

**FINAL REPORT ON IDB MANAGEMENT'S ACTIONS TO ADDRESS ICIM COMPLIANCE  
REVIEW REPORT RECOMMENDATIONS ON DRAINAGE IN THE MUNICIPIOS OF LA PAZ  
AND EL ALTO (BO-L1028)**

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**I. BACKGROUND**

- 1.1 On February 14, 2018, the Board of Executive Directors of the Bank considered and approved the Report of the Chairperson of the Policy and Evaluation Committee (PEC) related to the Compliance Review Report for the "Drainage in the Municipios of La Paz and El Alto (MICI-BO-2014-079)" (Document MI-44-8), presented by ICIM in a PEC session held on January 25, 2018. The Committee members were supportive of the three recommendations offered by the ICIM and requested that Management report to the Committee periodically to inform on the progress with the implementation of the recommendations.
- 1.2 The ICIM report's main findings were:
- a. IDB Management **failed to comply** with Directive B.5 *Environmental Assessment Requirements* of the Environment and Safeguards Compliance Policy (OP-703), since it did not verify that the environmental assessment and management plans for the work complied fully with the Policy's requirements, given that the environmental analysis of the works did not include an identification of their impact on the local business owners, nor, consequently, were any effective mitigation measures established.
  - b. IDB Management **failed to comply** with Directive B.6 *Consultations* of OP-703, since it did not consult the affected population; although it **complied** with the requirement to keep the parties informed during program execution with regard to the mitigation measures established in the environmental and social management plans.

**II. RECOMMENDATIONS AND IMPLEMENTATION STATUS**

- 2.1 The ICIM final report (document MI-44-8) presented three recommendations:
- a. **Recommendation 1:** That the Board of Executive Directors ask Management to clarify the scope for the Bank to address situations involving actual or potential harm resulting from noncompliance with the Relevant Operational Policies.
  - b. **Recommendation 2:** That Management report to the Board on how the work to strengthen the Bank in the area of social engagement and public consultation is influencing projects, for example BO-L1114.
  - c. **Recommendation 3:** That information about ICIM be included at the project level to inform both the executing agencies and the public in the project target area about its existence and processes.

**A Recommendation 1: Clarifying scope for addressing harm**

- 2.2 Management clarified the scope of how the Bank must address situations involving actual or potential harm. Annex 1 includes Management's statement.

**B Recommendation 2: Stakeholders engagement and consultations**

- 2.3 A **Technical Note on Meaningful Stakeholder Consultation** was published in June 2017. The note incorporates IDB experience, lessons learned, as well as international best practice on Meaningful Stakeholder Consultation. This builds on the work published in 2016 "*Public Consultations with Civil Society: Guidelines for Public and Private Executing Agencies*", which aims to support executing agencies in carrying out effective public consultations.
- 2.4 The Technical Note has been widely disseminated and has been downloaded nearly 1,500 times over the past 6 months. A 5-week e-learning course based on the recently published guidance note was developed for IDB clients and executing agencies. Between September 2017 and July 2018, 68 individuals participated in the e-learning course. The note was also presented at regional policy dialogue meetings in 2017. The meetings were attended by 85 representatives from licensing and enforcement agencies from both the Caribbean and Latin America regions.
- 2.5 The note states as key principles that meaningful stakeholder consultation and engagement is a two-way dialogue and engagement rather than a one-way dissemination of information, it is a process rather than one or a few single events and it involves people in affected communities and other relevant stakeholders. It also includes a description of key consultation elements that should be included throughout the standard project cycle.
- 2.6 To support the implementation of the Technical Note, in July 2017 ESG approved the Protocol IDB-ESG-PR-0018 **Assessing and documenting the quality of the consultation process during project preparation** detailing the procedures to be followed by ESG team members supporting an operation to assess and document the quality of the consultation required by IDB safeguard policies during project preparation. The protocol includes a planning outline for the consultation process, a template for summarizing the process and a template for evaluation of the quality of the consultation.
- 2.7 Furthermore, the section on Consultation and Stakeholder Engagement of the Environmental and Social Management Report (ESMR) template was improved. The current section summarizes all the consultation activities that have been undertaken during preparation. It also includes a brief description on how consultations were documented (invitation letters, meeting minutes and list of participants), the most significant issues arising from the consultation and how these have been addressed in the operation development and/or responded to in the consultation process. It provides links for documentation of the process and its results and describes the consultation process planned for the execution phase of the operation.

