



PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

ECUADOR

MICI-BID-EC-2018-0131

**CONSULTATION PHASE ASSESSMENT REPORT
PROGRAM FOR THE RECONSTRUCTION OF ELECTRICITY INFRASTRUCTURE
IN AREAS AFFECTED BY THE EARTHQUAKE IN ECUADOR**

**(EC-L1219)
(3906/OC-EC)**

This document was prepared by Gastón Aín, Coordinator of the MICI Consultation Phase, and Martín Packmann, Consultation Phase Case Officer, under the supervision of Victoria Márquez-Mees, Director of the MICI.

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

CONTENTS

EXECUTIVE SUMMARY

I.	BACKGROUND	1
	A. Geographic and social context of the program.....	1
	B. The program.....	1
	C. The Request.....	2
	D. The MICI process to date	3
II.	CONSULTATION PHASE	4
	A. Regulatory framework	4
	B. Assessment timeline.....	5
	C. Assessment methodology.....	5
III.	ANALYSIS	7
	A. Current issues and context	7
	B. The Parties and their perspectives	8
IV.	CONCLUSION.....	10
	A. Feasibility of initiating a Consultation Phase process.....	10
	B. Proposed methodology.....	10
	C. Resources required	11
	D. Tentative calendar	12

LINKS
<ol style="list-style-type: none"><li data-bbox="251 264 1370 348">1. Summary of Request MICI-BID-EC-2018-0131 https://idblegacy.iadb.org/en/mici/complaint-detail-drupal,21185.html?ID=MICI-BID-EC-2018-0131&language=Spanish<li data-bbox="251 348 1370 432">2. Loan proposal – Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador (EC-L1219) https://www.iadb.org/Document.cfm?id=40804923<li data-bbox="251 432 1370 516">3. Environmental and social management report (ESMR) for the Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador (EC-L1219) https://www.iadb.org/Document.cfm?id=40701398<li data-bbox="251 516 1370 600">4. Environmental impact study for the San Vicente-Jama subtransmission lines https://www.iadb.org/Document.cfm?id=EZSHARE-562134839-10904

ABBREVIATIONS

CNEL-EP	Corporación Nacional de Electricidad, Empresa Pública [State-owned electricity utility]
MICI	Independent Consultation and Investigation Mechanism
PRIZA	Proyecto de Reconstrucción Integral de las Zonas Afectadas [Comprehensive Reconstruction Project for Affected Zones]

EXECUTIVE SUMMARY

The “Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador” (operation EC-L1219) is financed by the Inter-American Development Bank through a sovereign guaranteed multiple-works investment loan operation in the amount of US\$60,000,000 with a local counterpart contribution of US\$9,234,000. The borrower is the Republic of Ecuador, and the executing agency is the Ministry of Electricity and Renewable Energy, with technical assistance provided by Corporación Nacional de Electricidad (CNEL-EP) [State-owned electricity utility]. The program objective is to improve electricity service by rebuilding electricity infrastructure in the provinces of Esmeraldas, Manabí, and Santo Domingo, which were affected by the 16 April 2016 earthquake. The Request before the Independent Consultation and Investigation Mechanism (MICI) concerns a subproject under program Component I, “Comprehensive reconstruction plan for the 69-kV electrical power subtransmission system,” consisting of the relocation of nine kilometers of subtransmission lines between the communities of San Vicente and Jama.

On 20 April 2018, the MICI received a Request from 547 residents of eight communities (Briceño Alto, Briceño Bajo, La Fortuna, Nuevo Briceño, Comunidad Extranjera, El Recreo, Urbanización de Canoa, and Canoa) in the province of Manabí, Ecuador. The Requesters allege that the route of the relocated subtransmission lines had been determined without a public hearing to properly analyze alternatives to that route and without an environmental and social impact study. They believe that the implementation of the program could have a negative impact on their health as a result of radiation from the lines, since the proposed route runs directly over the main road in the community. The Requesters note that relocating the subtransmission lines could result in a significant decline in tourism, which is one of the area’s main economic activities and the source of the Requesters’ livelihood. They also claim that plant and animal wildlife could be impacted and that landslides or other natural disasters in this highly earthquake-prone area could cause the subtransmission lines to collapse, blocking the area’s only evacuation route. The Requesters asked that their identities remain confidential due to fear of reprisals.

