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AND INVESTIGATION MECHANISM

GUATEMALA

MICI-CII-GU-2018-0136

ACTION PLAN MONITORING REPORT

GENERADORA SAN MATEO S.A. AND GENERADORA SAN ANDRÉS S.A. PROJECTS

(GU3794A-01 AND GU3798A-01)

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Under the Access to Information Policy, this document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously.

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ELECTRONIC LINKS

1. MICI Public Registry File for Request MICI-CII-GU-2018-0136
<https://www.iadb.org/en/mici/request-detail-iic?ID=MICI-CII-GU-2018-0136&nid=23508>
2. IBD Invest website for the Generadora San Andrés S.A. Project.
<https://www.idbinvest.org/en/projects/generadora-san-andres-sa>
3. Original Request
<http://www.iadb.org/document.cfm?id=EZSHARE-1567711961-240>
4. Recommendation to conduct a Compliance Review and Terms of Reference of Case MICI-CII-GU-2018-0136
<http://www.iadb.org/document.cfm?id=EZSHARE-1567711961-629>
5. Compliance Review Report of Case MICI-CII-GU-2018-0136
<http://www.iadb.org/document.cfm?id=EZSHARE-1567711961-1773>
6. Management Action Plan of Case MICI-CII-GU-2018-0136
<https://www.iadb.org/document.cfm?id=EZSHARE-1567711961-1922>
7. Monitoring plan of Case MICI-CII-GU-2018-0136
<https://www.iadb.org/document.cfm?id=EZSHARE-1567711961-2189>
8. Management Progress Report
<https://www.iadb.org/document.cfm?id=EZIDB0000559-1567711961-2215>
9. Requesters' observations on the status of implementation of the Management's Action Plan
<https://www.iadb.org/document.cfm?id=EZIDB0000559-1567711961-2213>
10. Guidelines for Addressing Risk of Reprisals in Complaint Management
<https://www.iadb.org/document.cfm?id=EZSHARE-525549286-337>

ACRONYMS AND ABBREVIATIONS

Action Plan	IDB Invest's Action Plan to meet MICI recommendations
Board	IIC's Board of Executive Directors
E&S	Environmental and Social
ESIS	Environmental and Social Impact Study
Expected deadline	Deadline set in the Action Plan
Former client	Company Energía y Renovación Holding S.A., or Promoción y Desarrollos Hídricos S.A.
GDI	IDB's Gender and Diversity Division
GSA	Generadora San Andrés S.A.
GSM	Generadora San Mateo S.A.
IDB Invest	The IDB Group Institution that supports the private sector (trade name of the Investment Inter-American Corporation) ¹
IFC	International Finance Corporation
JRRRP	Joint Reprisal Risk Reduction Plan
Management	IDB Invest Management
MGM	IDB Invest's Management Grievance Mechanism
MICI	Independent Consultation and Investigation Mechanism of the IDB Group
MICI Policy	MICI Policy (CII/MI-1-4)
NTL	Northwestern Transmission Line
Pandemic	COVID-19 pandemic
Projects	GSM Hydroelectric Company, GSA Hydroelectric Company, and the Northwestern Innovation Transmission Line (NTL)
Request	Communication submitted by the Requesters to the MICI setting forth their allegations of damages allegedly arising from IDB Invest's failure to comply with its operating policies in connection with the Projects.
Requesters	Group of people who submitted the Request to the MICI
ROP	Relevant Operational Policies
SEG	IDB Invest's Environmental, Social, and Governance Affairs Division

¹ In November 2017, the IIC adopted a new brand, and it is now referred as IDB Invest (in English) and BID Invest (in Spanish, French, and Portuguese).

EXECUTIVE SUMMARY

The projects. The Generadora San Mateo (GSM), Generadora San Andrés (GSA), and the Northwestern Innovation Transmission Line (NTL) hydroelectric projects, which were designed to be built simultaneously, are located north of San Mateo Ixtatán, in northwestern Guatemala. In 2013, the Board of Executive Directors of the IIC approved loans of US\$7 million for GSM and US\$6 million for GSA. The works started in July of that year, but the projects were suspended, GSA and GSM in 2017 and NTL in 2018. In October 2021, IDB Invest stopped financing the projects.

The Request. In August 2018, a request was submitted to the MICI related to the projects, alleging environmental, social, security and gender impacts that affected the inhabitants of the area of influence, particularly the Indigenous populations. The Requesters requested confidentiality for fear of reprisal. In January 2019, the request was declared eligible and in June 2019, the Board of Directors approved the recommendation to conduct an investigation that ran from August 2019 to April 2021.

The Compliance Review. The MICI concluded that IDB Invest failed to comply with several environmental and social policy requirements due to a lack of validation of Indigenous characterization, gender-differentiated impact assessment, meaningful consultation, cumulative impact assessment, social conflict risk assessment, assessment of the client's ability to manage social risks, water quality monitoring, ecosystem services assessment, and environmental and social categorization of projects.

