing, or housing sites, or, as required, agricultural sites for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the old site.</p> | <p>The RAP is being prepared by the PSF according to OP 4.12. All provisions of the policy have been followed by the PSF for preparation of the RAP. Discussions were held regarding the need to make sure compensation is provided at replacement cost, which in the RAP is presented as market value.</p> |
| <p>8. To achieve the objectives of this policy, particular attention is paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the</p> | <p>Families affected by physical displacement have been identified. There are no squatters in the ROW. Particular attention has been paid to the relocation of 2 families and 3 businesses,</p> |

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| elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation. | and a rural school, taking into account students' characteristics. Relocation of this school will be conducted with the participation of the Ministry of Education of the PSF. |
| 10. The implementation of resettlement activities is linked to the implementation of the investment component of the project to ensure that displacement or restriction of access does not occur before necessary measures for resettlement are in place. | The RAP will be implemented prior to any physical works. |
| 12. Payment of cash compensation for lost assets may be appropriate where (a) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets. | Cash compensation will correspond to replacement cost. Compensation will be provided before resettlement is undertaken. It should be noted that for 59 percent of affected plots the land taken is less than 10 percent of total plot area. For those cases where the residual land is not economically viable, the government, at the request of the affected land owner, is able by law to acquire the entire. |
| 13. For impacts covered under para. 3(a) of this policy, the Bank also requires the following: (a) Displaced persons and their communities, and any host communities receiving them, are provided timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementing, and monitoring resettlement. Appropriate and accessible grievance mechanisms are established for these groups. (b) In new resettlement sites or host communities, infrastructure and public services are provided as necessary to improve, restore, or maintain accessibility and levels of service for the displaced persons and host communities. Alternative or similar resources are provided to compensate for the loss of access to community resources (such as fishing areas, grazing areas, fuel, or fodder). | Host effects are minimal. Most of the households will be relocated in the same plot. |
| 15. <i>Criteria for Eligibility.</i> Displaced persons may be classified in one of the following three groups: (a) those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country); (b) those who do not have formal legal rights to | Eligibility criteria in the draft RAP have followed these principles. A census to identify those affected by the project was conducted by the PSF. |

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| land at the time the census begins but have a claim to such land or assets--provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan (see Annex A, para. 7(f)); and (c) those who have no recognizable legal right or claim to the land they are occupying. | |
| 17. To achieve the objectives of this policy, different planning instruments are used, depending on the type of project: (a) a resettlement plan or abbreviated resettlement plan is required for all operations that entail involuntary resettlement unless otherwise specified (see para. 25 and Annex A). | Even though only a small number of households and businesses will be physically displaced, and in most of the cases less than 10 percent of the land will be affected, a RAP is being prepared. |
| 18 The borrower is responsible for preparing, implementing, and monitoring a resettlement plan, a resettlement policy framework, or a process framework (the "resettlement instruments"), as appropriate, that conform to this policy. The resettlement instrument presents a strategy for achieving the objectives of the policy and covers all aspects of the proposed resettlement. Borrower commitment to, and capacity for, undertaking successful resettlement is a key determinant of Bank involvement in a project. | The PSF has prepared a draft RAP. Component 2 of the project includes capacity building programs for the provincial road agency as well as for the project implementation unit on environmental management and resettlement issues in infrastructure projects. |
| 19. Resettlement planning includes early screening, scoping of key issues, the choice of resettlement instrument, and the information required to prepare the resettlement component or subcomponent. The scope and level of detail of the resettlement instruments vary with the magnitude and complexity of resettlement. In preparing the resettlement component, the borrower draws on appropriate social, technical, and legal expertise and on relevant community-based organizations and NGOs. The borrower informs potentially displaced persons at an early stage about the resettlement aspects of the project and takes their views into account in project design. | A screening exercise was carried out by the project team and the PSF at early stages of project preparation. This exercise allowed the identification of resettlement and land acquisition issues. The project team assisted the PSF to: (i) reach a full understanding of the objectives and requirements of Bank policy OP4.12; and (ii) provide good practice examples from other Bank financed projects in the Latin America Region. |
| 20. The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project. Resettlement components or free-standing re- | RAP implementation costs are included in project costs. |

