



**FINAL REPORT ON IDB MANAGEMENT'S ACTIONS TO ADDRESS ICIM  
COMPLIANCE REVIEW REPORT RECOMMENDATIONS ON MAREÑA  
RENOVABLES WIND PROJECT**

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REVIEW REPORT RECOMMENDATIONS ON MAREÑA RENOVABLES WIND PROJECT**

**I. BACKGROUND**

- 1.1 In a meeting of the Committee of the Whole of the Board of Executive Directors on September 14, 2016, in response to the Independent Consultation and Investigation Mechanism (ICIM), Report of the Compliance Review Phase for the Mareña Renewables Wind Project, Management proposed to prepare a work plan to address the recommendations in the document MI-32-6, PR-3796-12, taking into account the comments made by the aforementioned Committee. Furthermore, it was agreed that the Work Plan should be presented to the Policy and Evaluation Committee (PEC) of the Board of Executive Directors.
- 1.2 On January 30, 2017, the IDB Work Plan to address the recommendations formulated by the ICIM in its Compliance Review Report on the Mareña Renewables Wind Project (Document MI-32-8, PR-3796-14) was presented in accordance with the decision adopted by the PEC at its August 30, 2016 meeting. The Committee took note of and approved the implementation of the Work Plan.
- 1.3 This document is the final report on Management's progress on implementing the Work Plan since the Committee was last briefed on May 4, 2018.

**II. SUMMARY**

- 2.1 Over the past two years, significant efforts have been made to improve IDB practice and capacity in the areas identified by the Compliance Review Report requiring strengthening. Specifically, Management undertook the development of guidance notes and training targeting Consultation and Social Impact Assessment. The technical notes produced on consultation and social impact assessment represent international good practice. These technical notes together with the ongoing training for IDB staff provide the IDB with means to better serve its clients and the Latin American and the Caribbean (LAC) region in the management of social and environmental risks associated with development projects, as well as to enhance development of outcomes.
- 2.2 In addition, important steps have been taken to improve the consistency of public disclosure of documents as required by IDB safeguard policies. These have been fully integrated into the IDB's systems.

**III. UPDATES ON IMPLEMENTATION**

- 3.1 **Usufruct Agreements.** Management has fulfilled the ICIM's recommendation and agreed with the client that the communities would be duly informed about the cancellation of the project. The client informed the communities of the cancellation and in June of 2017 extended an economic offer for bilateral early termination according to the contractual stipulations contained in the usufruct agreements.
- 3.2 **Strengthening capacity for assessing and managing social impacts of projects.** A series of technical notes were developed to strengthen IDB practice in the area of social safeguards. They include a technical note on Meaningful

Stakeholder Consultation and a technical note on Social Impact Assessment (SIA).

**A. Technical note on Meaningful Stakeholder Consultation**

- 3.3 The note describes principles and content that should be present for a consultation process to be considered “meaningful.” The note is consistent with existing IDB environmental and social safeguard policies and reflects on experience and standards in LAC. It also promotes international good practice developed by international financial institutions, United Nation agencies, and national governments. The note provides tools for improved verification and documentation of consultation activities while also providing guidance on developing and implementing grievance redress mechanisms. While it is primarily intended for IDB staff in planning and implementing development projects, the note is of relevance to project sponsors, executing agencies and consultants who are partnering with the IDB. The note, available in English and Spanish, was among the top 10 IDB publications accessed during the second half of 2017. The note has been downloaded over 3,800 times through the end of July 2018. Nearly 400 printed copies of the note have been shared with key stakeholders during IDB workshops and external events.
- 3.4 Training is key to ensuring that good practice standards for consultation and stakeholder engagement are integrated into IDB practice. ESG created a series of training activities, which included mandatory training sessions for ESG personnel. These activities focused on the implementation of the technical note and developing procedures for documenting consultation sessions. In addition, between March and June 2018, ESG completed a workshop series with six sector divisions to share experiences and provide clarification on key environmental and social safeguard topics. The Meaningful Stakeholder Consultation note was a key topic of discussion and was presented to project team leaders and sector specialists to give them a better understanding of the process involved in carrying out meaningful consultations.
- 3.5 The technical note on consultation was reviewed and discussed at two IDB Regional Policy Dialogues (RPDs) (Caribbean RPD October 2017 and Latin America RPD November 2017) on how to strengthen country level capacities on consultation. There was strong interest among participants of the RPDs for the IDB to promote common approaches to public consultation in development projects. Efforts are underway to engage and offer IDB partners and clients with opportunities to strengthen their capacity in public consultation. Training activities external to the IDB included the development of a 5-week online training course on meaningful consultation. Over 100 government officials from the LAC region took the course in three official IDB languages (English, Spanish and Portuguese).

