

IPN REQUEST RQ04/2

April 22, 2004

NOTICE OF REGISTRATION

**Re: Request for Inspection
COLOMBIA: Cartagena Water Supply, Sewerage and Environmental
Management Project (Loan No. 4507-CO)**

On April 20, 2004, the Inspection Panel (the 'Panel') received a Request for Inspection (the 'Request') related to the above-referenced project, dated April 19, 2003. The Request was submitted by members of Corporación Cartagena Honesta, a Colombian nongovernmental organization, on its own behalf and on behalf of 125 residents of Punta Canoa, 139 residents of Arroyo de Piedra, 41 residents of Manzanillo, and 119 residents of Cartagena.

The Requesters claim that they and the communities they represent have been harmed and are likely to suffer further harm from certain components of the above-referenced project which is partially financed by a World Bank loan of US\$ 85 million.

According to the Request, the project involves an upgrading and expansion of Cartagena's water and sewerage system, which includes the construction of a pipeline and submarine outfall that will carry the city's essentially untreated wastewater (an average of 227,000 cubic meters per day) twenty kilometers north of the city and discharge it into the Caribbean Sea about 2.5 kilometers from the coastal fishing villages of Punta Canoa, Arroyo de Piedra, and Manzanillo, the areas closest to the proposed outfall discharge site.

The Request claims that the residents of these villages are indigenous people who maintain a subsistence living from fishing and farming in the area and that they will suffer harm because the discharge of the wastewater would deplete the fish stocks the villages rely upon and cause severe human health impacts for fishermen, residents and others exposed to the polluted waters. The Request notes that *"the potential for this constant*

deluge of untreated urban wastewater to cause pathogenic and chemical contamination of the coastal waters is very high.”

The Request also claims that because the outfall site is subject to the geological condition known as diapirism (or mud volcanism), which is characterized by the sudden, violent expulsion of thousands of cubic meters of mud, clay, and gases, there is a high risk that the outfall pipeline could rupture without warning and cause the wastewater to be released much closer to shore. The Request refers to the diapirism that occurred in 1979 in the area just off of Punta Canoa.

The Request further claims that the project will upset or destroy the indigenous culture and way of life by inflicting on the people the harmful effects of *‘long-term, disruptive construction; foul-smelling, noisy, and ugly sewage conveyance infrastructure; pathogenic bacteria and chemical contaminants in their coastal waters and fisheries, their most important natural resource; and sewage matter on their beaches.’*

The Request also claims that the project will place undue fiscal strain on the city of Cartagena which, it alleges, has suffered a lack of coherence and stability in its fiscal management, and that this could result in a high risk of loan default with consequent financial harm to the city’s residents and with injury to the fragile local economy.

The Request claims that the Bank approved an environmental assessment (‘EA’) that was deficient in scope and level of scrutiny; that the EA failed to consider adequately the impact on or potential risks to the immediate coastal zone; that the EA dismissed without justification other more environmentally sound and financially viable alternatives such as a wastewater treatment and reuse system; and that the EA did not adequately identify or account for the potential violations of Colombian laws on water quality, wastewater discharge, and environmental assessment. The Request further claims that the project could violate Colombia’s international obligations under the 1983 Cartagena Convention and the related 1999 Aruba Protocol.

The Request claims that Bank and project officials failed to consult with locally affected persons and to take their views into account and wrongfully dismissed community concerns about the untreated wastewater discharge. It further claims that project and Bank officials failed to identify affected communities as indigenous and to produce an *“indigenous peoples development plan”* as required by Bank policy and that had they done so, *“they would have had to consider more carefully whether and how the project might benefit these communities.”*

The Request also alleges that the Bank accepted inaccurate financial and accounting statements from the borrower; that in its supervision of the project the Bank failed to ensure that there were no conflicts of interest among project officials; that it authorized loan disbursements more than a year before any environmental license was approved; and that it failed adequately to scrutinize the economic investment and environmental risk evaluations of the proposed submarine outfall and of alternative solutions to Cartagena’s sanitation problems.

The Request states that the Requesters have previously complained on numerous occasions to Bank regional and senior management, ethics officers, and others, and have received no satisfactory response.

Finally, the Requesters ask the Inspection Panel to recommend to the Executive Directors a full investigation of the matters alleged in the Request. They also request “*that the Bank stop disbursing funds to this project until an investigation has been completed and an appropriate remedy adopted.*” They further ask “*that any proposals made by Bank management as a result of an investigation require full and honest consultation with all affected communities.*”

The Requesters claim that “*the Bank has failed to observe or has otherwise violated*” various provisions of the following operational Policies and Procedures:

OD 4.01	Environmental Assessment
OD 4.04	Natural Habitats
OD 4.07	Water Resources Management
OD 4.15	Poverty Reduction
OD 4.20	Indigenous People
OD 10.02	Financial Management
OD 10.04	Economic Evaluation of Investment Operations
OD 13.05 and OP/BP 13.05	Project Supervision

All communications with the Requesters in connection with the Request will be sent until further notice to Mr William Dau, with a copy to Mr. Edward Lloyd, at the addresses listed below.

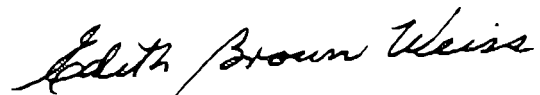
In accordance with paragraph 17 of the Panel’s Operating Procedures (the ‘Operating Procedures’), I am notifying you that I have, on April 22, 2004, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the IBRD Resolution that established the Panel (‘Resolution’), paragraphs 2 and 8 of the “*Conclusions of the Board’s Second Review of the Inspection Panel*” (the ‘1999 Clarifications’), and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel, no later than May 21, 2004, 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 Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, “*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] 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 RQ04/2.

Yours sincerely,

A handwritten signature in cursive script that reads "Edith Brown Weiss".

Edith Brown Weiss
Chairperson

Mr. William Dau
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Mr. James D. Wolfensohn
President
International Bank for Reconstruction and Development
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The Executive Directors and Alternates
International Bank for Reconstruction and Development

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