Case Monitoring. With its investigation report, the MICI submitted 29 recommendations to the Board of Directors to address the non-compliances found, which were approved in September 2021. However, due to the Bank's exit and the impossibility of carrying out actions to bring the project back on track, the monitoring of the case is based on ten recommendations of an institutional nature and number 29 on responsible exit and transition plan. The Board of Directors also asked IDB Invest to prepare an action plan, which it approved in March 2022, and the MICI to monitor its compliance over a maximum period of five years. In turn, the MICI published the final version of its monitoring plan in January 2023.

This document is the first monitoring report. It was prepared based on the information provided by the Requesters and IDB Invest. This plan is distributed for the information of the Board of Directors, notified to the Parties, and made known to the general public through the [Public Registry of the case](#).

Through this report, the MICI determines whether the activities established in the action plan have been fulfilled with the actions carried out by the Management from March to December 2022. In conclusion, of the 41 actions to be monitored², the MICI found that 22 have been compliant, 2 have been compliant after the Expected Deadline, 3 have been partially compliant, 3 have not

² MICI is monitoring a total of 41 actions. This is because several recommendations in the Action Plan were further broken down into multiple proposed actions.

been compliant, and 11 did not have to be monitored during this period. All of the above is detailed below.

Actions of the Action Plan ³	Compliance Status	Course of Action Proposed by the MICI
2.1. Expand the roster of local independent consultants to include experts in the application of Performance Standard 7 (Indigenous Peoples) in Latin American and Caribbean countries.	Compliant	None
2.2 Develop and implement capacity building activities for environmental and social specialists in IDB Invest to recognize and identify factors, elements, and indicators that should trigger the need for technical and systematic assessments on the indigenous identification of affected communities.	Compliant	None
2.3.1 Develop internal systems to identify projects that impact Indigenous Peoples.	Compliant	None
2.3.2 Develop indicators to monitor compliance with the requirements established in the sustainability policy regarding Indigenous Peoples.	Non-compliant	Review of this deliverable will be done during the next monitoring period
2.3.3 Develop the format of the reporting to the Board considering indicators that can be measured and monitored.	Non-compliant	Review of this deliverable will be done during the next monitoring period
2.3.4 Periodically report to Board of Directors.	It does not correspond to this monitoring period⁴	The MICI is waiting to receive the deliverable
3.1 Engage with the IDBG's group of Indigenous specialists on a regular basis to discuss projects that might impact Indigenous populations and gather their timely input for due diligence of new projects.	Compliant	The MICI is waiting to receive the deliverable
7.1 During 2021 IDB Staff has continued to expand its capacity building efforts on gender risk management including training sessions for more than 360 IDB Invest staff. Continue to offer capacity building to environmental and social specialists in gender safeguard requirements and applicable standards as well as requirements applicable to vulnerable groups according to IDB Invest's sustainability policy.	Compliant	None
8.1 The new IDB Invest Sustainability Policy states that IDB Invest is committed to promoting gender equality and diversity and requires its clients to identify and address gender-related risks in IDB Invest-supported investments, including by avoiding gender-based exclusion, gender-based violence, sexual exploitation, human trafficking and sexually transmitted diseases. It requests that the	Compliant	None

³ This column is based on the Action Plan approved by the Board on March 1, 2022.

⁴ Since the deadline for the completion of this action is beyond the period covered in this progress report (December 31, 2022).

client defines and puts in place specific measures to prevent and address these risks. Compliance with the IDB Invest Sustainability Policy is required in legal agreements.		
8.2 Continue to operationalize the Management Grievance Mechanism – MGM, by which communities can inform IDB Invest about concerns or complaints (including of gender-based violence), develop an internal procedure to address allegations of gender based violence against project affected people in IDB Invest financed operations.	Partially compliant	The MICI is waiting to receive the final version of the procedure indicated in this action
17.1 Develop an internal guidance note for social and environmental officers applying the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in Bank-financed operations.	Compliant	None
17.2 Offer capacity building to all environmental and social specialists in IDB Invest regarding the content of the guidance note described on item 17.1.	Compliant	None
18.1 Continue to offer capacity building to environmental and social specialists in on insecurity, conflict, and violence in the Project context, including the requirements of PS4, the International Finance Corporation's Good Practice Handbook on the Use of Security Forces, the VPSHR, and other protocols for implementing PS4 according to IDB Invest's sustainability policy.	Compliant	None
18.2 Continue to operationalize the Management Grievance Mechanism MGM, by which communities can inform IDB Invest about concerns or complaints (including those of reprisals) and engage in processes, led by IDB Invest, of resolution with Clients.	Compliant	None
19.1 Develop a tool for tracking violence in Latin America and the Caribbean that contributes to an enhanced contextual risk assessment of IDB Invest financed projects during origination and supervision.	Compliant	None
20.1 Implement capacity building events on addressing risks of reprisals in the context of IDB Invest development projects with the assistance of experts in the Latin America and Caribbean region.	Compliant	None
21.1 Develop an internal procedure to address allegations of reprisals based on the Good Practice Note on addressing the risks of retaliation against project stakeholders published by IDB Invest and IFC.	Compliant after the Expected Deadline	None
21.2 Provide training to IDB Invest staff on the new internal procedure.	Non-compliant	The MICI will be waiting to receive information on the implementation of this action
21.3 Operationalize the procedure to address allegations of reprisals.	Partially compliant	The MICI will be waiting to receive communication regarding the notification of the entry into force of the internal procedure

