



**PUBLIC**

**DOCUMENT OF THE INDEPENDENT CONSULTATION  
AND INVESTIGATION MECHANISM**

**(AR-MICI001/2010)**

**MONITORING REPORT  
MULTIPHASE PROGRAM FOR THE DEVELOPMENT OF PRODUCTION SUPPORT  
INFRASTRUCTURE IN ENTRE RÍOS**

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# Monitoring Report on the Case “Multiphase Program for the Development of Production Support Infrastructure in Entre Ríos” (AR-MICI001/2010)



30 August 2013

**PROJECT OMBUDSPERSON**

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## MONITORING REPORT

### I. BACKGROUND

1. This report<sup>1</sup> is being issued in order to follow up on the commitments undertaken by the Parties in the Memorandum of Understanding and Commitment (see paragraphs 3 and 4 below) signed by the Parties in the case, “Multiphase Program for the Development of Production Infrastructure Support in Entre Ríos” (AR-MICI001/2011).
2. The case originated with the Request submitted on **28 June 2010**<sup>2</sup> by Pablo and Matías Folonier and Sara Ramona Quiroga,<sup>3</sup> which cited potential environmental and social impacts stemming from the “Multiphase Program for the Development of Production Infrastructure Support in Entre Ríos” (the “project”), financed by the IDB in Argentina.
3. The case was found to be eligible for the Consultation Phase on **8 October 2010**.<sup>4</sup> In **March 2011**, the Project Ombudsperson issued the Assessment Report,<sup>5</sup> which determined that there were sufficient conditions to initiate a dialogue process. This dialogue process included the following stages: (i) exchange of information between the Parties in order to facilitate greater understanding of the perspectives and provide greater clarity on the technical information; (ii) dialogue to explore solutions, and (iii) agreement stage, which culminated in a Memorandum of Understanding and Commitment (see paragraph 4 below).
4. The Memorandum of Understanding and Commitment was signed by the Parties and the Program Execution Coordination Unit (PCU) on **18 December 2012**, pursuant to the terms agreed on by them and approved by the Province of Entre Ríos.<sup>6</sup> By signing the agreement, the Parties requested closure of the case and Dialogue Process before the Independent Consultation and Investigation Mechanism (ICIM), and asked the Project Ombudsperson to continue to monitor the commitments undertaken in the Memorandum of Understanding and Commitment.

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<sup>1</sup> This report is issued pursuant to the provisions of Section 52 of the Policy Establishing the Independent Consultation and Investigation Mechanism.

<sup>2</sup> Once the Independent Consultation and Investigation Mechanism (ICIM) was in effect, the Request was forwarded to the Project Ombudsperson on 16 September 2010.

<sup>3</sup> Later, during the Assessment stage, a group of residents from the El Brete neighborhood joined the original requesters, alleging they were affected by the environmental and social impacts caused by the project; see Consultation Phase Report on the case, “Multiphase Program for the Development of Production Support Infrastructure in Entre Ríos” (AR-MICI001/2010) of 6 February 2013, paragraph 7. A copy of the report can be found at: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=37545876>

<sup>4</sup> A copy of the Eligibility Memorandum is available at: <http://www.iadb.org/es/mici/detalle-de-reclamo,1804.html?id=AR%20MICI001/2010>.

<sup>5</sup> A copy of the aforementioned Assessment Report is available at: <http://www.iadb.org/es/mici/detalle-de-reclamo,1804.html?id=AR%20MICI001/2010>.

<sup>6</sup> For more information about the Consultation Phase process and the agreement signed by the Parties, see Consultation Phase Report, footnote 3 above.

## II. MEMORANDUM OF UNDERSTANDING AND COMMITMENT

5. Through the Memorandum of Understanding and Commitment (see paragraphs 3 and 4 above), the Parties reached agreements on the following issues: (a) measures for mitigating the visual impact of the transformer station and high voltage lines; (b) improvements in the infrastructure conditions of the El Brete neighborhood; (c) creation of a private natural protected area in the vicinity of the transformer station; (d) Citizen Participation Plan; (e) lawsuits; and (f) communication with the media.
6. The commitments were made in good faith by a consensus of the Parties, for the ultimate purpose of addressing the concerns of residents in the area around the transformer station and contributing to the greater social and environmental sustainability of the project.
7. The main commitments undertaken by the Parties in this case are described below.

