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ARGENTINA

MICI-BID-AR-2022-0188

**FIRST MONITORING REPORT ON THE CONSULTATION PHASE AGREEMENTS
RECONQUISTA RIVER BASIN ENVIRONMENTAL SANITATION PROGRAM
REQUEST V**

**(AR-L1121)
(3256/OC-AR)**

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In accordance with the Access to Information Policy, this document is being made publicly available simultaneously with its distribution to the Board for information.

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LINKS	
1.	Original Request MICI-BID-AR-2022-0188 and annexes [only available in Spanish] https://www.iadb.org/document.cfm?id=EZSHARE-614558978-46 https://www.iadb.org/document.cfm?id=EZSHARE-614558978-47
2.	Case File MICI-BID-AR-2022-0188 in MICI-BID Public Registry https://mici.iadb.org/en/cases/MICI-BID-AR-2022-0188
3.	Consultation Phase and Agreement Report https://www.iadb.org/document.cfm?id=EZIDB0000559-614558978-568
4.	Progress Report on Construction May – June 2024 (Confidential)
5.	Progress Report on Construction July – September 2024 (Confidential)
6.	Progress Report on Construction July – September 2024 (Confidential)
7.	Progress Report on Construction October – December 2024 (Confidential)

ACRONYMS AND ABBREVIATIONS

Bank or IDB	Inter-American Development Bank
Board	The Board of Executive Directors of the IDB
COMIREC	Reconquista River Basin Committee
CP	MICI Consultation Phase
DIPAC	Provincial Department of Water and Sewers of the Ministry of Infrastructure and Public Services of the Province of Buenos Aires
DiPPrPSE	Provincial Department of Sector and Special Programs and Projects of the Ministry of Infrastructure and Public Services of the Province of Buenos Aires (formerly the Works Project Coordination and Execution Unit (UCEPO))
Management	The IDB Group manager or managers in charge of the relevant IDB Group-financed operation any delegate thereof
MICI or Mechanism	Independent Consultation and Investigation Mechanism of the IDB Group
MICI Policy	The policy approved by the IDB Board of Executive Directors on December 16, 2014, and updated on April 14, 2021, governing the functioning of MICI for Requests related to IDB- or MIF-financed operations (document MI-47-8)
Parties or Actors	The group of Requesters, Management, the Borrower, the Client, and/or the Executing Agency, if applicable
PGICRR or Comprehensive Management Plan	Plan de Gestión Integral de la Cuenca del Río Reconquista (Reconquista River Basin Comprehensive Management Plan)
Program	Reconquista River Basin Environmental Sanitation Program (AR-L1121)
Project or Works	Branch Sewer Systems in Moreno: Catonas IV South, Section 2
UCEPO	Unit for the Coordination and Execution Works Projects of the Ministry of Infrastructure of the Province of Buenos Aires. As of March 2024, Provincial Directorate of Sectorial and Special Programs and Projects (DiPPrPSE)

EXECUTIVE SUMMARY

The Reconquista River Basin Environmental Sanitation Program (AR-L1121) ("the Program") is financed by the IDB through a sovereign guaranteed loan operation under the multiple-works modality, for a total amount of US\$230 million and US\$57.5 million in local counterpart funding. The operation was approved by the Board of Executive Directors on July 23, 2014, and is currently under implementation. The Ministry of Infrastructure and Public Services of the Province of Buenos Aires, through the Provincial Directorate of Sectorial and Special Programs and Projects (hereinafter "DiPPrPSE ") (formerly UCEPO), has been in charge of the technical coordination of the Program.

The general objective of the Program is to recover the environmental quality of the river basin through different interventions along the basin. One of them, which is the reason for the Request before MICI, corresponds to the project "Branch Sewer Networks in Moreno Catonas IV South" or "Lot 2" (hereinafter "Project" or "Work") in the Moreno District, Middle Basin of the river. The Project contemplates the construction of a sewage and collectors' network up to a point of discharge in an existing collector with final destination in the Catonas Plant. The work will provide sewage service for approximately 13,000 people (3,100 household connections). In September 2022, when MICI registered the Request, the IDB reported that the works had been on hold since June 2020 with an overall physical progress of 39%.

On July 8, 2022, MICI received a Request filed by a group of 60 neighbors of Villa Anita, Moreno District, Province of Buenos Aires, (hereinafter "Group of Requesters" or "Requesters"). The Federal Prosecutor of the Moreno District has accompanied the Group of Requesters in the processing of the Request with MICI, since the Requesters first approached the Prosecutor's Office to inquire about the construction work. The Request alleges potential harm to the Requesters' quality of life and access to public services as a result of the interruption of construction and distribution of sewer pipes and collectors that are part of the Project. Similarly, the Group of Requesters alleged the lack of sufficient public information on the manner and timing of the resumption of the works and their future completion.

