MEMORANDUM

File classification: MICI-BID-AR-2021-0164
Date: March 16, 2021

To: Arantxa Villanueva, Director of MICI
From: Tatiana Gallego Lizon, Head of Housing and Urban Development (CSD/HUD)
Executive Vice President, Vice President for Countries, Vice President for Sectors and Knowledge, Sector Manager for Climate Change and Sustainable Development, Manager for the Southern Cone, Representative in Argentina, Chief of Environmental and Social Safeguards Unit, Division Chief of Sovereign Guaranteed Operations of the Legal Department.
CC: Executive Vice President, Vice President for Countries, Vice President for Sectors and Knowledge, Sector Manager for Climate Change and Sustainable Development, Manager for the Southern Cone, Representative in Argentina, Chief of Environmental and Social Safeguards Unit, Division Chief of Sovereign Guaranteed Operations of the Legal Department.

In Reference to: Response from Administration to the Notification of Request Registration and Request for Administration Response for the request MICI-BID-AR-2021-0164, regarding the Project "Reorganization and Rehabilitation Plan for the Paganini Complex of Granadero Baigorria," which is to be completed as part of the "Inland Metropolitan Area Development Program II" (AR-L1243)

I. Introduction

1. The purpose of this memorandum is to provide the Response of the Inter-American Development Bank (hereinafter "Bank") Administration (hereinafter "Administration") to the document "Notification of Request Registration and Request for Administration Response" for the request MICI-BID-AR-2021-0164 (hereinafter "Request") sent by the Independent Consultation and Investigation Mechanism (hereinafter "MICI") of the Bank to Administration via e-mail on February 16, 2021 regarding the "Inland Metropolitan Area Development Program II" (AR-L1243) (hereinafter "Program").

2. In accordance with the provisions set forth in the Policy of the MICI, document MI-47-6 (hereinafter "MICI Policy"), we respond with the perspective of the IDB’s Administration regarding the Request.

II. Program and Project Background

3. The Program was approved by the Bank Board of Executive Directors on October 26, 2016. The Borrower is the Republic of Argentina. At the time of approval, the executing agency was the Borrower through its Ministry of the Interior, Public Works and Housing (MIOPyV). A contractual modification is being processed to reflect the new execution
structure, which is due to the restructuring of responsibilities assigned to the different ministerial jurisdictions in Argentina in order to formalize the role of the Ministry of Territorial Development and Habitat as the executing agency (hereinafter "MDTyH" and/or the "Executing Agency"). The current Program cost is $50 million, $40 million of which is the loan from the Bank. The Program's overall objective is to increase the quality of life for populations in metropolitan areas by improving urban services and infrastructure.

4. Based on the provisions of the Bank's Environmental and Safeguards Compliance Policy (hereinafter, "Policy OP-703"), the Program was classified as Category B based on the environmental and social impacts identified during the operation preparation process. As this is a Multiple Works Program, an Environmental and Social Management Framework was developed during the preparation stage that contains the guidelines for the environmental and social management of the actions to be financed under the Program.

5. The Request focuses on the "Reorganization and Rehabilitation Plan for the Paganini Complex" (hereinafter "Paganini Complex Project"), as part of the Program, in the Granadero Baigorria Municipality of the Rosario Metropolitan Area, province of Santa Fe. The objective of the Paganini Complex Project is to focus on 53 hectares of anthropized urban land that is essentially unsafe and in a state of degradation, and which currently has few established uses (parcels are destined for hospitals, a school, a campsite, and other minor uses), and transform it into a public green space for metropolitan use within the metropolitan hierarchy, while also incorporating educational, cultural, sports, and health institutions that will provide services to the community.

6. The Paganini Complex Project was prioritized in the Metropolitan Strategic Plan (PEM) and is part of the Municipality's Local Urban Plan (PUL). The actions proposed by the Paganini Complex Project were presented and discussed with several participating

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1 In concert with the MDTyH, the Ministry of the Interior will be the sub-executor of the implementation activities for Component 1 (Support for Metropolitan Area Governance) and Subcomponent 2.1 (Institutional Strengthening of Metropolitan Areas) of the Program. Component 2 (Management of Metropolitan Areas) is executed in a decentralized manner through the Provincial Executing Units (UEP), or through those units defined as Metropolitan Area management entities in their roles as subnational, sub-executing agencies within the Program.