<p>21.4 Develop the format of the reporting to the Board considering indicators that can be measured and monitored.</p>	<p>It does not correspond to this monitoring period</p>	<p>The MICI will be waiting to receive information to (1) confirm that the format for the presentation of quarterly reports to the Board of Directors includes indicators for the application of the procedure, and (2) confirm that the format for the presentation of quarterly reports to the Board of Directors includes indicators for the application of the procedure.</p>
<p>27.1 [Conduct] an update to the Environmental and Social Operational Manual will highlight that when circumstances are identified that elevate the risks and impacts of the project after approval, the internal supervision classification of the project should be altered to a higher one. Updating the Environmental and Social Operational Manual will reflect the current procedure in place in the IDB Invest IT project management system to track high risk projects in the portfolio during supervision.</p>	<p>Compliant after the Expected Deadline</p>	<p>None</p>
<p>29.1 Convene a working group formed by IDBG social specialists and external consultants (including security and human rights specialists) to develop a transition plan through a collaborative process consulting leader of affected communities. IDB Invest will guide the process considering principles of doing no harm, transparency and responsibility. The plan will incorporate gender and diversity good practice principles and provide for two-way communication in non-technical, culturally appropriate language. The plan will include:</p> <ul style="list-style-type: none"> a. Translation available in Chuj and Q'anjob'al languages b. Map of stakeholders to be invited to the meetings c. Plan of invitation dissemination that includes dates, places and times for the meetings d. Format of meetings and duration considering gender and culturally relevant aspects e. Presentation with a written summary of the impact studies (biodiversity, archeological and cultural heritage ESIA's and supplemental ESIA) and the benefits of the projects if they were to be implemented by IDB Invest⁵ 	<p>Partially compliant</p>	<p>Review of this deliverable will continue during the next monitoring period</p>

⁵ The Requesters have indicated that this action may increase the potential risk of conflict in the area. Therefore, to ensure the principle of "do no harm," MICI engaged in discussions with the Requesters and IDB Invest. Ultimately, the Administration determined that it will not be implemented. Consequently, it will not be monitored by the Mechanism.

<p>f. Formats for registering different views expressed in the meetings (to be shared with participants after the encounters).</p> <p>Registration of attendance will be done in a way to preserve identity of participants. There will be careful use of language to avoid stigmatization and polarization. Dissemination of information will take into account confidentiality restrictions and the status of the Projects.</p> <p>As part of this process IDB Invest will structure an outreach strategy to communicate to communities that IDB Invest will no longer be financing the Projects (see also Action item 29.8).</p>		
29.2.1 Design the TORs for hiring an experienced consultant to implement a gender risk assessment.	Compliant	None
29.2.2 Fine tune the methodology with the consultant (questionnaire format, focal groups, interviews protocols, map of the stakeholders to be consulted, community communication, etc).	Compliant	None
29.2.3 Oversee the implementation of the execution of the gender risk assessment by the consultant.	Compliant	Since supervision is an ongoing process, the MICI will continue monitoring while the action is being implemented
29.2.4 The final report will include the result of the gender risk assessment and a list of existing entities and programs available to support survivors of Gender-Based Violence.	It does not correspond to this monitoring period	The MICI will be awaiting the receipt of the final report
29.2.5 Based on the results of the report, suggestions of mitigation measures to avoid gender differentiated impacts in infrastructure projects will be shared with communities, the Borrowers and other relevant stakeholders in the region.	It does not correspond to this monitoring period	The MICI will be awaiting to receive evidence of compliance with this action
29.3.1 Liaise with an experienced local or regional entity and the IDB to develop a training and empowerment program that takes into consideration the perception of local women.	Compliant	None
29.3.2 Implement Program.	It does not correspond to this monitoring period	The MICI will be awaiting to receive information on the implementation of the program, its supervision, and the report with the results
29.3.3 Monitor Program implementation.	It does not correspond to this monitoring period	
29.3.4 Review and approve a report with results of the Program Implementation.	It does not correspond to this monitoring period	

