

THE INSPECTION PANEL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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IPN REQUEST RQ99/4

August 12, 1999

NOTICE OF REGISTRATION

Dear Sirs:

Re: Request for Inspection – Argentina: Special Structural Adjustment Loan (Loan 4405-AR)

On July 26, 1999, the Inspection Panel (“the Panel”) received a Request for Inspection in Spanish dated July 20, 1999 related to the above referenced loan (“the Loan”) and on August 9, 1999 an acceptable translation thereof. Also, at the request of the Chairman of the Panel, the Requesters submitted some clarifications to the statements made in the original request on August 11, 1999 (both the original request and clarifications hereinafter referred to as “the Request”).

The Request was submitted by a group of attorneys of the Centro de Estudios Legales y Sociales – CELS (the Center for Legal and Social Studies), an Argentine non-governmental organization representing about 418 beneficiaries of the Pro-Huerta program (“the Requesters”). CELS submitted powers of attorney to the Panel authorizing it to act on behalf of the Requesters. The Requesters have asked that their names remain confidential.

The Requesters claim that Management, in violation of the terms and conditions under which the Board of Executive Directors approved the Loan, intends to release its last tranche, despite the fact that the Borrower has not complied with some of the disbursement conditions applicable to the tranche in question. According to the Requesters, the disbursement conditions set forth in the Loan Agreement require the Borrower to maintain adequate levels of funding for a number of specific social programs, but current budgetary allocations made by the Borrower, and accepted by Management, will result in the effective termination of, *inter alia*, the Pro-Huerta program. This program is providing food and nutrition assistance to the absolute poor. According to the Requesters, “despite having reached 2,744,000 beneficiaries, Pro-Huerta was still far from its estimated demand of 6,247,000”, adding that Pro-Huerta was specifically included in the Annex of Schedule 3 to the Loan Agreement as one of the programs that must be protected under the social and economic program supported by the Loan (“the Program”) as a condition of disbursement. The Requesters also claim that Management has not made available to them relevant information on the execution of the Program. Finally, the Requesters state that, “given the nature (food/nutrition) of the program which is the subject of this request, we ask the Panel to treat this as an *urgent matter* and that it urge the Bank to withhold, on a preventive basis, disbursement of the third tranche of the Loan.”

The Requesters claim that the potential alleged harm is a result of failures and omissions in the monitoring and supervision of the Program by Bank staff in violation of the following Bank policies and procedures:

- OD 4.15 on Poverty Alleviation
- OD 13.05 on Project Supervision
- OP/BP 10.70 on Project Monitoring and Evaluation
- OP/BP 13.40 on Suspension of Disbursements
- BP 17.50 on Disclosure of Operational Information

I am notifying you that I have on August 12, 1999, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register. Due to the fact that the Panel's "registration" process is often misunderstood, I would like to emphasize that "registration" is an administrative procedure established by the Panel and that it implies no judgment whatsoever concerning the eligibility of the request.

In accordance with paragraph 18 of the Resolution and paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*", Bank Management has been notified that it must provide the Panel, no later than September 13, 1999, with written evidence that it has complied, or intends to comply with the Bank's relevant policies and procedures in relation to the above-referenced loan. The subject matter the Management must deal with in a response to the Request is set out in paragraph 3 and 4 of the "*Conclusions of the Board's Second Review of the Inspection Panel*."

After receiving the Management response, the Panel will, as provided by paragraph 19 of the Resolution, "determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 and shall make a recommendation to the Executive Directors as to whether the matter should be investigated."

The Request has been assigned IPN Request Number RQ99/4.

Yours sincerely,

Jim MacNeill
Chairman

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President
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The Executive Directors and Alternates
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