2 The Operation was originally approved for the amount of $100 million, of which $80 million was to be financed by the IDB. As part of the action plan outlined by the Argentine Government to address the health, economic and social consequences of the COVID-19 crisis, the Bank was requested to redirect funding from loans for ongoing projects for the implementation of a "Global Credit Program for the Reactivation of the Productive Sector" (AR-L1329). $40 million of financing was redirected for this program and there was a corresponding reduction in funding for the project(s) from which this amount came.

3 As part of the workshops held for the PULs, a call for participation from Municipality associations and institutions was made in March 2017. These entities actively participated in the discussion about strategy and projects, including this Project Request, raising the need for it to be addressed (Annex II of the Paganini Complex Executive Project).
The total cost of the Paganini Complex Project is approximately $11.5 million (50% from Bank financing). The Paganini Complex Project rests on three pillars: (i) creation of public space, traffic management and accessibility; (ii) improvement of safety in open areas; (iii) integration of activities and services. The activities within the scope of the Paganini Complex Project include the following:

a. Street construction (construction of north-south thoroughfare and two east-west streets, which will include the roadway, curbs and gutters, and sidewalks); construction of parking lot; demolition of obsolete roads and access points.

b. Installation of utility infrastructure for water, sewage, gas, and electric service.

c. Installation of street lighting and street furniture (signage, waste baskets, playground equipment, aerobic fitness stations).

d. Leveling of natural soil.

e. Construction of rainwater reservoirs, catchment works, and connection to the city's rainwater drainage system.

f. Landscaping and afforestation of green areas.

7. The Accession Framework Agreement agreeing on the execution of the Program in the Rosario Metropolitan Area was signed between the MIOPyV and the Sub-executing Agency on April 23, 2018. The Paganini Complex Project was elevated to the status for Bank Notice of No Objection on October 16, 2018 and received the Bank Notice of No Objection on January 8, 2019. As a result of the national public bidding process "Construction of Streets and Restricted Accesses, Water and Sewage Works, Infrastructure and Public Spaces" for the Paganini Complex Project, the Sub-executing Agency awarded the work on August 5, 2020 upon the notice of no objection from the Bank. According to information provided by MDTyH, the contract was signed on December 16, 2020 and, while this response is being prepared, the selected contractor is starting preliminary work (construction site preparation, land surveying, etc.).

8. The Paganini Complex Project was classified as Category B, in accordance with Directive B.3 of the Environmental and Safeguards Compliance Policy (OP-703). The Program's Environmental and Social Management Framework, which is part of the Program's Operating Regulations, indicates that Category B projects require the completion of an Environmental and Social Impact Study and the implementation of a Public Comments forum, since these are activities that may cause localized, short-term, negative environmental impacts, for which effective mitigation measures must be available. In this case, a net positive environmental impact has been estimated for the operational stage.

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4 Preparation of the Paganini Complex Project for its presentation as part of the Program was coordinated by the sub-executing agency, the Undersecretariat of Investment Projects and External Financing of the Ministry of Economy of the Province of Santa Fe (hereinafter "Sub-executing Agency"), through the Municipal Investment Program (PROMUDI), with the participation of the Rosario Metropolitan Coordination Body (ECOM), the Santa Fe Ministry of Education, the Santa Fe Ministry of Health, the Santa Fe Ministry of Public Works, and the Municipality of Granadero Baigorria.
III. Request Sent to MICI

9. On February 8 and 9, 2021, the Bank’s Administration and the MICI both received an email from one of the requesters (hereinafter collectively referred to as "Requesters"), attaching the Request. This was the Requesters' first contact with Administration regarding this Program.

10. On February 10, 2021, Administration responded to the Requesters (informing the MICI), providing the Executing Agency’s contact details in its response and at the same time offering an opportunity to engage in direct dialogue with the Requesters to understand their concerns and learn more about the nature and scope of the complaint. To this effect, Administration informed the Requesters that it was available to meet with them. To date, Administration has not received any response to the February 10, 2021 communication or been contacted by the Requesters.

11. On February 16, 2021, the Director of the MICI forwarded the Notification of Request Registration and the Request for Administration Response.