### **Increase measures to mitigate visual impacts**

8. In addition to the measures for mitigating visual impact that were already included in the project, Energía Entre Ríos S.A. (ENERSA) agreed to:
  - a. Engage a landscape expert to advise on the design of measures for mitigating visual impact on the rural landscape;
  - b. Initiate a managed natural revegetation process in available areas within the 16-hectare property where the transformer station would be located, taking into account the recommendations made by the landscape expert;
  - c. Reduce the height of the crossbeam of the first gantry and the length of the end loops of the guard cables, subject to the results of the assessments in the final detailed engineering for the project;
  - d. Paint the structures of the 132 kV lines a color that minimizes their visual impact. The decision on the details of this activity will be made by the Citizen Participation Committee;
  - e. Install a wire mesh fence with vines as a temporary measure until the forest shelterbelt grows;
  - f. With the agreement of the Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A (TRANSENER), maintain the grove under the shunt line up to a certain height so as to not jeopardize the safety of the lines and their maintenance, but still preserve the continuity of the low-lying area. If the grove crosses private property, its maintenance will be contingent on a specific agreement with the owner of the area in question; and
  - g. Not request the opening of any public streets other than those strictly necessary to access the transformer station and to lay and maintain the high voltage lines, reducing the width of these streets to the minimum path necessary to lay the lines.

### **Improve infrastructure conditions in the El Brete neighborhood**

9. The Parties identified a number of measures to improve infrastructure conditions in certain areas of the El Brete neighborhood around the transformer station:

- a. **Establishment of a healthcare center.** The residents agreed to facilitate and monitor the normal steps involved in requesting the construction and management of a healthcare center in El Brete. If necessary, they would ask the Municipio to donate land owned by the Province, or take any other steps related to securing the ownership of the property. ENERSA agreed to finance the construction and equipping of this healthcare center once the formal title issues have been resolved and the respective approvals of the Provincial Ministry of Health have been obtained. The PCU will act as the liaison between the Parties and the Provincial Ministry of Health and, as such, has agreed to use its good offices to do everything in its power to ensure the continuity of the issue and help achieve the proposed objective. The Parties will agree upon alternative measures to take in the event it is not possible to honor this commitment for reasons beyond their control.
- b. **Supply of three-phase power** to the residents identified by the Complainants in July of 2012 who needed this service. To this end, ENERSA identified the following works to be carried out in order to provide this service: (a) upgrading of a 250 kVA Distribution Transformer Substation and a 63 kVA Rural Transformer Substation; (b) construction of 300 meters of primary aerial cable and reinforcement of 996 meters of secondary aerial cable; and (c) installation of 13 service connections. ENERSA also agreed to complete the electrical infrastructure work within a maximum period of six months from the signing of the Memorandum of Commitment. The residents agreed to adapt their inside electrical connections in order to be able to benefit from the three-phase service, as well as to submit the application and documentation required under the Electricity Supply Regulations and policies issued by the Provincial Electricity Regulatory Agency for this purpose.
- c. **Improvement of public lighting, the road system, and provision of drinking water service.** The Superior Government of the Province of Entre Ríos, assisted by ENERSA, and the Municipality of Paraná entered into a Cooperation Framework Agreement for additional work in the El Brete neighborhood, in order to “perform all work within the Parties’ power to bring about improved infrastructure conditions in the El Brete neighborhood, including the provision of drinking water service and the improvement of road sections and public lighting in the area.”
- d. **Road safety measures.** The Complainants requested basic road safety measures such as pedestrian crossings and highway entrance ramps. The Dirección Provincial de Vialidad [Provincial Road Directorate] (DPV) will include the construction of an acceleration ramp as part of the project and will consider the possibility of adding others when the construction of the pertinent section of the road expansion project is underway.