The Request was declared eligible and transferred to the Consultation Phase of MICI (hereinafter "CP") on September 12, 2022, for assessment. The assessment found conditions to initiate a Consultation Phase Process with the participation of the Group of Requesters, DiPPrPSE, the Provincial Water and Sewage Directorate (hereinafter "DIPAC"), the Reconquista River Basin Committee (hereinafter "COMIREC") and the Bank's Management. The CP Process started on October 25, 2022, and ended on May 7, 2024, with the signing of an agreement. Given that the bidding and awarding process of the Works corresponded to a main point in the dialogue agenda, MICI notified the Board of Executive Directors of two deadline extensions with the purpose of creating a space for information exchange based on updates of the aforementioned process.

The agreement focuses on the commitment to execute the Work ensuring that the streets and sidewalks intervened by Fontana Nicastro S.A. Construcciones (the company awarded the Work and hereinafter "Contracting Company" or "Contractor") are repaired. It also includes the commitment to installing the necessary house connections in the Work design. Additionally, the

agreement contains a clause regarding the provision of information on the status and progress of the implementation, and a commitment to monitor the agreements signed. Once the agreement was signed, MICI sent the CP report and monitoring plan to the Board of Executive Directors. On May 14, 2024, the Board approved the monitoring plan by short procedure.

This document reports the actions taken during the first year of monitoring between May 7, 2024, and May 7, 2025. During this period, the Consultation Phase team maintained permanent exchanges with the Parties through phone calls, e-mail, and WhatsApp messaging. It also facilitated a joint visit to the Works on December 11, 2024.

In terms of implementation of the agreed commitments, the Mechanism received four progress reports on the Work and communicated them to the Group of Requesters. According to the information provided, progress was made by 11.5 percentage points on average between each reporting period to reach a cumulative physical progress of 34.7% as of March 31, 2025. However, according to the last report communicated to MICI on April 29, 2025, there is a difference of approximately -45% between the accumulated physical progress and the planned progress (the projected cumulative progress was expected to be 80.49% as of March 31, 2025). This difference, as reported to the Mechanism, is due to modifications and permits that depend on external actors to the Contractor and the Parties to MICI's process. The work had an estimated completion date of May 22, 2025. At the time of writing this report, a deadline extension was in process.

In addition, MICI did not receive any formal report on situations in which the Contractor did not repair the sidewalks and/or pavements intervened. In fact, during the joint site visit, the representatives of the Group of Requesters mentioned their satisfaction with the quick response of the contractor in the repair of sidewalks and/or pavements, as well as the quality of the intervention.

During the first year of monitoring, MICI observed the start of the work and significant progress in the midst of a changing context. Likewise, it registered enormous openness and willingness on the part of DIPAC, DiPPrPSE, COMIREC and IDB Management to share information on the work in a timely manner and to respond to all the doubts raised by the Group of Requesters. However, the latest report shared with MICI shows that the actual progress level differs from what was planned by a considerable percentage. While MICI understands that the differences in the planned and physical levels of progress are the result of factors external to the Parties of the process with the Mechanism, this represents a significant delay in the completion of the work.

MICI highlights the efforts and commitment of the Parties to comply with the agreements reached on May 7, 2024, and to continue advancing towards the completion of the Work. During the second year of monitoring, MICI will continue to review the fulfillment of the agreement by facilitating information exchange and monitoring sessions and will provide timely support to the Parties as needed. It will also conduct at least one mission to Argentina to discuss the status of implementation of the agreement with the Parties and will issue the corresponding monitoring report at the end of the indicated period.