The Request was registered on 27 April 2018 and declared eligible on 17 October of that year. Prior to the eligibility determination, the MICI granted a suspension of the process to give IDB Management and the Requesters an opportunity to reach an agreement before beginning its intervention and asked the Board of Executive Directors for an extension of the deadline to that end.

After transferring the Request to the Consultation Phase and as part of the assessment stage, the MICI team interviewed the Requesters, IDB Management, officials from the executing agency (CNEL-EP), the Ecuadorian Deputy Minister of Finance, and the Deputy Secretary for Energy Distribution and Marketing. The team conducted a mission to Quito and Manabí to meet with the Parties in person, analyze the viability of starting a MICI-facilitated process, and identify the Parties’ methodological preferences to design the process.

IDB Management, the executing agency, and the Requesters have expressed their willingness to begin a MICI-facilitated Consultation Phase process, which will have its first joint meeting on 3 and 4 December in the province of Manabí.

I. BACKGROUND¹

A. Geographic and social context of the program²

- 1.1 Ecuador is located in a highly earthquake-prone area. On 16 April 2016, Ecuador was struck by an earthquake measuring 7.8 on the Richter scale, the strongest recorded in the country since 1979. Its epicenter was in the canton of Pedernales in the province of Manabí. The earthquake affected several cities and communities, primarily in Manabí, resulting in many fatalities and severe damage to infrastructure, which has negatively impacted electricity, drinking water, health, and education services.³
- 1.2 The province of Manabí is located on the central northwestern coast of Ecuador. With a population of 1,395,249, it is the third most populous province in Ecuador, which is administratively divided into 22 cantons. Its main economic activities are trade, livestock-raising, industry, and fishing, as Ecuador's second-largest port is located in the province. Tourism is also a growing sector, mainly due to Manabí's extensive beaches.

Map of Ecuador, province of Manabí



Source: Province of Manabí, Ecuador, Government of Manabí

B. The program

- 1.3 The “Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador” (operation EC-L1219) is financed by the IDB through

¹ Information taken from the Bank's website and public documents on the associated operations.

² The sources of the information in this section are available in the links section.

³ [Risk Management, Government of Ecuador.](#)

a sovereign guaranteed multiple-works investment loan operation⁴ in the amount of US\$60,000,000 with a local counterpart contribution of US\$9,234,000. The borrower is the Republic of Ecuador, and the executing agency is the Ministry of Electricity and Renewable Energy. The operation was approved by the Banks Board of Executive Directors on 25 January 2017 and is now in the implementation stage.

- 1.4 The program objective is to improve electricity service by rebuilding electricity infrastructure in the provinces of Esmeraldas, Manabí, and Santo Domingo, which were affected by the 16 April 2016 earthquake. Specifically, it seeks to reestablish the supply of electricity in the subtransmission systems of electricity distribution companies affected by the earthquake and generate distribution projects. The program has two components, as described below.
- 1.5 **Component I. Comprehensive reconstruction plan for the 69-kV electrical power subtransmission system (US\$47.1 million).** This component finances the relocation and/or reconstruction of 27 subtransmission projects with earthquake-resistant features, which include: 12 projects in the province of Manabí, with 107 kilometers of subtransmission lines and 8 substations.
- 1.6 **Component II. Comprehensive reconstruction plan for the electrical power distribution system (US\$20.91 million).** This component supports the reconstruction of electrical power distribution infrastructure with earthquake-resistant features, facilitating electrical power supply through to the end user. It involves the reconstruction of 26 distribution system projects in affected population centers and outlying areas, including: 6 projects in the province of Esmeraldas, 9 projects in the province of Manabí, and 11 projects in the province of Santo Domingo.
- 1.7 The request before the MICI concerns a subproject under program Component I, consisting of the relocation of nine kilometers of subtransmission lines between the communities of San Vicente and Jama.
- 1.8 The operation was classified as category “B” under the Environment and Safeguards Compliance Policy (Operational Policy OP-703) and based on the environmental and social analysis of the sample of projects under the program, because the social and environmental impacts were expected to be localized, temporary, and short-term in nature, and adverse impacts would occur mainly during reconstruction of the subtransmission lines and substations. No exceptions to Bank policies apply.
- 1.9 According to information from Bank systems, 51.27% of the loan proceeds had been disbursed as of November 2018.

