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DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

COSTA RICA
MICI-BID-CR-2017-0125

CASE CLOSURE REPORT
REVENTAZÓN HYDROELECTRIC POWER PROJECT

(CR-L1049, CR-L1056, CR-U0001, CR-T1086)
(ATN/OC-12720-CR, 2747/OC-CR, 2806 A/OC-CR, 2806 B/OC-CR,
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This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously.

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Annex I	Agreement Addressing the Ability to Access Water for Livestock and Irrigation (confidential document)
Annex II	Work Plan for Implementation of the “Agreement Addressing the Ability to Access Water for Livestock and Irrigation” (confidential document)

LINKS	
1.	Original request http://www.iadb.org/document.cfm?id=EZSHARE-1210845122-37
2.	Public registry file for Request MICI-BID-CR-2017-0125 https://www.iadb.org/en/mici/complaint-detail?ID=MICI-BID-CR-2017-0125&nid=21810
3.	Assessment and Consultation Phase Report http://www.iadb.org/document.cfm?id=EZSHARE-1210845122-259

ABBREVIATIONS

Bank or IDB	Inter-American Development Bank
CAO	Office of the Compliance Advisor/Ombudsman
ERM	Environmental Resource Management, consulting firm
Harm	Any direct, material damage or loss. Harm may be actual or reasonably likely to occur in the future.
ICE	Instituto Costarricense de Electricidad [Costa Rica Power Authority]
IDB Group	The IDB Group comprises the Inter-American Development Bank, IDB Invest, and the Multilateral Investment Fund
IFC	International Finance Corporation
MICI or the Mechanism	Independent Consultation and Investigation Mechanism
MICI-IDB Policy	The Policy, approved by the IDB Board of Executive Directors in December 2014 and revised in December 2015, governing MICI operations for Requests related to IDB-financed or MIF-financed operations (document MI-47-6)
MW	Megawatts
OP	Operational Policy
Parties or Stakeholders	The Requesters, Management, borrower, client, and/or executing agency, as applicable
Project or RHP	Reventazón Hydroelectric Project