12. In the Request, the construction of three streets that are part of the scope of work for the Paganini Complex Project is questioned due to the environmental impacts of the construction and operational phase, as well as the failure to inform the local population about the characteristics and impacts of the project, failure to provide real opportunities for participation, differences regarding the technical alternatives chosen for the project, and the risk that the public spaces that will be handed over by the province to the Municipality upon completion of the project will be affected by other uses.

13. The Registration Notification sent by the MICI to Administration contains an Annex that has been added to the original request received by the Administration, in which the Requesters allege non-compliance with the Access to Information Policy.

IV. Administration's Comments on the Request

14. The following are some aspects of the Request that Administration wishes to highlight in response to the Request, including a subsidiary request from Administration for a temporary suspension of the eligibility determination process.

A. Lack of reasonable attempts to raise concerns with Administration

15. The requesters have stated, “We have asked the IDB for information, but in response, we received a referral to the agency executing the works: Ministry of Territorial Development and Habitat of Argentina – DAMI Program.”

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5 The MICI e-mail address was modified in the February 9 message.
16. However, as indicated above, the first and only communication that Administration received from the Requesters was promptly answered by Administration in the following manner: "(...) Regardless of your communications with the executing agency, we place ourselves at your disposal so that we may understand your concerns and learn more about the nature and scope of your complaints. As such, we are offering the option of meeting virtually, together with the Bank’s Project team and the environmental and social specialists responsible for supervising the implementation of the work in question. In order to coordinate this meeting, I would appreciate if you could respond to this note indicating some options for dates and times based upon your availability. (...)" (See: Annex 1, emphasis added).

17. The Requesters have not responded to Administration's invitation to meet with the Bank's entire technical team to address their concerns, nor have they had any other contact with Administration.

18. Administration continues to be interested in being able to directly address the concerns expressed in the Request with the Requesters and jointly seek alternatives to channel their concerns, while always respecting the request for confidentiality before third parties.

19. In this instance, due to the lack of prior contact, we have not had the opportunity to perform the following actions: perform socio-environmental oversight visits; bilateral meetings between the Bank and the Requesters; bilateral meetings between the Bank and the Executing Agency; further technical review of available documentation; analysis of alternatives and/or feasibility studies in order to make possible adjustments to the Paganini Complex Project design and/or the mitigation measures included in the Environmental and Social Management Plan.

B. Confidentiality

20. The Request asked for the identities of the Requesters to remain confidential. The requesters are objecting to the construction of streets in the Paganini Complex Project. Administration confirms its commitment to maintain the confidentiality of the Requesters' identities before third parties (including the Executing Agency and provincial authorities).

21. Administration wishes to emphasize that the MICI Policy does not exempt Requesters from undertaking reasonable attempts to raise their concerns with Administration when a request asks that confidentiality be maintained.

C. Additional Considerations for Request

22. The Paganini Complex Project seeks to ensure accessibility and safety in the movement of people using the health, educational and service facilities proposed on the site. The
design for streets and paths is based on motor vehicle deterrence. The construction of public streets connects two important sections of the municipality that are north and south of the site, while also facilitating eastward linkage with the Paraná River. The Paganini Complex Project includes a landscaping and green area component, which will triple the number of trees on the site. The Environmental Impact Assessment (hereinafter “EIA”) and the Environmental and Social Management Plan (hereinafter “ESMP”) of the Paganini Complex Project provide for mitigation actions to reduce the environmental and social impacts expected in the construction and operational stages of this urban project. It is estimated that there will be a net positive environmental impact.

23. Regarding the aspects of public comments and participation, it is important to highlight the following:

✓ On March 10, 2017, a call for participation from city associations and institutions was made. These entities actively participated in the discussion about PUL strategy and projects, including the Paganini Complex Project.
✓ On October 5, 2018, a call for public comments was made and the project documents were made available to the public.
✓ A Public Comment forum was conducted on October 19, 2018 and included the participation of 91 people.ª
✓ The construction initiation agreement was signed on February 1, 2021 and to date 2% has been completed.

The Public Comment report was submitted to the Bank along with the other technical, environmental and social information, in accordance with Directive B.6 of Policy OP-703, in order to obtain a Notice of No Objection. Documentation for the Paganini Complex Project and public comments has been published by the Sub-executing Agency. The Program and the Paganini Complex Project have a mechanism in place to address complaints and grievances.