C. The Request

- 1.10 On 20 April 2018, the MICI received a Request regarding this program from 547 residents of eight communities (Briceño Alto, Briceño Bajo, La Fortuna, Nuevo

⁴ Loans for multiple-works programs are investment loans that are designed to finance groups of similar works (a sample of which are fully defined). For this type of operation, only a representative sample of specific works (amounting to approximately 30%, by value, of the total cost of the program) must be fully designed before the Board can approve the loan. The other works comprising the program should be similar to those in the sample. Each individual work should be defined, and approved by the Country Office, prior to authorization of its execution and commitment of funds. Source: Operations Processing Manual, Section PR-202, “Multiple-works programs.”

Briceño, Comunidad Extranjera, El Recreo, Urbanización de Canoa, and Canoa) in the province of Manabí, Ecuador, filed through a representative. All Requesters asked that their identities remain confidential due to fear of reprisals. The Request was registered as [MICI-BID-EC-2018-0131](#) on 27 April upon satisfying the procedural requirements.

- 1.11 The Request refers to the subproject **BID-PRIZA-CNEL-STD-ST-FI-004 Reconstruction and Relocation of 9 kilometers of the San Vicente-Jama Subtransmission Lines**. The Request alleges that the route of the relocated subtransmission lines had been determined without a public hearing to properly analyze alternatives to that route and without an environmental and social impact study. The Requesters claim that an agreement they had reached with the executing agency was not honored, and execution of the project continued, following the originally proposed route.
- 1.12 Regarding the alleged harm, the Requesters state that their health could be adversely affected by radiation exposure because the selected route runs lines directly above the main road in their community, disregarding sufficient setback distances for limiting exposure to electrical and magnetic fields.
- 1.13 The Requesters also note that the selected route could result in a significant decline in tourism activities in the area, which is the source of their livelihood, because of the proximity of the lines to roads heavily used by tourists and locals alike.
- 1.14 Additionally, the Request explains that the San Vicente-Jama area is a highly seismic region, and the selected route of the lines positions towers dangerously close to a mountain where landslides regularly occur. As a result, the Requesters state that these structures could collapse when landslides occur, causing traffic accidents, damaging private property, and blocking routes that the local population has identified as emergency evacuation routes.
- 1.15 The Requesters also warn that the relocation of the San Vicente-Jama subtransmission lines could have environmental impacts affecting migratory birds.
- 1.16 Lastly, the Requesters expressed their interest in the MICI processing the Request through both the Consultation Phase and the Compliance Review Phase.

D. The MICI process to date

- 1.17 Table 1 shows the main actions taken by the MICI from receipt of the Request to date.

Table 1. Timeline of MICI actions to date

Date	Actions
2018	
20 April	Receipt of Request and phone call with the Requesters' representative regarding the MICI process.
27 April	Notification of Registration of Request sent to Requesters and IDB Management.
30 May	Receipt of IDB Management's Response, which included a request for a temporary suspension of the eligibility determination process.
4 June	Notification to the parties of the temporary suspension of the eligibility determination process so that Management could implement corrective actions.
26 July	Discussion with Management regarding the progress made on the corrective action plan and a request for an extension of the deadline for completing the tasks pending for that plan.
2 August	End of the temporary suspension of the eligibility determination process.
7 August	No objection to extending the deadline for the eligibility determination obtained from the Board of Executive Directors.
28 September	Receipt of Management's Report on the Implementation of the Corrective Action Plan for Request MICI-BID-EC-2018-0131.
17 October	Issuance of Eligibility Memorandum.
5-9 November	Consultation Phase assessment mission to Ecuador
26 November	Issuance of the Consultation Phase Assessment Report