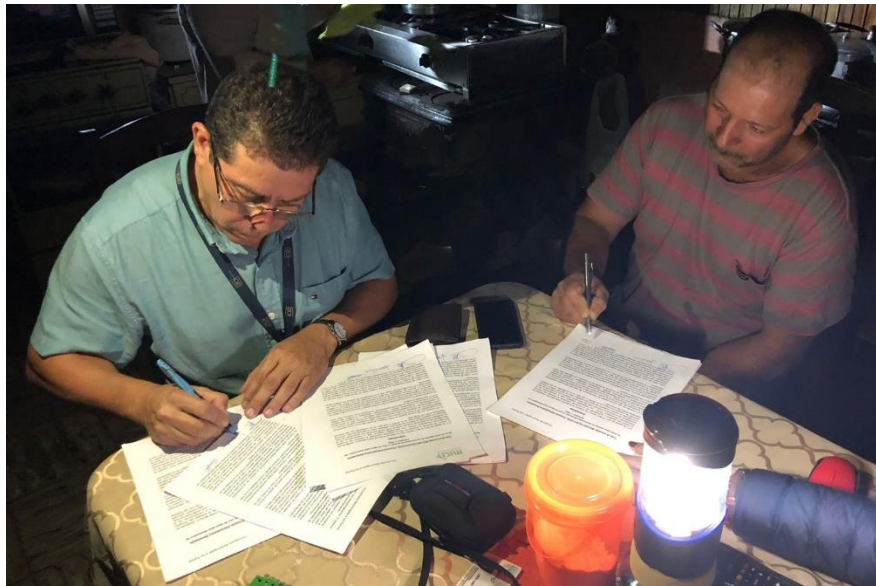
I. BACKGROUND

- 1.1 The Reventazón Hydroelectric Project (RHP) consists of the design, construction, operation, and maintenance of a hydroelectric power plant with an installed capacity of 305.5 megawatts and the construction of a 130-meter-high dam, an 8-square-kilometer reservoir, as well as substations, transmission lines, and adjacent roads. The Instituto Costarricense de Electricidad [Costa Rica Power Authority] (ICE) is the executing agency for the project. The projected total cost of the RHP was US\$1.4 billion, and, in addition to the IDB funding, included a combination of the ICE's own funds and financing from commercial banks in Costa Rica, as well as the International Finance Corporation (IFC) and the European Investment Bank (EIB) through the Central American Bank for Economic Integration (CABEI).
- 1.2 The Project was classified as environmental category "A," since it had the potential to cause significant adverse environmental impacts and associated social impacts and has profound implications for natural resources. According to the environmental and social management report (ESMR), the mitigation strategy included improving ICE's land acquisition, compensation, and involuntary resettlement practices.
- 1.3 On 7 August 2017, the Independent Consultation and Investigation Mechanism (MICI) received a Request regarding the RHP from a family of three (the "Requesters") living in the Canton of Siquirres, Province of Limón, who own land adjoining the RHP reservoir. As part of the expropriation program established for the RHP, 4.7 hectares of land were expropriated from their farm of approximately 14 hectares. The Requesters alleged that they lost access to two sources of water located on the expropriated land that supplied water to the property for their farming activities, particularly dairy cattle, which are the family's main economic livelihood. They therefore consider that their living conditions were harmed by the aforementioned expropriation.
- 1.4 The Request was registered by the MICI on 10 August 2017. At the Parties' request, the MICI twice extended the eligibility determination date, to give Management and the Requesters an opportunity to resolve the concerns raised. As part of this exchange, the ICE facilitated the actions to supply water for human consumption on the farm owned by the Requesters. Management also reached an agreement with the Requesters to conduct a technical and economic feasibility study on water supply for agricultural use. The study was conducted by the consulting firm ERM and delivered to the Requesters in December 2017. The report analyzed three options, on which the Parties ultimately could not reach agreement. Accordingly, the Request was declared eligible on 1 February 2018, initiating the Consultation Phase.
- 1.5 Given the extensive dialogue between the Parties prior to launching the MICI Consultation Phase, the demonstrated willingness of the different stakeholders to participate in a Consultation Phase Process, and the urgency expressed by the Parties of reaching a consensus-based solution, the MICI proposed conducting the Assessment Stage jointly with the Consultation Phase Process. In view of the decision to shorten the process given the need for a prompt response to the issues raised, the work concentrated on a small number of dialogue sessions facilitated by the MICI team consisting of the Consultation Phase Coordinator and the Case Officer.

- 1.6 The background to case MICI-BID-CR-2017-0125 and the public documentation prepared as part of the process can be consulted in the [case record](#) in the MICI Public Registry.

II. CONSULTATION PHASE REPORT AND AGREEMENTS

- 2.1 During the Consultation Phase Process, the MICI conducted three missions to Costa Rica for face-to-face bilateral meetings with the Parties and facilitation of the dialogue sessions.
- 2.2 The First Dialogue Session, held 1 March 2018, was to review the study, “Análisis de oportunidad de acceso al agua para riego y abrevadero de animales” [Analysis of the ability to access water for irrigation and livestock], conducted by the consulting firm ERM at the request of the IDB. The goal of this first session was to fully understand the report and identify all viable options for settling the dispute. After an extensive question-and-answer period facilitated by the MICI, the Parties expressed their openness and interest in investigating options not included in the ERM report, such as rooftop rainwater collection. In response to this interest, the MICI commissioned an independent expert to analyze the feasibility of implementing a rooftop rainwater collection strategy, including a general design of the rainwater harvesting system. This study, titled “Análisis de la factibilidad de abastecimiento con agua de lluvia” [Feasibility analysis for a rainwater supply system], was presented by the expert at the second dialogue session. As a result of this meeting, an agreement in principle was reached regarding the comprehensive solution to reestablish the ability to access water for livestock and irrigation on the Requesters’ farm.
- 2.3 The MICI prepared a draft agreement which took into consideration the exchanges and partial agreements reached during the initial stages of the dialogue, as well as the information provided by the independent expert engaged by the MICI. During the third mission to Costa Rica, the Parties proceeded to sign the final agreement, comprised of 18 clauses, and requested MICI compliance monitoring of the commitments.
- 2.4 The agreement is structured around a comprehensive solution to the issues identified in the Request that includes the proposal set out in the independent study commissioned by the MICI. Additionally, this comprehensive solution includes enrolling the Requesters in the Sustainable Farm Management Program run by the ICE with farmers and ranchers in the Reventazón River basin, particularly activities related to pasture improvement and waste management.