D. Temporary suspension of the eligibility process and action plan

24. In addition, Administration is requesting the temporary suspension of the eligibility determination process in order to implement the actions that have been previously described in Paragraph 19 of this Response from Administration, for which the following schedule of activities has been proposed:

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ª The Public Comment forum is documented on film and is publicly accessible at https://ecomrosario.gob.ar/biblioteca.

The original Request contains, within its allegations, hyperlinks to the sub-executor’s documents.
Table 1 – Subsidiary Request - Action Plan

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsible Party</th>
<th>Product</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold a meeting with the claimants to understand the complaint in greater depth</td>
<td>IDB-claimants</td>
<td>Meeting memory aid</td>
<td>To be determined by claimants; IDB proposal: Thursday, March 18</td>
</tr>
<tr>
<td>Conduct a socio-environmental oversight visit with the Executing Agency to explore possibilities for mitigation actions and/or modifications to the project.</td>
<td>IDB-Executing Agency</td>
<td>Meeting memory aid</td>
<td>Week of March 22</td>
</tr>
<tr>
<td>Introduce possible modifications to the ESMP as a result of the visit analysis.</td>
<td>IDB-Executing Agency</td>
<td>Note from the Executing Agency providing notification of the inclusion of the requested modifications</td>
<td>Week of March 29</td>
</tr>
<tr>
<td>Introduction of possible modifications to the project design or, if necessary, development of terms of reference (TORs) for an analysis of alternatives and/or feasibility study in order to make possible adjustments to the project</td>
<td>IDB-Executing Agency</td>
<td>Note from the Executing Agency providing notification of the inclusion of the requested modifications/TORs</td>
<td>Week of March 29</td>
</tr>
<tr>
<td>Contracting of the aforementioned studies, if necessary</td>
<td>IDB</td>
<td>Consulting Contract</td>
<td>Week of April 12</td>
</tr>
<tr>
<td>Presentation of completed studies to the Executing Agency</td>
<td>IDB</td>
<td>Meeting memory aid</td>
<td>Week of May 19</td>
</tr>
<tr>
<td>If necessary, conduct an additional forum for public comments on the new studies carried out</td>
<td>Executing Agency</td>
<td>Public comments report</td>
<td>Week of May 31</td>
</tr>
<tr>
<td>Modifications identified in the studies and public comments that have been incorporated in the project and/or the ESMP.</td>
<td>Executing Agency</td>
<td>Updated project documents sent to the Bank</td>
<td>Week of June 7</td>
</tr>
</tbody>
</table>

E. Conclusions

25. Administration is expecting an opportunity for direct dialogue between the Requesters and Administration, while fully respecting the confidentiality of the identities of the Requesters. Administration also emphasizes that it is at the disposal of the MICI to collaborate on any required information or documentation.
Annex I - Administration's response note to the communication received

Buenos Aires, February 10, 2021

CSC/CAR 449/2021

Ref.:

Loan 3780/OC-AR Inland Metropolitan Area Development Program II
Project: Reorganization and rehabilitation plan for the Paganini Complex of Granadero Baigorria, province of Santa Fe.

In response to your request:

We have made note of your communication on February 8, 2021 regarding the above-mentioned project. The executor of this project is the National Ministry of Territorial Development and Habitat (MDTyH), through the DAMI program (Inland Metropolitan Area Development). As the executor of this project and as the responsible party for its design and construction, the DAMI program of the MDTyH is the first point of contact for any complaints that may arise.

Therefore, we recommend that you contact the executing agency via the following methods in order to raise the concerns expressed in your note:

National Ministry of Territorial Development and Habitat - DAMI Program
Email: dami@mininterior.gob.ar
Phone: (011) 5071-9810
Address: Av. Leandro Alem 168, 4° piso, oficina 417, Ciudad Autónoma de Buenos

Regardless of your communications with the executing agency, we place ourselves at your disposal so that we may understand your concerns and learn more about the nature and scope of your complaints. As such, we are offering the option of meeting virtually, together with the Bank's Project team and the environmental and social specialists responsible for supervising the implementation of the work in question.

In order to coordinate this meeting, I would appreciate if you could respond to this note indicating some options for dates and times based upon your availability.

Sincerely,

Martin Soulier Faure
Project Director