II. CONSULTATION PHASE

A. Regulatory framework

- 2.1 The MICI is governed by its own Policy (document MI-47-6), approved by the IDB Board of Executive Directors on 16 December 2014 and updated in December 2015. Pursuant to that policy, Requesters may choose the Consultation Phase, the Compliance Review Phase, or both. When both options are selected, the Process begins with the Consultation Phase.
- 2.2 The Consultation Phase aims to provide a flexible, consensus-based forum in which the Parties have the opportunity to address the issues raised by the Requesters. It is based on a series of methods that foster unbiased, equitable treatment of all Parties involved in the process. This phase is also governed by the Consultation Phase Guidelines (document MI-74), which aim at facilitating the effective application of Section H of the MICI-IDB Policy and, in particular, paragraphs 24 to 35 thereof, supplementing and operationalizing the rules therein.
- 2.3 The Consultation Phase comprises three sequential stages: Assessment, Consultation Phase Process, and Monitoring. The Policy establishes the purpose and time limits for each stage. The objective of the Assessment stage is to determine if conditions are favorable for initiating a conflict resolution process. This stage is designed to achieve an in-depth understanding of the context of the project/program that gave rise to the Request and the central topics that the Parties could address in a potential Consultation Phase Process. Views are exchanged with the Requesters, the executing agency, and Management to determine whether or not it is feasible to initiate that process. Lastly, this stage should identify the individuals who could represent the Parties as well as their methodological preferences for a potential process.

- 2.4 The objective of the Consultation Phase Process is to reach an agreement between the Parties in response to the issues raised in the Request and addressed over the course of the MICI Process, reinforcing the Bank's commitment to comply with its relevant Operational Policies.

B. Assessment timeline

- 2.5 Pursuant to paragraph 29 of the MICI-IDB Policy, the maximum term for the Assessment stage is 40 business days as of the date of the distribution of the Eligibility Memorandum to the Board of Executive Directors. The following activities took place during the Assessment stage:

Table 2. Timeline of assessment stage activities

Date	Actions
2018	
19 October	Phone call with the IDB project team leader
19 October	Phone call with the IDB Environmental and Social Safeguards Unit
19 October	Phone call with the Requesters' representative
22 October	Meeting with the IDB project team
22 October	Phone call with the Requesters' representative
24 October	Phone call with the Requesters' representative
30 October	Phone call with the IDB project team leader
1 November	Phone call with the Requesters' representative
6-8 November	MICI assessment mission. Bilateral meetings held with the Requesters, the IDB project team, and CNEL-EP
16 November	Phone call with the Requesters' representative
21 November	Phone call with the general coordinator for the project from the CNEL-EP Proyecto de Reconstrucción Integral de las Zonas Afectadas [Comprehensive Reconstruction Project for Affected Zones] (PRIZA)
14 December	Issuance of the Consultation Phase Assessment Report

C. Assessment methodology

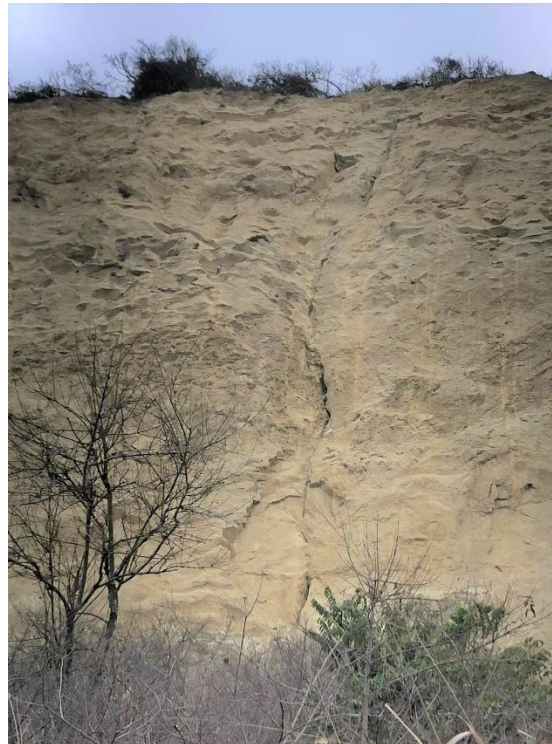
- 2.6 In line with the MICI-IDB Policy and the Guidelines for the Consultation Phase, the MICI Consultation Phase team reviewed key documentation and video materials, conducted phone and in-person interviews, and visited Quito and Manabí. The main objectives of these activities were to study the program context, to jointly analyze the feasibility of a Consultation Process with the Parties, to determine the topics that the Process would cover, to identify whether there was a risk of reprisals since the Requesters had requested confidentiality, and to learn the Parties' methodological preferences for a potential dialogue.