- 2.8 Since its release in June 2017, the different elements of the Technical Note on Meaningful Stakeholder Consultation were applied in 54<sup>1</sup> Category A & B projects approved by the Board since that date, involving 21 countries of the region and 10 different sectors. In each one of these operations the guidance provided in the technical note was adapted to the specific technical, environmental, social and cultural context in which the project was designed and executed, especially to the nature and needs of the stakeholders. Although Directive B.6 of OP-703 requires two consultations for Category A and one for Category B operations, in many cases more consultation events took place, depending on the nature of the impacts that could affect different groups of affected parties, their geographical location and other project specific conditions. ESG specialists are also applying the concepts and methodology defined in the Technical Note to the consultation and stakeholder engagement processes of projects in execution that were approved prior to June 2017.
- 2.9 In the specific case of the BO-L1114 (Storm Drainage for the Cities of La Paz and El Alto III), although the project was approved in November 23, 2016, most of the key concepts contained in the Technical Note were already applied to its preparation phase and is being applied during execution. Through a stakeholder mapping process key affected and interested parties were identified and included in the preparation and execution process, such as neighborhood committees (Juntas Vecinales), associations of shopkeepers (comerciantes) and carriers (transportistas), and indigenous leaders. A protocol for public consultation was prepared and applied during project preparation and execution; besides the core principles that guide the consultation, the protocol defines three methodological stages for the implementation of the process:
- a. **Prior agreements phase:** initial meetings between the project executor and the representatives of stakeholders' groups to agree on the consultation process, its methodology and implementation way;
  - b. **Information phase:** joint visits to the project site/s to inform and discuss about the works, their potential impacts and needed agreements;
  - c. **Consultation phase:** The dates and places of the consultation events are agreed with the representatives of the different stakeholders and include translation to local languages (aymará). All decisions are documented in signed agreements.
- 2.10 Management will continue to monitor and report on the long-term impacts of the implementation of the Technical Note on Meaningful Stakeholder Consultation and other instruments designed to promote transparent and meaningful consultation and stakeholder engagement in Bank operations.

### C. Recommendation 3: Dissemination of information about ICIM

- 2.11 There are several ways in which information about Bank projects is disclosed to the affected parties and the rest of the population. During project preparation, in the consultation and stakeholder engagement process participants are informed

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<sup>1</sup> Data from Convergence: Cat. A & B loans with ESG specialists in the team approved from June 1, 2017 through August 3, 2018.

about the several mechanisms that the project, the Executing Agency and the Bank provide for grievance redress and participation, including the ICIM.

- 2.12 Another important access window to information about the project and its resources is the Bank's website, including information about the ICIM. In addition, efforts are underway to provide information about the ICIM on individual project webpages as well as systematically disseminating compliance reports using internal communication channels.

**ANNEX 1**  
**MANAGEMENT STATEMENT ON RECOMMENDATION #1**

**Management submits the following clarification in response to Recommendation 1:** Management remains committed to working with Executing Agencies and other relevant parties to find solutions to harm suffered by a Requester arising from a noncompliance on the part of the Bank with a Relevant Operational Policy in the context of an ICIM case. Given the varied particularities of ICIM cases, Management believes this topic should be addressed on a case-by-case basis; however, as a general matter in the case of a Bank-financed Operation which is still in execution, Management would engage with the Executing Agency and other relevant parties in order to address and/or mitigate the harm suffered by the Requester. Should such cooperative efforts not prove fruitful, Management could examine whether suspension of disbursement may be appropriate for mitigating harm and/or encouraging a remedy, subject to contractual and Bank policy considerations. Management notes as well the provisions of paragraph 18 of the ICIM Policy, which allow the ICIM Director to request suspension of execution under certain circumstances. In the case of a Bank-financed Operation which is no longer in execution, Management's intervention would generally take the form of encouraging the Executing Agency, and/or other relevant parties, to cooperatively mitigate such Harm.