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| <p>settlement projects need not be economically viable on their own, but they should be cost-effective.</p> | |
| <p>22. As a condition of appraisal of projects involving resettlement, the borrower provides the Bank with the relevant draft resettlement instrument which conforms to this policy, and makes it available at a place accessible to displaced persons and local NGOs, in a form, manner, and language that are understandable to them. Once the Bank accepts this instrument as providing an adequate basis for project appraisal, the Bank makes it available to the public through its InfoShop. After the Bank has approved the final resettlement instrument, the Bank and the borrower disclose it again in the same manner.</p> | <p>A first version of the draft RAP was received by the project team on August 1st. The team provided comments on August 11. A second version was received on August 25, and the team provided comments on August 30. A third version was received on September 1st. The project team is working with the PSF on modifications to improve the RAP, with the objective of approving it before appraisal. The draft RAP has been disclosed by the PSF.</p> |
| <p>25. A draft resettlement plan that conforms to this policy is a condition of appraisal (see Annex A, paras. 2-21) for projects referred to in para. 17(a) above. However, where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, an abbreviated resettlement plan may be agreed with the borrower (see Annex A, para. 22). The information disclosure procedures set forth in para. 22 apply.</p> | <p>Although an abbreviated resettlement plan was allowed by the policy, the project team recommended to the PSF to prepare a RAP.</p> |

ANNEX 5
LIST OF PROJECT DOCUMENTS

Aide Memoires October 2005, June 2006, July 2006

Análisis Estadísticos de los Siniestros Viales en la Provincia de Santa Fe. Período 1999-2005. Ministerio de la Producción. Subsecretaría de Transporte. 2006

Environmental and Social Management Plan. Available in InfoShop and at:
<http://www.portal.santafe.gov.ar/index.php/web/content/view/full/24720>

Girardoti, Luis Miguel. Estudios de Tránsito. Ruta Nacional N19. Tramo Ruta Nacional 11-Ruta Nacional 158. Marzo de 2006

IIRSA. Eje MERCOSUR-Chile. 2004

Informe de Avance de los Diseños de Ingeniería, Provincia de Santa Fe. July 27, 2007

Plan Estratégico de Transporte Multimodal de Cargas y Pasajeros de la Provincia de Santa Fe. Provincia de Santa Fe. December 2005

Plan Estratégico Territorial. Componente Provincia de Santa Fe. Ministerio de Planificación Federal, Inversión Pública y Servicios. 2006

Project Concept Note: Santa Fe Road Infrastructure Project. March 2006

Región Centro, Tierra de Oportunidades. August 2004

Transformación Ruta Nacional N19 en *Autovia*. Provincia de Santa Fe. October 2005

ANNEX 6

MILESTONES AND LIST OF PREPARATION AND OTHER PROJECT-RELATED MISSIONS

The major milestones in project preparation, with their respective dates, are the following:

- *Project Identification: October 27, 2005.* During the Identification Mission the PSF proposed the scope of the project and its components (see paragraph 18). The Mission concluded with an agreement on a project preparation plan and the PSF indicated the necessary steps and legal agreements to be undertaken with national government agencies for the project;
- *Hiring of Consultants for Preparation of Engineering Designs and Environmental and Social Management Plan. Contracts signed throughout February, 2006.* On the basis of terms of reference satisfactory to the Bank, the PSF hired: (i) three consulting firms to undertake the engineering design studies; and (ii) an independent consulting firm to prepare the ESMP. These studies are being funded by PSF with its own budget;
- *Project Concept Note Prepared: February 22, 2006.* Management endorsed the project concept as a conclusion of the meeting;
- *Review of Progress in Study Preparation: June 5-8, 2006.* The Bank Mission reviewed the initial progress report prepared by the consulting firms. The mission discussed with PSF the results of the first round of consultations with community representatives carried out between April 10 and April 12, 2006 (See Annex 3 for a list of consultations). The Mission also discussed technical solutions being proposed by consultants and associated preliminary cost estimates;
- *Review (First) Draft of the ESMP: July 11-14, 2006.* The Bank Mission reviewed the draft ESMP. Several recommendations were agreed upon to make the ESMP fully consistent with Bank safeguard policies. A first version of the draft RAP was received by the project team on August 1st;
- *Disclosure of ESMP: September 1, 2006.* The PSF made the ESMP available to the public at large through its website and submitted the report for publication in the InfoShop. The ESMP became available at the InfoShop on September 15, 2006; and
- *PAD Decision Meeting. September 7, 2006.* Management authorized the project team to conduct appraisal.