Current route of the subtransmission lines



Source: MICI

**Mountainside adjacent to the main highway
connecting San Vicente and Canoa**



Source: MICI

- 2.7 The MICI Consultation Phase team also analyzed several essential documents for the processing of this case, including: the Request, reports and recordings produced by the Requesters, the program loan proposal, the corrective action plan progress reports, and the environmental and social reports commissioned for the program.
- 2.8 Before the assessment mission, the MICI's team held phone and/or in-person meetings with the representatives of the Requesters, the IDB project leader, and the IDB Environmental and Social Safeguards team.
- 2.9 During the mission, in-person meetings were held with the IDB Representative in Ecuador, the Ecuadorian Deputy Minister of Finance, the Deputy Secretary for Energy Distribution and Marketing, and the IDB project team. Meetings were also held with the CNEL-EP team and with the Requesters. Lastly, the MICI's team visited the site where the program was to be implemented as well as the area where the subtransmission lines are currently located.

Main highway connecting San Vicente and Canoa



Source: MICI

III. ANALYSIS

A. Current issues and context

- 3.1 **The issues.** As described in the Request (see section I.C), the main issue concerns alternative routes for the San Vicente-Jama subtransmission lines. The analysis performed during the assessment stage identified a series of pertinent issues for the Parties to address in any future dialogue process, including: (a) an analysis of the potential impacts that a new subtransmission line route would have on tourist activity in the area; (b) the potential health risks for individuals who live in close proximity to the subtransmission lines; (c) the impacts that the program may have on plant and animal wildlife, and on protected species in particular; (d) the possible risk of blocked evacuation routes due to running the subtransmission lines above the main road, especially since the area is prone to earthquakes and landslides.
- 3.2 The Parties also stressed the importance of having reliable information available during the process of deciding the route of the San Vicente-Jama subtransmission lines, which is why an in-depth analysis of the program's environmental and geological risk studies has been flagged as an important issue.
- 3.3 **Background and current context.** Based on conversations with the Parties, the MICI's team determined that the conflict dates back to early 2017, when the Requesters learned about the program. Before the Request was processed through the MICI's Consultation Phase, the executing agency carried out a series of activities to inform the public about the program. As part of those activities, it held a meeting in September 2017, which was attended by the Requesters, the local authorities, and the executing agency. As a result of that meeting, the executing agency

promised to conduct a technical/cost assessment of alternative routes for the works. Once completed, that analysis was to be shared with the community through the Autonomous Decentralized Government of San Vicente, which took place on 7 December 2017. The Requesters claim that they expressed their preference for one of the alternatives, but their preference was ignored.

- 3.4 The Requesters and other residents have held demonstrations and protests to express their disapproval of relocating the San Vicente-Jama subtransmission lines along the main coastal highway connecting Canoa, Briceño, and San Vicente.
- 3.5 On 26 March 2018, the Requesters traveled to Quito to present their complaint in person at the IDB offices. However, they only submitted the documentation they had drafted for the Request because IDB representatives did not meet with them. The Requesters claim they had not received any response from the IDB as of the date the Request was submitted, which is why they proceeded with submitting it.
- 3.6 During the eligibility determination process, and pursuant to paragraph 23(c) of the MICI Policy (document MI-47-6), IDB Management asked the MICI for a temporary suspension⁵ (30 May–2 August 2018) of the eligibility determination process in order to implement a set of actions under a corrective action plan. In May 2018, Management's representatives held at least one in-person meeting with the Requesters.
- 3.7 The corrective action plan called for 17 tasks to be completed during the suspension period, including an environmental impact study, a geological risk assessment, and a public consultation process.
- 3.8 On 26 July 2018, IDB Management contacted the MICI to report that, although it had made progress in implementing the corrective action plan, more time was needed to finalize the environmental impact and geological risk assessments. After consulting with the Requesters, the MICI asked the Board of Executive Directors for its no objection to an extension of the suspension, so that the corrective action plan could be implemented as fully as possible. Upon receiving the no objection, the MICI informed the Parties that the Request's eligibility determination period would be extended until 17 October 2018.
- 3.9 When the extension period for implementing the corrective action plan had concluded, the disaster risk assessment report had still not been finalized. Furthermore, the documents that were produced had not been publicly disseminated and the public hearing required by the Ecuadorian institutional framework had not been conducted. For these reasons, the MICI issued the Eligibility Memorandum on 17 October, determining that the Request was eligible and transferring it to the Consultation Phase. Due to a decision made jointly by Management and the executing agency, works have been suspended until the measures in the corrective action plan have been completed.