29.4.1 Prepare technical advice on good practices for the implementation and monitoring of a grievance mechanism for the Projects.	Compliant	None
29.4.2 Send technical advice to the Borrowers via registered correspondence.	Compliant	None
29.5.1 Hire a team of consultants, with expertise in human rights and security to implement the plan developed for action item 29.1.	Compliant	None
29.6.1 – Develop, in coordination with international human rights entities, a capacity building event on safeguards applicable to security and human rights applicable to infrastructure projects in Guatemala emphasizing the protection against reprisals.	Compliant	None
29.6.2 - Map and invite relevant stakeholders from the public and private sectors in Guatemala.	It does not correspond to this monitoring period	The MICI will be awaiting for the mapping of relevant stakeholders and their invitations, as well as the report on the conclusion of the event. This is done as a method of verifying the development of the training in accordance with the content of the action.
29.6.3 - Implement the capacity building event and document attendance.	It does not correspond to this monitoring period	
29.7.1 Prepare technical advice for closing the Projects as well as cultural heritage restoration taking into consideration the Environmental and Social Impact Assessment of the Projects and relevant IDB Invest policies.	Compliant	None
29.7.2 Send technical advice to the Borrowers via registered correspondence.	Compliant	None
29.7.3 Upon the cancellation or expiration of the environmental license, disclose the content of the technical advice to communities and to the Local Environmental Agency.	It does not correspond to this monitoring period	The MICI will be waiting for this disclosure for the next monitoring report.
29.8 In the same information dissemination activities around environmental and social impact studies (action item 29.1) it will be disclosed that IDB Invest will no longer be financing the Projects. Please refer to item 29.1 for detail.	It does not correspond to this monitoring period	The MICI is aware that activities were carried out in the first quarter of 2023. This and additional information will be considered in the next monitoring report.

Source: Elaborated by MICI.

I. CASE BACKGROUND ⁶

- 1.1 The Generadora San Mateo (hereinafter, “GSM”), Generadora San Andrés (hereinafter, “GSA”), and the Northwestern Innovation Transmission Line (hereinafter, “NTL”) hydroelectric projects, which were designed to be built simultaneously, are located north of San Mateo Ixtatán, in northwestern Guatemala. The projects planned the construction of two run-of-the-river hydroelectric plants with an installed capacity of 20 MW and 10.65 MW, respectively. The GSM will use the waters of the Negro and Pojom rivers and will have a generation capacity of 120,087 MWh per year with two turbines of 10 MW each. The GSA will use the waters of the Primavera, Varsovia, and Tercer Arroyo rivers with a generation capacity of 44,300 MWh per year with two turbines of 5 MW each. The projects also call for the construction of a transmission line and several substations to deliver energy to the national distribution system.
- 1.2 On September 25, 2013, the Board of Executive Directors (hereinafter, “Board of Directors”) of the then IIC, now IDB Invest, approved the two loan operations, with financing of US\$7 million for GSM and US\$6 million for GSA, to be developed by the company Energía y Renovación S.A., then a Client of IDB Invest. The components of the Projects have been suspended since January 2017 (GSA and GSM) and since September 2018 (NTL). As of October 2021, IDB Invest is no longer financing the Projects, and its website explains that “due to uncertainty about the Client’s ability to complete the proposed construction, in 2021, IDB Invest decided to exit the Projects, given that the conditions agreed in the approval of the Project had changed. IDB Invest and the Client signed settlement agreements on October 12, 2021⁷.”
- 1.3 On August 6, 2018, the MICI received a Request related to the projects submitted by local authorities and individuals from the Ixquisis area. The Requesters belong to the Maya Chuj and Maya Q’anjob’al Indigenous Peoples, from the communities of Bella Linda, Yulchen Frontera, Nuevo San Mateo, Pojom Nueva Concepción, and Caserío San Francisco, all of which are in the municipality of San Mateo Ixtatán. In turn, they are represented by the Plurinational Q’anjob’al, Popti, Chuj, Akateko, and Mestizo Ancestral Government. They also have the support of the Interamerican Association for Environmental Defense (AIDA) and the International Platform Against Impunity.
- 1.4 The Requesters alleged that the projects have generated environmental, social, security, and gender-based impacts that have adversely affected residents in the area of influence and Indigenous Peoples in particular. Specifically, the Request described impacts on their living conditions and the environment due to the lack of adequate environmental and social impact assessments of the Projects, as well as the lack of their respective mitigation measures.

⁶ The documents referenced in this section are available in the list of electronic links on page iii of this report.

⁷ Information obtained from the IDB Invest Projects website is available in the list of electronic links.⁸ Requesters’ Observations on the implementation status of Management’s Action Plan, p. 8.

