



Nicaragua: Ingenio Montelimar-01/Montelimar Environs

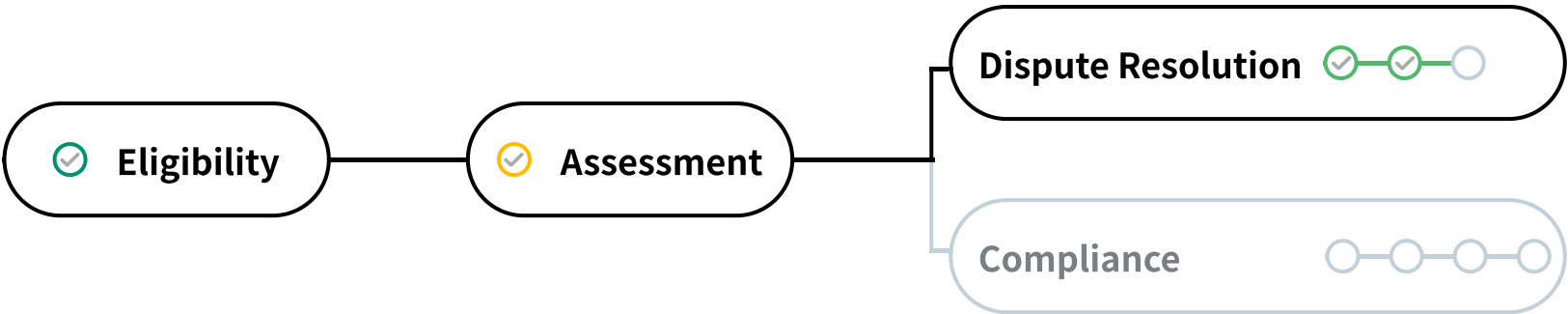
DATE FILED 01 OCT 2015

STATUS OPEN

PHASE DISPUTE RESOLUTION (DR)

COUNTRY NICARAGUA

Case Tracker



Complaint Overview

Complainant

Asociacion Montelimar Bendicion de Dios (AMBED)

Concerns

Community health & safety, environmental pollution, land tenure, and information disclosure

Cross-Cutting Issues

- [Labor](#)
- [Resource Efficiency](#)
- [Community Health and Safety](#)
- [Land Resettlement](#)
- [Indigenous Peoples](#)
- [Air](#)
- [Land](#)
- [Water](#)
- [Coercion](#)
- [Loss of Life](#)
- [Loss of Livelihoods](#)

Synopsis

Project Overview

Consorcio Naviero Nicaraguense (Navinic) owns the smallest of four sugar mills in Nicaragua (Montelimar mill), with a milling capacity of 2,300 tons of sugar cane per day. The project involves an increase in the Company’s sugar annual production and includes the acquisition of 1,628 ha of land to increase planted area, investment in irrigation and other infrastructure in the field, increasing milling capacity, acquiring additional harvesting and transportation equipment and funding incremental working capital needs. Total project cost is estimated at US\$38 million, and IFC has provided a US\$15 million A Loan for IFC’s own account.

Complaint

In October 2015, the Asociacion Montelimar Bendicion de Dios (AMBED), a local organization comprised of current and former workers of Montelimar, their families, and members of communities in the Municipality of San Rafael del Sur, filed a complaint with CAO regarding IFC’s Montelimar project. The complaint cites concerns about the high prevalence of Chronic Kidney Disease (CKD) in the local communities and the company’s



Region

[Latin America & the Caribbean](#)

Institution

[IFC](#)

Name & Number

Ingenio Montelimar 32253

Company

Corporacion Montelimar SA

Sector

[Agribusiness](#)

Department

[Manufacturing, Agribusiness & Services](#)

Category

[A](#)

Commitment

\$15 million A loan

compliance with its Performance Standards in relation to these issues.