#### **Private natural protected area**

10. The Folonier family agreed to supplement and adjust its request to create a private natural protected area in the vicinity of the transformer station. ENERSA and the original Complainants agreed to review the implications of this measure to ensure that the area around the transformer station, whose electricity would be supplied by TRANSENER, does not encounter any legal obstacles as a result of the protection order. The PCU agreed to use its good offices to do everything within its power to facilitate the effective creation of this area.

### **Citizen participation plan**

11. The Parties agreed to develop and implement a Citizen Participation Plan during the construction of the works, and to review and adjust it for the operation phase in order to retain the plan’s fundamental features. The basic points of this plan were jointly formulated by the Parties. To implement the plan, it was agreed to create a Citizen Participation Committee composed of representatives of ENERSA and the residents. It was also agreed to contract a consultant specialized in the area of citizen participation, who would design the committee’s specific operational processes and the areas that would be under its authority.

### **Lawsuits related to the project**

12. The Complainants ceased all current lawsuits and/or will refrain from filing any lawsuits in the future with respect to the project. In addition, in the event of any dispute related to the performance and enforcement of the Memorandum of Understanding or any aspect of the project, the Parties will exhaust all dialogue or mediation avenues, seeking to settle the dispute through a procedure similar to the one applied during the dialogue process with the ICIM. In the Memorandum of Understanding and Commitment the Parties specified the lawsuits the Complainants had to cease. Furthermore, if necessary, the Complainants agreed to assist ENERSA and the provincial government with any administrative processes related to the project that are pending before the National Electricity Regulatory Entity (ENRE), as well as with all subsequent phases of the project.

### **Communication with the press**

13. The Parties agreed that they would not individually or separately communicate with the press about the case or the terms of the Memorandum of Understanding and Commitment that was signed. If deemed necessary, the Parties may issue a joint press release declaring the case closed.

## **III. MONITORING OF COMPLIANCE STATUS**

14. In the Memorandum of Understanding and Commitment, in addition to asking the Project Ombudsperson to monitor the commitments and organize the respective site visits, the Parties agreed to send her periodic reports on compliance with the commitments that were undertaken and ensure that she has access to any required information.
15. The project financed by the IDB is currently in the execution phase. ENERSA has reported that the works “have begun as authorized by the IDB, based on the statement of no objection to the start-up of work that was issued in June 2012, and are currently being executed in accordance with the work schedule.”
16. Starting when the Memorandum was signed and to date, the Project Ombudsperson and her team have monitored the commitments in terms of the timeframes and forums that were mutually decided by the Parties, and in view of the circumstances that have arisen during the process. The compliance process is in its initial stage, and the Parties have made progress primarily in two strategic areas related to the measures for mitigating visual impact and the Citizen Participation Plan. Completion of these actions will make it possible to move forward with the remaining commitments that were undertaken. Under these circumstances, the current monitoring activities have focused on analyzing the information provided by the



Parties and the various communications from the ICIM to the Requesters and the executing agency.

17. The Parties submitted information on the progress made in April, July, and August. Notwithstanding the in-depth analysis presented below on the activities carried out to date, the joint efforts made by the Parties in a framework of cordiality and dialogue in this process is worth mentioning, as it will allow the established objectives to be met and will reinforce the constructive interaction dynamics between the Parties.

#### **Preparatory meetings**

18. The Requesters reported that they met with ENERSA in January and February of this year “in order to organize the topics to be discussed at the first meeting of the [P]articipation [C]ommittee” and agree upon the subsequent actions to be taken. During these meetings the Parties identified the following actions: (i) select a specialist in citizen participation to complete the Citizen Participation Plan; (ii) proceed with the hiring of a landscape expert; (iii) discuss a work schedule and how it will be regulated; and (iv) decide on the possibility of holding an informational meeting with the construction company. Specific details on hiring the landscape expert were also finalized.

#### **Measures to mitigate visual impact**

19. ENERSA reported that the measures for mitigating visual impact related to reducing the height of the crossbeam of the first gantry and reducing the length of the cable end loops were already agreed upon with the company that was awarded the contract<sup>7</sup> (ABB S.A.), and that the contractor was informed of the remaining measures to be implemented, so these measures are to be implemented when the work is performed.
20. In addition, at the beginning of this year the Parties met to decide on the final actions required to contract the landscape expert. Later, after the Parties had agreed on the selected expert, ENERSA proceeded to hire that person. The expert delivered his “Forestation Proposal for the Gran Paraná Transformer Station” in May 2013.
21. ENERSA notified the contractor in charge of the work that the landscape expert’s report had been delivered, so that the company could proceed with its implementation.