Signing the agreement

Source: MICI

- 2.5 In accordance with paragraph 34 of the MICI Policy, the agreement reached will be confidential, as agreed by the Parties.

III. MONITORING OF THE AGREEMENTS

- 3.1 Clause 2 of the agreement stipulated that the Parties were to jointly formulate a work plan to implement the commitments made in the MICI Consultation Phase Process.
- 3.2 An initial delay in compliance with the agreements was observed during MICI's monitoring tasks, resulting from differing interpretations of certain commitments by the Parties. This necessitated a first monitoring mission to Costa Rica on 28-30 August 2018.
- 3.3 During this mission, the MICI facilitated two meetings between the IDB, ICE, and the Requesters at the IDB's offices in San José. The purpose of these dialogue sessions was to jointly prepare the work plan for implementation of the agreements reached in April 2018. As a result, the Parties agreed on a work plan that included a set of specific details associated with the implementation of the agreed works, and a timeline for working activities.
- 3.4 In September 2018, the Requesters were officially enrolled in the ICE's Sustainable Farm Management Program.
- 3.5 Construction of the structure of the system for rainwater collection, storage, and distribution began in November 2018 and was completed on 17 April 2019, when the works were handed over to the Requesters, and the three-month trial period began as stipulated in the Agreement. Progress was reported to the MICI by the ICE, the IDB, and the Requesters via various communications, which included a photographic record.



Zinc roofing of collection structure
Source: MICI



Collection and distribution structure
Source: MICI



Rainwater storage tanks
Source: MICI

- 3.6 On 17 July 2019, the trial period for the rooftop rainwater collection system ended with no problems observed in its functioning.
- 3.7 Between 26 and 29 July, the ICE delivered the inputs necessary for the Ureña family to start the second stage of the work under the Sustainable Farm Management Program. As agreed in the work plan, this involved the delivery of seeds, fertilizers, and weedkiller. Wire was also delivered for dividing up plots.

- 3.8 The MICI made a final monitoring mission to Costa Rica on 29-31 July 2019, attended by the MICI Director. The Requesters' farm was visited on Tuesday, 30 July, to confirm that the work had been completed and the system was operating properly. In accordance with the Agreement, the Requesters and the ICE signed a release acknowledging that the ICE had met its commitments. Both IDB and ICE staff took part in the visit to the farm.
- 3.9 To conclude the agreements reached, on 16 August 2019, the Requesters informed the IFC's accountability mechanism, the Office of the Compliance Advisor Ombudsman (CAO), of their intention to withdraw the claim submitted to it associated with access to water for livestock and irrigation.



Closure mission. Signing the release

Source: MICI

IV. CLOSURE OF CASE PROCESSING BY THE MICI

- 4.1 The Guidelines for the Consultation Phase (document MI-74) aim to facilitate the effective application of section H of the MICI-IDB Policy by providing a roadmap for the processing of cases in that phase. Section VII of the guidelines establishes the reasons for ending the Consultation Phase as including: (a) Requests where the Parties have reached an agreement including a monitoring plan, and compliance with these obligations has been verified with the agreement of the Parties (paragraph 7.3).
- 4.2 In consideration of the foregoing, having confirmed compliance with the commitments made by the Parties as part of the MICI Consultation Phase, the MICI hereby notifies the IDB Board of Executive Directors and the interested parties that the processing of Case MICI-BID-CR-2017-0125 is closed, having addressed the adverse impacts associated with the ability to access water for livestock and irrigation cited by the Requesters in relation to the Reventazón Hydroelectric Project.

- 4.3 The MICI thanks the Parties for their cooperation and constructive participation during the process and notifies the Parties and general public of the closure of the case.