B. The Parties and their perspectives

- 3.10 In line with the definition set forth in the MICI-IDB Policy, the Parties to the Consultation Process would be the Requesters, the executing agency (in this case, CNEL-EP), and IDB Management.

⁵ An extension period during the eligibility determination process cannot exceed 45 business days.

- 3.11 **The Requesters.** The Requesters have stressed that they understand the program's importance and they too are convinced that proceeding with its implementation is necessary. However, there are disagreements concerning the potential route of the San Vicente-Jama subtransmission lines. According to statements made at several meetings, during phone calls, and in written documents, the Requesters feel that only two of the four options analyzed in the environmental impact assessment take into account their preferences and concerns: (a) keeping the subtransmission lines in their current location while upgrading the structures and cables; or (b) running the subtransmission lines below ground. The Requesters have indicated that, if the first option is the preferred alternative, the situation of one family that lives under the current route of the subtransmission lines should be addressed.
- 3.12 However, there is a perception that CNEL-EP selected, in advance, a different route than the ones proposed by the Requesters, which has become an obstacle to considering alternative ways of implementing the program. According to the Requesters, the community outreach process has not engaged with those who will be affected by the program, and community meetings have not been properly advertised. They have also indicated that agreements reached at certain meetings have not been honored. The Requesters report that the constant change in interlocutors has adversely affected any chance of establishing an ongoing dialogue with the company.
- 3.13 In addition, they have qualms about the information produced by the executing agency, particularly the environmental impact study. Due to these concerns, they have carried out a series of independent surveys and studies to verify the information provided by CNEL-EP.
- 3.14 The Requesters have also said they have received threats of possible reprisals since they began protesting the implementation of the program.
- 3.15 Lastly, the Requesters have expressed that they are willing to begin a Consultation Phase process facilitated by the MICI.
- 3.16 **Executing agency.** CNEL-EP has indicated that a number of different alternative routes for the San Vicente-Jama subtransmission lines have been analyzed, taking into account several economic, social, environmental, and technical variables. One important factor included among those variables concerns the existence of access roads for reaching the subtransmission lines to perform routine maintenance and other necessary tasks when natural disasters occur.
- 3.17 CNEL-EP has said it has conducted community outreach activities. At those events, it has heard the Requesters' and other residents' objections to its proposed route for the subtransmission lines. Regarding those objections, the executing agency has expressed concern about some of the allegations that have been made, in particular: (a) the allegations relating to the program's potential impact on health; and (b) the allegation that the easement setbacks for the San Vicente-Jama subtransmission lines do not comply with Ecuador's legally mandated setback distances.
- 3.18 The executing agency has also noted that the team currently working on implementing the program is new and has not previously participated in activities with the Requesters (except for the last community outreach event). In the agency's opinion, this is beneficial, as it will help the new team build a trust-based relationship with the Requesters.

- 3.19 CNEL-EP has stressed the importance it places on involving a third party that can facilitate a conflict resolution process between the Parties. Therefore, it is willing to participate in a Consultation Phase process.
- 3.20 **IDB Management.** Management has stressed that both the Bank and the operating agency are open and fully committed to complying with social and environmental safeguards during the project. Therefore, it is inclined to have the client temporarily suspend implementation so that the actions under the corrective action plan can be fully completed.
- 3.21 The Bank has also emphasized the importance of environmental impact and geological risk studies as essential elements in the analysis of alternative routes for the San Vicente-Jama subtransmission lines. It has also stated that these studies, once finalized, need to be presented to the Requesters to create an opportunity for an exchange of views about their contents.
- 3.22 Lastly, Management has expressed its willingness to participate in a Consultation Phase process facilitated by the MICI.

IV. CONCLUSION

A. Feasibility of initiating a Consultation Phase process

- 4.1 In accordance with paragraph 29 of the MICI-IDB Policy and based on the Assessment stage analysis of the allegations presented in the Request and the Parties' willingness to address the problems through the channel of conflict resolution, it has been determined that conditions are favorable for initiating a MICI-facilitated Consultation Process.
- 4.2 Pursuant to paragraph 30 of the MICI-IDB Policy, this assessment report will be distributed to IDB Management, the Requesters, and the executing agency on 14 December 2018, to the Board of Executive Directors once its English translation is available, and subsequently released to the public through the MICI's Public Registry.