- 1.5 Later, on January 31, 2019, the MICI declared the Request eligible. On February 15, 2019, the case was transferred to the Compliance Review Phase, and, on June 3, 2019, the Board of Directors approved the Recommendation for a Compliance Review and Terms of Reference of the MICI to investigate the allegations made. Such research took place from August 2019 to April 2021.
- 1.6 The Compliance Review Report concluded that IDB Invest failed to comply with certain requirements of the following ROPs: OP-765, OP-761, and OP-703; Performance Standards 1, 4, 6, 7, and 8; and the IIC Environmental and Social Sustainability Policy in relation to matters including the following:
 - a) Proper characterization of the affected population as Indigenous and triggering of the Indigenous Peoples Policy.
 - b) Assessment of potential gender-differentiated impacts on women and girls in the area, failure to ensure the equitable participation of women in the Projects, and a failure to address the risks of gender-based violence stemming from the migration of workers and security forces.
 - c) Effective community engagement through meaningful consultations that involve all stakeholders.
 - d) Assessment of the risk of social conflicts that the Projects could stoke in the communities, unresolved gaps in security safeguards, and a failure to adequately assess the Client's ability to manage social risks.
 - e) Consultation of local and Indigenous communities on the value that they assign to cultural and archeological heritage located in the project area.
 - f) IDB Invest supervision of a number of the projects' environmental tasks, such as water quality monitoring, assessment of impacts on ecosystem services, and identification of critical natural habitats.
 - g) Assessment of cumulative impacts relating to other projects in the area.
 - h) Improper environmental and social classification of the projects.
- 1.7 After the investigation, the MICI submitted for the Board of Directors' consideration twenty-nine recommendations to address the non-compliances found, which were approved on September 21, 2021. Likewise, the Board of Directors asked the Management to prepare an Action Plan, which it approved on March 1, 2022, and the MICI to monitor its compliance over a maximum period of five years. Therefore, the Mechanism developed a Monitoring Plan and Timeline in consultation with the Management and the Requesters and published its final version in January 2023. However, due to the Bank's exit and the impossibility of carrying out actions to bring the project back on track, the monitoring of the case is based on ten recommendations of an institutional nature and number 29 on responsible exit and transition plan.
- 1.8 Throughout 2022, the MICI held several meetings with the Requesters because they considered and expressed that the IDB Invest's Action Plan (hereinafter, "Action Plan")

and the MICI Monitoring Plan did not meet their needs. The MICI facilitated and coordinated exchange spaces between both parties and, as a result, the Management informed the MICI of some adjustments regarding the implementation of the Action Plan, which the MICI then reflected in its Monitoring Plan. This MICI plan was distributed to the Board of Directors on January 17, 2023, notified to both parties, and published in the MICI Public Registry case file.

- 1.9 The background and public documentation prepared corresponding to case MICI-CII-GU-2018-0136 can be consulted in its file in the [MICI Public Registry](#).

II. ALLEGED REPRISAL DURING THE CASE MANAGEMENT

- 2.1 In accordance with the Guidelines for Addressing the Risk of Reprisals in Request Management, the MICI conducted a reprisal risk analysis and maintained regular communication with the Requesters in order to update such risks. Furthermore, a Joint Reprisal Risk Reduction Plan (hereinafter, “JRRRP”) was developed, in which certain actions were agreed upon to address these risks. This is related to issues of confidentiality, communication channels, publication, and disclosure of the main documents of the case, among others. The JRRRP was translated into local Mayan languages to ensure accessibility for communities in the area. Additionally, during this monitoring stage, the MICI continued to communicate with the Requesters, who have continued to provide information. Finally, the MICI reiterates its commitment and zero-tolerance policy towards reprisal.
- 2.2 The Requesters, on their observations of the status of implementation of the Action Plan, refer to reprisal situations. According to them, these situations would have arisen during the financing of the projects by IDB Invest and would be related to the opposition to these projects. Specifically, they argue a continuity and worsening of criminalization. In addition, they argue that IDB Invest has adopted a passive role in relation to reprisal and has failed to implement practical and effective measures to prevent it⁸.
- 2.3 As for IDB Invest, in order to address the issue of reprisal, it has implemented actions in this regard in its Action Plan. Among these actions is the operationalization of its Management Grievance Mechanism, which includes addressing the reprisal allegations. Also, the implementation of a specific internal procedure to deal with such allegations. In addition, the development and use of the Contextual Risk Tool allow for a more accurate assessment of risks, including reprisal risks, during the design and supervision phase of the projects. Furthermore, the implementation of capacity-building activities with regional experts to effectively address the risks of reprisal. In addition, IDB Invest has posted on its website a “Zero Tolerance Statement Against Reprisal,” as well as information on

⁸ Requesters’ Observations on the implementation status of Management’s Action Plan, p. 8.

reprisal prevention and identification⁹.

III. RATIONALE OF THE MICI POLICY FOR CASE MONITORING

- 3.1 Paragraph 49 of the MICI Policy states that, in appropriate cases, the MICI will monitor the implementation of any Action Plan or corrective or remedial action agreed upon as a result of a Compliance Review. For this purpose, the MICI will issue a Monitoring Report for distribution to the Board of Directors for information purposes on an annual basis, and it will be published in the Public Registry. Likewise, the aforementioned paragraph 49 establishes that the Management will collaborate with the MICI during the monitoring period to be set by the Board of Directors, which shall not exceed five (5) years from the date on which the Board of Directors approves the Action Plan.

