

**Joint IDB-IIC Management response to the MICI-BID-CR-2017-0125 Request regarding the Reventazón Hydroelectric Project in Costa-Rica (the “Request”)**

On March 6, 2017, IDB and IIC were contacted by Mr. Henry Ureña, acting in representation of the Ureña Montero family, in regards to the Reventazón Hydropower Project (the “Project”). Mr. Ureña alleges negative impacts, describing a loss of access to water at the property that his family owns following completion of the partial expropriation of their land for the Project. Since the receipt of his request, the IDB and the IIC have initiated a substantial review of the matter and have been in communications with Mr. Ureña and the Instituto Costarricense de Electricidad (ICE), the Client, seeking a solution to the alleged negative impacts. The following actions have been undertaken so far:

- Analysis and evaluation of the situation by the IDB and IIC technical teams, including the Project team members and the environmental and social specialists, as well as the specialists of the firm Integrated Environment, acting as Independent Environmental and Social Monitoring Consultant (IESMC) of the Reventazón Project.
- Hiring of an independent consultant to analyze the issue, who has performed the following activities: i) conducted meetings with the Ureña family, including a site visit to their affected land properties; ii) participated in meetings with the technical teams of ICE and the IDB Group; and iii) reviewed and analyzed the information provided by ICE, the IDB/IIC, and the IESMC. Management has recently received the consultant’s final report.
- Several internal meetings as well as meetings between the Project Team Leader and ICE.
- Written communication from the IDB/IIC to the Client to initiate a formal process of interaction about the issue presented by Mr. Ureña.

Based on the findings of the evaluation performed by the above-mentioned consultant and by the technical and socio-environmental teams of the IDB Group, Management is of the opinion that there is potential to reach an agreement that will satisfy the needs of all parties involved. Therefore, Management has duly initiated its customary internal processes to ensure the full application of relevant IDB Group policies.

For this reason and as per Paragraph 23c of the ICIM Policy, Management would like to request a temporary suspension of 45 days of the eligibility process in order to carry out the following steps:

- Communication with all relevant internal and external stakeholders, including the Ureña family and the Client;
- Meeting(s) with the client with the objective of finding a solution to the situation presented by the Ureña family; and
- Finalization of internal due process to: i) characterize in detail any potential compliance gaps of the application of IDB/IIC policies during the expropriation process of the Ureñas' land; ii) design, if applicable, of a corrective action plan to address the situation; and iii) ensure that any agreed corrective plan is adequately implemented.

We trust the ICIM concurs with the suggested suspension and are available for any questions.