#### **Citizen Participation Plan**

22. As preliminary steps, at the beginning of the year the group of residents of El Brete resumed the informational meetings of the participation process. The first formal meeting of the Citizen Participation Committee was held on 25 March, with the participation of two representatives of ENERSA and two representatives of the residents. At this meeting, in addition to discussing matters related to the contracting of experts, the residents expressed their concerns about the management of the access road and the speed of the vehicles involved in the transformer station project. It was agreed to hold a meeting with representatives of ABB S.A. to discuss the work schedule.

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<sup>7</sup> Through the Memorandum of Agreement on the Definition of Technical Issues on the project: Construction of the Civil Works, Provision of Materials and Equipment, Electromechanical Installation of the 500/132 kV Paraná Transformer Station and Additional Work, of 18 May 2012. ABB S.A. reported that the project plans were adapted to the specifications in the Agreement, and the revised plan was delivered on 12 September 2012.

23. In addition, in March 2013 the Requesters worked on the proposal to identify several professional consultants specializing in citizen participation (see paragraph 11 above), and in the following months they worked with ENERSA to find professionals whose profile matched the specifics of the Plan. Finally, on 14 August of this year the residents named their candidate for this consulting work, and ENERSA “is conducting its own search in order to issue the call for bids as soon as possible.”

#### **Improvement of infrastructure conditions in the neighborhood**

24. In February the Requesters contacted members of the city’s Deliberative Council to work on the proposed ordinance for donating land owned by the Municipio, in order to implement the agreement on the construction of a healthcare center (see paragraph 9.a above). The residents met to convene a commission to monitor this issue, since this requires a dialogue process with the various local authorities.
25. Regarding the provision of three-phase power, ENERSA reported on the request made by a resident, who subsequently received the service. In addition, with regard to the required electrical infrastructure, it indicated that this is in the process of being completed.

#### **Lawsuits related to the project**

26. ENERSA reported that the original Requesters ceased the lawsuits in the case involving the expropriation of land for the transformer station.

### **IV. RECOMMENDATIONS**

27. The fulfillment of all of the commitments undertaken by the Parties in this case depends on several factors that until now have prevented specific deadlines from being set. The startup of the works carried out under the project will determine the level of progress on the Memorandum of Understanding and Commitment.
28. The Project Ombudsperson feels positively that the Parties have promptly taken specific actions related to the mitigation measures and citizen participation, in a spirit of consensus and working together.
29. Regarding mitigation measures, the works will have to begin in order to implement the recommendations made by the landscape expert in his report, which were accepted by ENERSA (see paragraphs 20 and 21), as well as the other measures for mitigating visual impact that have already been approved (see paragraph 19). The Consultation Phase Team will continue to monitor the implementation of these mitigation measures by the company in charge of executing the work.
30. In regard to the citizen participation expert, it is extremely important that this person be contracted as soon as possible, since the work of the Citizen Participation Committee is what will lead to the fulfillment of most of the remaining commitments.
31. At this point, the Project Ombudsperson recommends continuing the initial plans submitted by the Parties so that the specialist can be contracted as soon as possible. Accordingly, once the candidate proposed by ENERSA has been identified, the contracting process will begin, which according to information provided by the company will take about 15 days. Once the contract has been formalized, the expert will have 30 days to submit his proposal. The expert

is also expected to oversee the work during the first year of operation of the Citizen Participation Committee, in order to facilitate the implementation and functioning of the system.

32. In addition, it is important that the Parties make a detailed schedule of the activities that will subsequently take place. In particular, the Parties must have information on the execution and planning of the work. This schedule must also be submitted to the neighborhood and shared with the IDB and the ICIM.
33. The Project Ombudsperson recommends, if the Parties agree, that a trip be organized to monitor the progress made in the remaining commitments, and to work together on setting the targets and timeframes for honoring these commitments.