IV. METHODOLOGY USED

- 4.1 Based on the formulation of the Monitoring Plan, the MICI reviews compliance with the activities established in the Management's Action Plan, considering the indicators and verification methods set forth in this plan. To prepare this monitoring report, approximately 124 documents with information provided by both the Management and the Requesters were analyzed. The MICI also participated, acting as an observer, in meetings held by both parties. At the same time, the MICI was also copied for information purposes in communication exchanges between the two parties. All of this took place throughout the period covered by this monitoring report, which runs from the approval of the Action Plan in March 2022 to December of the same year.
- 4.2 During the period covered by this report, the MICI has reflected on some existing limitations regarding the Management's Action Plan and the MICI's Monitoring Plan. The MICI Policy establishes that the Monitoring Plan must be carried out in consultation with the Requesters. However, this policy does not foresee that the Action Plan will be prepared in the same way. This means that the Requesters only have access to the contents of the Action Plan once it has been published after being approved by the Board of Directors, without having the opportunity to state their opinion on it. This lack of consultation can lead to disagreements both during the development of the Monitoring Plan and in the implementation of the Action Plan if the Requesters object to it because they do not agree with the proposed actions. This happens at a stage in which this plan cannot be modified, even with respect to actions that directly involve them.
- 4.3 The report contains important input from the parties involved in the monitoring process. First, the Management submitted a detailed table with the progress made in the implementation of the Action Plan, highlighting both the progress related to institutional actions and its perspective on progress on responsible exit and the transition plan. On the other hand, the Requesters submitted a document with observations on the

⁹ Statement available at the following [link](#).¹⁰ Both documents are available in the section of electronic links of this report.

implementation of the Action Plan, particularly Action 29 on responsible exit and the transition plan. Both documents were carefully evaluated and considered by the MICI for the preparation of this monitoring report¹⁰.

- 4.4 In this regard, the MICI has held meetings with both the Management and the Requesters to discuss in detail the information provided, receive additional information, and clarify any doubts. Constant dialogue with both parties has been essential to ensure transparency, impartiality, and objectivity in the monitoring process.
- 4.5 It should be noted that there are conflicting views on the actions in response to recommendation 29, with opposing perspectives on their implementation. However, the MICI considers this to be part of the dynamic and constructive process and reiterates that it will continue to monitor the implementation of the Action Plan over the next four years. The MICI also reminds that these upcoming years present an opportunity for the Management to continue working on the pending actions to achieve compliance. Once again, due to the collaborative nature of the process to implement the actions of recommendation 29, dialogue between the two parties is crucial to achieve a satisfactory and sustainable outcome.
- 4.6 Finally, for this first report, considering the circumstances of the case, the fluid communication with the Management and the Requesters, and the status of the deliverables, the MICI did not carry out a field mission. However, the possibility of a visit for one of the following monitoring reports will be weighed.

V. ACTIONS REPORTED DURING THE MONITORING PERIOD¹¹

- 5.1 This chapter presents the MICI's monitoring of the actions formulated in the Management's Action Plan. It includes: (1) the actions, (2) the progress reported by the Management; (3) references to a document of observations submitted by the Requesters¹², (4) the MICI's monitoring, and (5) the conclusion of the compliance.

Institutional actions

- 5.2 What follows are the actions of institutional content with the progress reported by IDB Invest for each of them and then a general observation of these actions by the Requesters. All of this is considered by the MICI to carry out the analysis of monitoring and conclusion of compliance within each action.

¹⁰ Both documents are available in the section of electronic links of this report.

¹¹ This monitoring report covers the actions carried out from March to December 2022.

¹² All the information presented under the "Progress Reported" subtitles in this report comes from the "Management's Progress Report". Likewise, the information contained in the "Observations from the Requesters" subtitle comes from the document "Observations from the Requesters on the Implementation Status of the Management's Action Plan", available in the section of electronic links.¹³ IDB Invest's Environmental and Social Sustainability Policy, paragraph 21, pp. 8-9; and Implementation Manual, p. 44-45, 56, and 83, state that the assessment and management of gender-based violence risks in the context of a project involve three key steps:

Action 2.1	<i>Expand the roster of local independent consultants to include experts in the application of Performance Standard 7 (Indigenous Peoples) in Latin American and Caribbean countries.</i>
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5.3 **Progress reported.** The Management reported on the development of a list of expert consultants on Indigenous Peoples in collaboration with the IDB's Gender and Diversity Division (hereinafter, "GDI") during the first quarter of 2022. Approximately 40% of the consultants included in the list are women to promote gender equality, as indicated by the Management. In addition, IDB Invest reported a compilation of civil society organizations with expertise in Indigenous Peoples in different countries and the names of contacts that can also be recruited as needed.

5.4 **MICI monitoring.** The MICI confirmed that, within the expected deadline established in the Action Plan for the implementation of this action (hereinafter, "Expected Deadline"), IDB Invest developed the list of experts on Indigenous Peoples with gender equity among their members and verified that all the countries in the region can be covered.

5.5 **Conclusion of compliance with action 2.1.** The MICI found that this action was compliant.