I. CASE BACKGROUND

- 1.1 The Reconquista River Basin Environmental Sanitation Program (AR-L1121) is the third IDB-financed operation in relation to the basin.¹ The Bank is financing the Program through a multiple-works investment loan operation for a total amount of \$230 million, with a local counterpart of \$57.5 million. The Republic of Argentina is the guarantor of the loan, and the borrower is the Province of Buenos Aires. Provincial Directorate of Sectorial and Special Programs and Projects (DiPPrPSE, formerly UCEPO), which is the Sub-executing Agency. The operation was approved by the IDB Board of Executive Directors on July 23, 2014, and is currently under implementation.
- 1.2 The general objective of the Program is to recover the environmental quality of the river basin through four components: *Component I.* Water and Sanitation (US\$58.3 million) involves works related to drinking water networks and sanitary sewerage systems, *Component II.* Solid Waste (US\$7.2 million) seeks to develop management plans in the municipalities of the basin, and to close and clean up three open-air dumps, *Component III.* Roads, Access, and Drainage (US\$93.3 million) includes investments in road infrastructure and complementary works, and finally, *Component IV.* Environmental and Social Management (US\$73 million) will finance environmental and social management actions. The specific works that are the subject of MICI complaint are the "Branch Sewage Networks in Moreno Catonas IV South or "Lot 2" project in the Moreno District, Middle Basin of the river. The project contemplates the construction of a sewer and collectors' network up to a point where the sewage is discharged into an existing collector with final destination at the Catonas Plant. The work will provide sewage service for approximately 13,000 people (3,100 household connections). In September 2022, when MICI registered the Request, the IDB reported that the works had been on hold since June 2020 with an overall physical progress of 39%.
- 1.3 On July 8, 2022, MICI received a Request filed by a group of 60 neighbors of Villa Anita ("Group of Requesters" or "Requesters"), Moreno District, Province of Buenos Aires. The Federal Prosecutor of the Moreno District has accompanied the Group of Requesters in processing the Request with MICI, since the requesters first approached the prosecutor's office to inquire about the project. The information, which is of public nature, is available in MICI Public Registry (Case file [MICI-BID-AR-2022-0188](#)).
- 1.4 The Request alleges potential harm to the Group of Requesters' quality of life and access to public services as a result of the interruption of construction and distribution works of sewer pipes and collectors that are part of Lot 2 of the Project. Similarly, the Group of Requesters alleges the lack of sufficient public information on the manner and timing of the resumption of the works and their future completion.

¹ In 1993, the Board of Executive Directors approved the operation "Reconquista River Sanitation" (AR0038 - 797/OC-AR), which concluded in 2006. In 2010, the technical cooperation "Environmental Sanitation Sustainable Program of the Reconquista River" (AR-T1083 - ATN/OC-12571-AR) was approved.

- 1.5 The Request was declared eligible on September 12, 2022, and the Consultation Phase started the assessment stage. The assessment found conditions to initiate a Consultation Phase Process with the participation of the Group of Requesters, DiPPrPSE, the Provincial Water and Sewage Directorate (hereinafter "DIPAC"), the Reconquista River Basin Committee (hereinafter "COMIREC") and the Bank's Management. During the Consultation Phase Process, which began on October 24, 2022, MICI convened and facilitated four (4) plenary dialogue sessions (one face-to-face and three virtual). In the first one, the Parties validated the agenda of the process and in the three additional sessions, the Executing Agency and IDB Management shared the progress of the contracting process of the Work. Likewise, the Mechanism maintained permanent contact with each of the Parties to share updates on the process.
- 1.6 The CP team implemented a flexible Process that adapted to the deadlines of the public procurement process of the Province of Buenos Aires to share the corresponding information on the bidding and awarding of the Work. In view of such deadlines, MICI made a first extension of the CP Process for a period of six (6) months ending on April 24, 2024. However, during the discussions regarding the clauses of a potential agreement, new information of a technical nature arose regarding the Work that should be shared with the Group of Requesters. For this reason, MICI made a second deadline extension for an additional three (3) months that would end in July 2024. However, such term ended early on May 7, 2024, with the signing of the agreement document.
- 1.7 The agreement focuses on the commitment to execute the Work ensuring that the streets and sidewalks intervened by *Fontana Nicastro S.A. Construcciones* (hereinafter "Contracting Company" or "Contractor") are repaired. It also includes the commitment to installing the necessary house connections in the Work design. Additionally, the agreement contains a clause regarding the provision of information on the status and progress of the implementation, and a commitment to monitor the agreements signed.
- 1.8 The background of the MICI-BID-AR-2022-0188 case and the public documentation prepared during the process can be consulted in [MICI's Public Registry](#).²

II. MICI POLICY AUTHORITY FOR THE MONITORING OF THE AGREEMENTS

- 2.1 Paragraph 35 of Policy MICI (MI-47-8) states that, if the Parties have reached an agreement during the Consultation Phase Process, the Mechanism will develop, in consultation with the Parties, a monitoring plan and timeframe for the agreement reached, when applicable. The term of the plan will not exceed five years.
- 2.2 In accordance with the Policy, the Mechanism will submit an annual report to the Board of Executive Directors for information.

² The public documents of the case can also be accessed from the electronic links section.