**B. Technical note on Social Impact Assessment (SIA)**

- 3.6 The note on SIA was published on May 31, 2017. It provides guidance to practitioners and specialists on international good practice related to assessment and management of social issues and their consideration in development projects. Inadequate analysis of social impact is at the root of many of the challenges encountered in the context of resettlement, consultation for indigenous peoples, contextual risk and gender violence. A SIA done right can improve the quality and sustainability of projects and help enhance benefits to affected communities. The

note brings together and systematizes emerging international consensus on what a SIA process should consist of and provides greater clarity on how to integrate SIA in the preparation and implementation of projects at the IDB. The note has been peer reviewed and translated to Spanish and Portuguese.

- 3.7 Central to the effective application of SIA tools is training for IDB staff as well as outreach to IDB partners. Mandatory training on SIA was provided in May 2018 to ESG specialists. Workshops for sector divisions will be organized for the second half of 2018. As is the case for training on meaningful consultation, ongoing training activities are anticipated to ensure that a good SIA is integrated into the safeguard practice of the IDB.
- 3.8 The SIA note will be presented and discussed at the upcoming RPD in September 2018. A new online open course (MOOC) for SIA is currently under development in multiple languages.
- 3.9 Reviewing of gaps of IDB Indigenous People's (IP) Policy. A preliminary gap analysis of the IDB's Indigenous People Policy was conducted. It showed general alignment with good practice standards internationally and regionally. Key areas of alignment include: (i) implementation of non-discrimination and equal opportunity measures; (ii) recognition of key dimensions of IP identity and circumstances including culture, language, traditional knowledge, among others; (iii) requirements for screening and analysis of potential impacts and risks, including socioeconomic, cultural, as well as access to traditional lands and resources; (iv) development and implementation of mitigation and compensation measures, often documented and implemented through specific IP plans; (v) culturally appropriate consultation processes throughout different stages of project; (vi) high standards of engagement including securement of agreements from affected IP groups as appropriate through good faith negotiations; and (vii) collaborative development of mitigation and related IP action plans. Differences identified against international benchmarks, relate to: (i) lack of clear criteria that needs to be met in order for borrowers to achieve sociocultural appropriate and duly documented consultation as an outcome of engagement with IPs; and (ii) lack of explicit reference to Free, Prior and Informed Consent (FPIC) for high-risk situations. It should be noted that while it is Management's view that the IDB's requirement for obtaining agreement through good faith negotiations including the sociocultural appropriately consultation is equivalent to FPIC, it is not considered equivalent to FPIC by other stakeholders, including IP groups. A more in-depth review would be undertaken in the context of Board decisions regarding recommendations of the OVE evaluation on safeguards.
- 3.10 **Improving consistency in the application of disclosure requirements.** Procedures and processes for ensuring that the applicable environmental and social documentation is disclosed have been in place since July 2017 and are fully functional. The new Convergence functionality "Environmental and/or Social Document Disclosure" has been effective in ensuring compliance with the disclosure requirements established in the Environment and Safeguards Compliance Policy (OP-703), the Involuntary Resettlement Policy (OP-710), and the Access to information Policy (OP-102). In close collaboration with the Convergence team, this functionality has been continuously improved since its implementation to ensure a user friendly and intuitive performance.