Action 2.2	<i>Develop and implement capacity building activities for environmental and social specialists in IDB Invest to recognize and identify factors, elements, and indicators that should trigger the need for technical and systematic assessments on the Indigenous identification of affected communities.</i>
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5.6 **Progress reported.** IDB Invest reported having taken training on Indigenous Peoples, facilitated by an independent expert consultant, as part of a series of training for its environmental and social specialists (hereinafter, "E&S"), with the assistance of specialists from IDB Invest's Environmental, Social, and Governance Affairs Division (hereinafter, "SEG") and in some cases, external consultants. In this regard, it indicates that all of its E&S specialists have taken the course.

5.7 **MICI monitoring.** The MICI confirmed that the capacity-strengthening activities were carried out within the Expected Deadline and verified, with attendance lists, that all E&S specialists from IDB Invest participated and that the new specialists hired had received training in this area during their orientation program.

5.8 **Conclusion of compliance with action 2.2.** The MICI found that this action was compliant.

Action 2.3.1	<i>Develop internal systems to identify projects that impact Indigenous Peoples.</i>
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5.9 **Progress reported.** The Management reported that, in 2021, IDB Invest began using an online tool that provides geo-referenced information used to evaluate projects during due diligence. The tool covers all the countries in Latin America and the Caribbean and allows E&S specialists to identify areas with Indigenous Peoples, Afro-descendants, titled territories, untitled territories, and territories in the process of being titled.

5.10 **MICI monitoring.** The MICI confirmed, through a presentation made by IDB Invest to the MICI, that the internal systems are working. This action was carried out within the Expected Deadline.

5.11 **Conclusion of compliance with action 2.3.1.** The MICI found that this action was **compliant**.

Action 2.3.2.	<i>Develop indicators to monitor compliance with the requirements established in the sustainability policy regarding Indigenous Peoples.</i>
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5.12 **Progress reported.** IDB Invest reported that the indicators are being prepared.

5.13 **MICI monitoring.** The Expected Deadline for this action was the fourth quarter of 2022; however, the MICI is still waiting for this deliverable.

5.14 **Conclusion of compliance with action 2.3.2.** The MICI found that this action was **non-compliant**. According to the report, the MICI understands that the Management started its compliance process, but does not have sufficient elements to conclude partial compliance on this action because IDB Invest did not present any element to corroborate the progress of this deliverable. Therefore, a review of this deliverable will be done during the next monitoring period.

Action 2.3.3.	<i>Develop the format of the reporting to the Board considering indicators that can be measured and monitored.</i>
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5.15 **Progress reported.** The Management informed that slides will be included in the presentations to the Board of Directors related to the indicators as of the first quarter of 2023.

5.16 **MICI monitoring.** Although the Expected Deadline for this action was the fourth quarter of 2022, the MICI is waiting for this deliverable.

5.17 **Conclusion of compliance with action 2.3.3.** The MICI found that this action was **non-compliant**. According to the report, the MICI understands that the Management started its compliance process but does not have sufficient elements to conclude partial compliance on this action because IDB Invest did not present any element to corroborate the progress of this deliverable. Therefore, a review of this deliverable will be done during the next monitoring period.

Action 2.3.4.	<i>Periodically report to Board of Directors.</i>
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5.18 The MICI will monitor this action in the following period because the Expected Deadline for the execution of this action is after the period covered in this report.

Action 3.1.	<i>Engage with the IDBG's group Indigenous specialists on a regular basis to discuss projects that might impact Indigenous populations and gather their timely input for due diligence of new projects.</i>
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- 5.19 **Progress reported.** The Management reported that meetings have been held between the GDI and E&S divisions of both IDB and IDB Invest to discuss projects that may have impacts on Indigenous populations and to exchange perspectives for conducting Environmental and Social Due Diligence. It also informed that the GDI specialist from the IDB Office in Guatemala joined the IDB Invest team to collaborate with various aspects of the Plan's implementation. It also indicated that IDB Invest's E&S specialists have been in contact with gender and diversity specialists in different Country Offices to discuss new projects that are in the evaluation phase.
- 5.20 **MICI monitoring.** As an indicator of this action, the MICI's Monitoring Plan includes two meetings per year in which specialists in the field of Indigenous Peoples from the IDB Group discuss projects that could affect Indigenous populations from the pre-evaluation stage. In this regard, the Management reported a first approach with the division chief of IDB's GDI to advance efforts to carry out periodic meetings between the IDB and IDB Invest's Gender and Diversity teams during 2022, whose draft was submitted to the MICI, and also reported constant interactions with the IDB's specialist in Indigenous matters in Guatemala. Nonetheless, IDB Invest reported that during 2022 there were no projects in the pre-evaluation or due diligence stage to deal with.
- 5.21 **Conclusion of compliance with action 3.1.** The MICI finds that action 3.1 is **compliant** by the year 2022 and will review compliance again in the following period.