| LIST OF MISSIONS SANTA FE ROAD INFRASTRUCTURE PROJECT | | | |
|--|--|---|--|
| DATE | PROPOSED | PROJECT TEAM PARTICIPANTS | OBSERVATIONS |
| September 21, 2005. | Preliminary Discussions | Task Manager Procurement Analyst | In Buenos Aires |
| October 27, 2005. | Identification | Sector Leader, FPSI, LCC7 Sector Manager, LCSFT Task Manager | |
| April 17 and 18, 2006. | Preparation | Environmental Consultant | Field visit |
| May 15, 2006 | Preparation | Environmental Consultant | Meeting with PSF staff and environmental consulting firm |
| May 22 and 23, 2006 | Preparation | Environmental Consultant | Field visit and meetings in Josefiná, Frontera y San Francisco |
| June 5 to 8, 2006. | Preparation | Task Manager Senior Highway Engineer Consultant Highway Engineer Consultant Infrastructure Consultant Environmental Consultant Fiscal Consultant | Financial Management Specialist traveled September 12 to 16, 2006. |
| July 12 to 14, 2006. | Preparation | Task Manager Senior Environmental Engineer. Senior Social Scientist Environmental Consultant | |
| August 17 and 18, 2006 | Preparation | Highway Engineer Consultant Infrastructure Consultant | Preliminary assessment of DPV capacity to supervise works |
| August 30 and 31, 2006. | Environmental and Social technical Pre-Appraisal mission | Senior Environmental Engineer. Environmental Consultant | |
| September 20 to 22, 2006. | Technical (Engineering aspects) Pre-Appraisal | Senior Highway Engineer Consultant Highway Engineer Consultant Infrastructure Consultant | |

ANNEX 7 PROJECT PHOTOGRAPHS AND DIAGRAMS

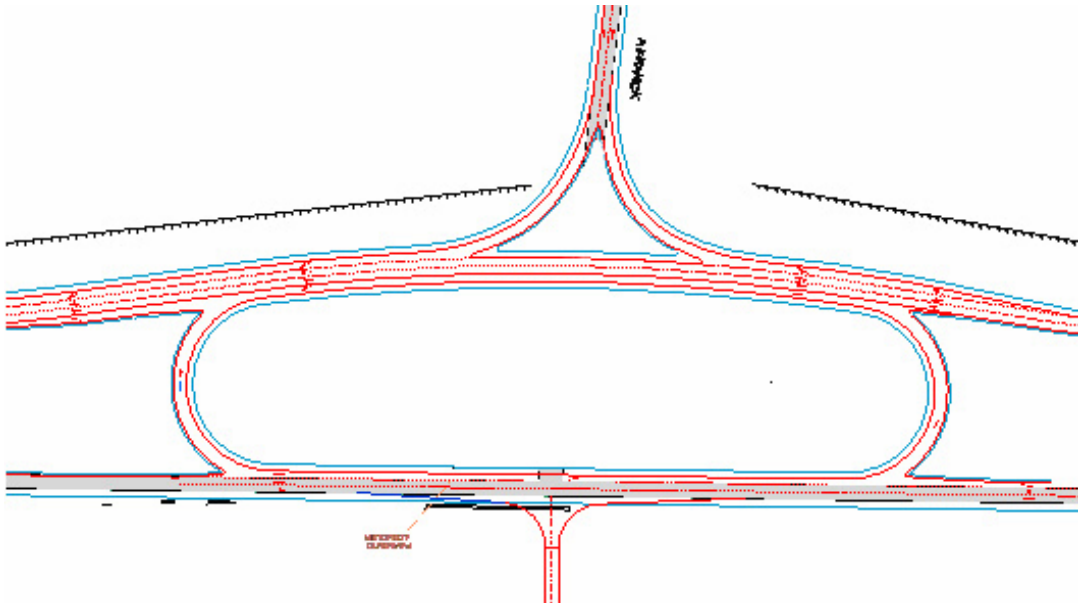
Intersection of National Road 19 and Provincial Road 6



Intersection of National Road 19 and Provincial Road 6



Ground-Level Interchange Design – Road 19




Intersection of National Road 19 and Provincial Road 6



**EJE GEOMETRICO Y
DE PROGRESIVAS**



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|---|--|--------------|--------------|--------------|---------------------|--------------|
|  | MINISTERIO DE RELACIONES EXTERIORES Y CULTO MINISTERIO DE HACIENDA Y FINANZAS | | RU-19 | | INDICACIONES | |
| | ANEXO DE INGENIEROS CIVILES Y MINEROS ANEXO DE INGENIEROS DE MINAS | | RU-19 | | FECHA | |
| DIRECCIÓN PROVINCIAL DE VALDIVIA | | RU-19 | | FECHA | | FECHA |
| ING. CORNEJO CONSULTORA S.A. | | RU-19 | | FECHA | | FECHA |
| ING. CORNEJO CONSULTORA S.A. | | RU-19 | | FECHA | | FECHA |

MAP

IBRD 34981