CAO Action

CAO found the complaint eligible for assessment in October 2015. During the assessment, the company and complainants wished to meet to exchange information on the concerns raised in the complaint and engage in a CAO dialogue process. The parties held several meetings to clarify misconceptions and address issues of common interest, and in January 2017, they signed an agreement to work together to provide support to those suffering from CKD. Agreed actions included health and livelihood support to former workers, which encompassed the creation of a cooperative, Textil of Multiple Services Manantial de Agua Viva. The parties also agreed to have AMBED operate as an additional intake channel for the company’s grievance mechanism and to request government support to form a commission to improve access to health care services and pensions.

From January 2017 to October 2019, the parties worked to implement the agreement and address the remaining concerns raised in the complaint. This took place amid an acute political crisis in Nicaragua that commenced in early 2018. Joint meetings were suspended but parties continued to work together. As a result of their sustained effort, the COSEMUNAV cooperative, which is composed of 144 former workers, including some complainants, started operating in August 2018. The cooperative’s first project is a small textile workshop. Despite the security challenges faced in 2018 and 2019, CAO continued to support the parties as they worked to address the issues through dialogue, reach agreements, and implement them to their satisfaction.

On October 10, 2019, the parties signed a final mediation agreement in San Rafael del Sur, Nicaragua, which sets out various actions and commitments. These include further commitments by Corporación Montelimar (CM) to support former workers with temporary, short-term benefits related to health and food, as well as sustainable, medium-term actions to implement employment and income generation projects. Parties also intend to collaborate with national authorities to improve health care services in the neighboring communities and decided to continue



term engagement. The agreement is available, via the “Case Documents” section below this page, in English and Spanish.

CAO commenced monitoring and implementation of the agreement was well underway when the COVID-19 pandemic reached Nicaragua. The parties have shown their capacity and commitment to adapt to the challenges brought by the pandemic. CAO helped by equipping AMBED’s leaders with smartphones and internet service and trained them in the use of videoconferencing apps. CAO also helped parties prepare videos to disseminate good practices to prevent the spread of COVID-19 and later trained both parties in the production of short videos to keep their members and employees informed. After signing the agreement, the parties have held eleven joint meetings (10 online and 1 in person), which have resulted in new agreements and they have continued working together to implement the commitments from the final mediation agreement signed in 2019.

Additionally, as a response to the dire economic situation created by the pandemic, and in coordination with donors—such as ANDECU and SOMO, NGOs from Nicaragua and The Netherlands, the company agreed to provide exceptional and temporary food supply and hygiene kits to AMBED’s members.

With support from CM, a textile factory owned by the COSEMUNAV cooperative (now composed of 174 former workers) currently provides jobs to 15 community members and in January 2022, distributed dividends to its members for a third year in a row. The factory produces and sells uniforms to various corporate clients, CM being the most important one. The cooperative has recently reached financial sustainability.

Given this success story, parties have agreed to set up a new cooperative to develop and implement new income generation projects that are currently under discussion, including the pilot microcredit project which had been temporarily put on hold until conditions improved. Parties have also completed four participatory rounds of water quality monitoring and are already planning to complete the fifth before the rainy season begins.

Status



Status as of February 7, 2022

Case Documents

Dispute Resolution

COMPLAINT

Ingenio Montelimar Complaint

Aug 23, 2015 | English

ASSESSMENT REPORT(S)

CAO Assessment Report

Feb 01, 2016 | English

CAO Assessment Report

Feb 01, 2016 | Spanish

IFC Response to the CAO Assessment Report

Aug 29, 2016 | English

AGREEMENT(S)

Signed Agreement - Montelimar

Jan 01, 2017 | Spanish

Annex 1

Jan 01, 2017 | Spanish

Annex 2

Jan 01, 2017 | Spanish

Signed Agreement with annexes

Dec 01, 2018 | English

Progress Report

Dec 01, 2018 | English

Progress Report

Dec 01, 2018 | English

Final Agreement with Annexes - Montelimar

Final Agreement with Annexes - Montelimar



File a Complaint

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- [MIGA Project Disclosures](#)
- [World Bank Accountability Mechanism](#)
- [Report Fraud or Corruption](#)

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English

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