- 3.11 As of 2018, an automated step has been incorporated in IDB Invest's project management platform (Maestro) to ensure that the applicable environmental and social documentation is disclosed in accordance with IDB Invest's current Disclosure of Information Policy (CII/GN-129-5). The step notifies the Project Team Leader and entire project team of the date that the information needs to be disclosed to meet the anticipated Board dates. This disclosure step must be completed, and the relevant disclosure information uploaded in order for the Project to proceed to the next step in the project cycle. In July 2018, IDB Invest also established a system to track the amount of time that projects (both new and approved) have been disclosed. This system uses data analytics and Power BI to generate reports to facilitate monitoring of compliance with IDB Invest's disclosure requirements.
- 3.12 **Managing risk in environmental and / or social conflict situations.** The technical note on Social Impact Assessment (SIA) includes a robust discussion on contextual risk, providing guidance on identifying those risks in the project setting that a project neither causes or contributes to, but which it is associated with or linked with. The SIA note offers tools to help identify whether a project may exacerbate existing vulnerabilities. The note establishes a methodological framework for identifying contextual risk factors as part of the overall identification and assessment of risks and potential measures to minimize how such risks affect project outcomes and minimize how the project could exacerbate these risks during the due diligence process. It emphasizes the need for field work and the identification and engagement with all relevant stakeholders. The approach is based on defining the context and history of any fragility, conflict and violence in the project setting, identifying their causes and drivers and how the project may affect these. It also provides tools for identifying how past experiences have affected relationships among different stakeholders. The SIA note enables the IDB to play a more proactive role in helping its clients identify and assess preexisting tensions or conditions, including how they may affect the project planning or implementation, and what steps may be taken to minimize these during project preparation and execution.

**ANNEX I.**  
**SUMMARY REPORT ON IDB MANAGEMENT'S ACTIONS TO ADDRESS**  
**ICIM COMPLIANCE REVIEW REPORT RECOMMENDATIONS ON MAREÑA RENOVABLES WIND PROJECT**

ICIM Recommendation	Proposed IDB Action	Expected Completion Date	Status Report
<b>Project level:</b> <ul style="list-style-type: none"> <li>Clarify and update information on website</li> <li>Clarify status of usufruct contracts</li> </ul>	<b>For information only. IIC Domains:</b> <ol style="list-style-type: none"> <li>Information on IDB's website related to the operation clarified and updated.</li> <li>Client confirmed that usufruct agreements are part of the assets of the lenders and are being maintained.</li> </ol>	Q4 2016	Completed.
<b>Strengthen capacity for assessing and managing social impacts of projects</b>	1. Guidance Note and Training on Grievance Redress Mechanism.	Q1 2017	Completed. The note has been incorporated as part of the note on <b>Meaningful Stakeholder Engagement</b> .
	2. a) Guidance Note and Training on Consultation.  b) Increase verification and documenting of consultation.	Q1 2017	Completed. A technical note, <b>Meaningful Stakeholder Engagement</b> was developed. It includes templates and other tools to assist clients and IDB staff in the verification and documentation of consultations activities undertaken at the project level. Training initiative was developed and launched.
	3. Guidance Note and Training on Social Impact Assessment.	Q1 2018	Completed. The technical note, <b>Social Impact Assessment</b> has been published and a training program has been developed and launched.
	4. Guidance Note and Training on Application of Indigenous People's Policy.	Q1 2018	Completed. The note, <b>Social Impact Assessment</b> includes guidance on sociocultural analysis for identifying and assessing risks and opportunities for indigenous peoples taking into account their circumstances including culturally appropriately consultations. Training has been developed and will be offered through 2018/2019.
<b>Revise and update Policy on Indigenous Peoples (OP-765)</b>	1. Review of gaps of IDB Indigenous People's Policy and implementation of World Bank's new environmental and social policy framework. Monitor implementation of World Bank's new Environmental and Social Framework (ESF)	Q1 2018	Completed. A preliminary gap analysis on IDB's Indigenous People's Policy has been conducted.  IDB has participated in events and workshops in preparation for the implementation of the ESF. Through participation in the MDB Working Group on Environmental and Social Standards, monitoring of the ESF implementation will continue on a regular basis.
<b>Access to Information Policy (OP-102)</b>	1. Define procedures to ensure effective disclosure of environmental and social documents on IDB webpage.	Q4 2016	Completed. The new Convergence functionality "Environmental and/or Social Document Disclosure" has been effective in ensuring compliance with the disclosure requirements established in the Environment and Safeguards Compliance Policy (OP-703), the Involuntary Resettlement Policy (OP-710), and the Access to information Policy (OP-102).
	2. Include IDB environmental and social disclosure milestones / red flags in Convergence.	Q2 2017	Completed. Please see above.
<b>Managing risk in environmental and / or social conflict situations</b>	1. Review of needs and options to better manage projects in contexts that present social and environmental conflicts	Q1 2018	Completed. Management of contextual risks is integrated into <b>Social Impact Assessment</b> Note.