III. ACTIONS TAKEN DURING THE REPORTED MONITORING PERIOD

- 3.1 This report covers actions taken between May 7, 2024 and May 7, 2025. Activities during the first year of monitoring are reported below:
- 3.2 **Regular contact between MICI and the Parties.** During the monitoring period, MICI shared with the Requesters four progress reports previously shared by the Bank and the Executing Agency. It also maintained permanent contact with the Parties to ensure understanding of the reports, facilitate exchanges to answer any questions, and inquire about the Parties' perspectives on the status of the Work.
- 3.3 **Joint site visit.** On December 11, 2024, as part of a mission to Argentina, MICI facilitated a joint site visit with the participation of DIPAC 's executive director of Works, the Works inspection team, representatives of the DiPPrPSE team, representatives of the Group of Requesters, and officials from the Moreno Prosecutor's Office. During the visit, some of the streets currently under construction were toured and officials responded to the questions of the Group of Requesters.

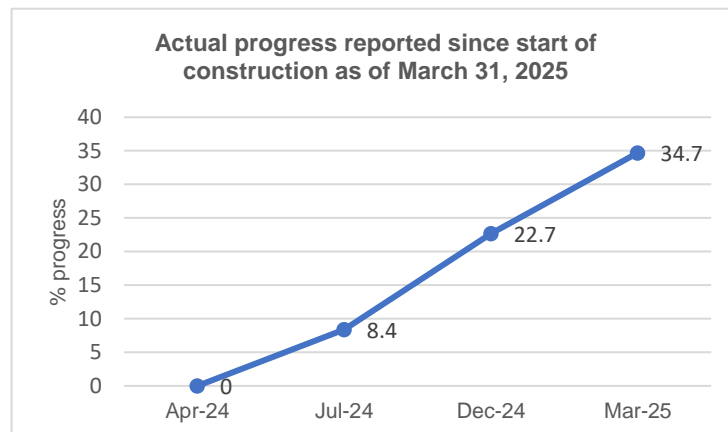
Photographs 1. Joint site visit. December 11, 2024.



Source: MICI Team

- 3.4 **Status of compliance.** As of May 7, 2025, the following was observed:
- 3.5 **Execution of the Work.** Since the signing of the initiation agreement in April 2024, execution has advanced by an average of 11.5 percentage points per reporting period (see Graph 1). According to the last report shared by DiPPrPSE and DIPAC on April 29, 2025, the work had a cumulative physical progress of 34.72% as of March 31, 2025. As reported to MICI, there is a difference of approximately -45% between planned and actual progress (the projected cumulative progress was expected to be 80.49% as of March 31, 2025). This difference, as reported to the Mechanism, is due to modifications and permits that depend on external actors to the contractor and MICI's process parties. The estimated completion date for the project was May 22, 2025. At the time of writing this report, a deadline extension was in process.
- 3.6 The percentages of progress reported are shown below:

Graph 1. Percentage of progress reported as of March 31, 2025.



Source: Quarterly reports shared by DIPAC and DiPPrPSE to MICI. (See electronic links).

- 3.7 Breakage of sidewalks and pavements: In the reported monitoring year, there has not been a formal report to MICI on situations where the contractor failed to repair intervened sidewalks and/or pavements. In fact, during the joint site visit, the representatives of the Group of Requesters mentioned their satisfaction with the contractor's quick response in repairing sidewalks and/or pavements, as well as the quality of the intervention.
- 3.8 Household connections: No problems have been reported.
- 3.9 Access to information: Since the signing of the agreement, MICI has received and transferred four progress reports to the Requesters. Starting with the second report, the periods reported correspond to the quarters of the calendar year. Likewise, MICI has registered openness on the part of the authorities and the Bank to respond to any questions from the Requesters and the Mechanism itself.

IV. CONCLUSIONS AND NEXT STEPS

- 4.1 During the first year of monitoring, MICI observed the start of the work and significant progress in the midst of a changing context. It also noted the openness and willingness of DIPAC, DiPPrPSE, COMIREC and IDB Management to share information on the work in a timely manner and to respond to any doubts raised by the Group of Requesters.
- 4.2 However, the latest report shared with MICI shows that the actual level of progress differs from what was planned by approximately -45%. While MICI understands that the differences in the planned and actual levels of progress are the result of external factors to the Parties of the Mechanism process, this represents a significant delay in the completion of the work. MICI shared the report with the Requesters and is organizing a monitoring meeting, so DIPAC and DiPPrPSE can present the report and answer any questions from the Requesters.
- 4.3 MICI highlights the efforts and commitment of the Parties to comply with the commitments reached on May 7, 2024. MICI will continue monitoring. During the second monitoring year, MICI will organize and facilitate monitoring sessions, and will provide timely support to the Parties as needed. It will also conduct at least one mission to

Argentina to review the status of implementation of the agreement with the Parties. Finally, MICI will issue the respective monitoring report at the end of the indicated period.