B. Proposed methodology

- 4.3 As established by the MICI-IDB Policy and the Guidelines for the Consultation Phase (document MI-74), the Consultation Phase process will be flexible, consensus-based, and tailored to the specific issues raised in the Request. The methods used are adapted on a case-by-case basis according to the needs of the process, but always in accordance with the provisions of the MICI-IDB Policy and the Guidelines. As a result of the assessment and its dialogue with the Parties, the MICI has developed a proposed methodology that integrates several elements.
- 4.4 **Dialogue sessions.** In view of the Parties' efforts to date, the Consultation Phase process should seek to be limited in duration and in the number of dialogue sessions. A prudent amount of time will be scheduled between meetings, so that options for resolving the conflict can be developed and evaluated.
- 4.5 The sessions' participants will always include an external facilitator from the MICI roster and a MICI official. The facilitator will propose specific procedural rules for the meetings to the Parties for their approval. In this case, the facilitator will be Mr. Juan Dumas, an expert who is widely-respected in Ecuador and worldwide.

- 4.6 Given the need to expeditiously address the complaint, the first meeting took place on 3 and 4 December and had two main objectives: defining the rules of the Process so that the case can be processed effectively and efficiently; and exchanging information between the Parties, particularly information concerning the geological and environmental impact study performed by the executing agency. To do so, the technical specialists who were responsible for conducting the study had to be present.
- 4.7 **Representation.** Those who represent the Parties at the dialogue sessions will have decision-making authority and will ensure that they are present during the entire process. The group of individuals who signed the Request will be represented by 10 Requesters, five of whom will have the right to speak at the meetings. The executing agency will be represented by a five-person delegation consisting of management representatives and technical, social, and environmental staff. The consultants who performed the studies will only attend sessions to give the relevant presentations, receive feedback, and answer questions. Lastly, IDB Management will be represented by the project team leader and at least one representative from the Environmental and Social Safeguards Unit.
- 4.8 **Meeting location.** The MICI will select a neutral location in [REDACTED], that is accessible to the Parties and has adequate accommodations for conducting the dialogue sessions.
- 4.9 **Meeting documentation.** The MICI will keep a detailed record of the topics discussed and the commitments made at each session. This record will be formalized in the meeting minutes, which will be shared only with the Parties of the MICI Process. At the beginning of each session, the minutes from the previous meeting will be read and the Parties' comments will be received. The MICI will be responsible for analyzing those comments and drafting the final version of the minutes.
- 4.10 **Dissemination of information and press relations.** The Parties have agreed to maintain the confidentiality of the process and not disseminate associated information in media outlets or on social networks, at least until the Consultation Phase process has resulted in an agreement or commitment.
- 4.11 **Risk of reprisals.** Since the Requesters said they have received threats in the past, the MICI will take the necessary precautionary measures when planning and implementing the Consultation Phase. This will be achieved by working closely with the identified individuals or groups. Precautionary measures may include protecting the confidentiality of personal or process-related information throughout the process, using secure information and communication technologies, refraining from the use of photos or identifiable images, not disclosing information about the location of any of the Parties, not identifying the locations where the process is taking place, prohibiting the use of audio and video recording devices, and making logistic arrangements with the Parties to minimize risks.
- C. Resources required**
- 4.12 In light of the proposed methodology, the MICI will require the following resources for the Consultation Phase process: (a) a professional facilitator with experience in planning and implementing conflict resolution processes, who will be tasked with facilitating the work sessions to help build trust between the Parties and seek to

reach agreements that address the problem raised in the Request; (b) a limited number of missions to Ecuador, both to Quito and Manabí, to participate in dialogue sessions during the Consultation period; and (c) rent for a suitable physical location for hosting dialogue sessions, as well as resources to cover necessary services for those meetings.

D. Tentative calendar

- 4.13 Pursuant to paragraph 31 of the MICI-IDB Policy, the MICI will complete the Consultation Phase process within a maximum period of 12 calendar months. However, based on the information included in this report, it believes that the time required to address the problem raised in the Request will be shorter, and expects this phase to conclude during the first quarter of 2019.