Action 7.1	<i>During 2021 IDB Staff has continued to expand its capacity building efforts on gender risk management including training sessions for more than 360 IDB Invest staff. Continue to offer capacity building to environmental and social specialists in gender safeguard requirements and applicable standards as well as requirements applicable to vulnerable groups according to IDB Invest's sustainability policy.</i>
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- 5.22 **Progress reported.** To strengthen the understanding, capacity, and implementation of gender safeguard requirements, the Management reported that it engaged the services of a gender expert consultancy to analyze, draw lessons, and provide recommendations on the implementation of the Gender Risk Assessment Tool (GRAT). It also reported that in December 2022, the consulting firm and IDB Invest conducted training for E&S specialists on the findings, recommendations, sector questionnaires, and case studies as part of a broader gender training.
- 5.23 **MICI monitoring.** The MICI confirmed that a gender-related activity was carried out within the Expected Deadline in December 2022 and that its content included the identification, evaluation, prevention, and mitigation of gender-differentiated impacts in accordance with IDB Invest's Environmental and Social Sustainability Policy to strengthen capacities. In turn, by means of the attendance lists and a comparison with the recordings of the training sessions, it was verified that the people hired, as well as all the E&S specialists, carried out the capacity building activities. On the other hand, the documents resulting from this series of training on the implementation of gender safeguards were compiled and included in SEG's internal resource web page. All of the above was developed within the Expected Deadline. Finally, the MICI received a report on the conclusion of the training.

- 5.24 **Conclusion of compliance with action 7.1.** The MICI found that this action was compliant.

Action 8.1	<i>The new IDB Invest Sustainability Policy states that IDB Invest is committed to promoting gender equality and diversity and requires its clients to identify and address gender-related risks in IDB Invest-supported investments, including by avoiding gender-based exclusion, gender-based violence, sexual exploitation, human trafficking and sexually transmitted diseases. It requests that the client defines and puts in place specific measures to prevent and address these risks. Compliance with the IDB Invest Sustainability Policy is required in legal agreements.</i>
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- 5.25 **Progress reported.** IDB Invest reported that its commitment to a zero-tolerance policy on gender-based violence is included in its new Environmental and Social Sustainability Policy.

- 5.26 **MICI monitoring.** The MICI verified the inclusion of language alluding to zero tolerance for gender-based violence in IDB Invest's new Environmental and Social Sustainability Policy. Regarding this, this policy expresses IDB Invest's commitment to identifying potential gender-based risks and impacts and requiring clients to implement effective measures to avoid, prevent, or mitigate them. The policy also establishes that IDB Invest will require its clients to identify and address gender-related risks in the investments it supports, including gender-based exclusion, gender-based violence, sexual exploitation, human trafficking, and sexually transmitted diseases. This includes requiring the client to define and implement specific measures to prevent and address those risks if the assessment indicates a risk of gender-based violence or other gender-related risks¹³. Regarding approved operation contracts, these legal documents refer to the mandatory nature of compliance with the Sustainability Policy described in previous paragraphs, which the MICI was able to confirm through a sample contract sent by IDB Invest for this purpose.

- 5.27 **Conclusion of compliance with action 8.1.** The MICI found that this action was compliant.

Action 8.2	<i>Continue to operationalize the Management Grievance Mechanism – MGM, by which communities can inform IDB Invest about concerns or complaints (including of gender-based violence), develop an internal procedure to address allegations of gender-based violence against project affected people in IDB Invest financed operations.</i>
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¹³ IDB Invest's Environmental and Social Sustainability Policy, paragraph 21, pp. 8-9; and Implementation Manual, p. 44-45, 56, and 83, state that the assessment and management of gender-based violence risks in the context of a project involve three key steps:

1. Identify and assess gender-based violence risks. This is typically done within the overall process of environmental and social assessment and stakeholder analysis, using IDB Invest's Gender Risk Assessment Tool. It may also involve additional or specialized consultations and studies related to high-risk situations.
2. Address gender-based violence risks through mitigation mechanisms and monitoring. This can be done, for example, by including measures related to gender-based violence in contractors' code of conduct, incorporating specific requirements for lodging facilities, conducting awareness campaigns, and other means.
3. Establish response mechanisms for cases of gender-based violence, including services for survivors of such violence while ensuring the confidentiality and anonymity of their information.

¹⁴ Additional information on the Context Risk Tool is available in Action 19.1.

- 5.28 **Progress reported.** The Management reported that the Management Grievance Mechanism (hereinafter, “MGM”) has been active throughout 2022. In this regard, the [annual report of the MGM](#) with information on the number of cases, countries, and the main environmental and social issues discussed, is published on the IDB Invest website. It also noted that the procedure [for dealing with complaints of gender-based violence] was developed by an external consultancy specializing in human rights and gender equality.
- 5.29 **MICI monitoring.** The MICI confirmed that the MGM is active and operational as of 2022 and that, through its annual report published on the IDB Invest website, it is stated that the MGM became fully operational as of May 2022. The MICI also verified the content of a draft of the internal management process to address complaints or allegations of gender-based violence associated with an operation financed by IDB Invest. However, the Expected Deadline for this action was the second quarter of 2022. About this, the MICI notes that, according to IDB Invest, the final version would be ready in the first quarter of 2023 (a period not covered by this monitoring report).
- 5.30 **Conclusion of compliance with action 8.2.** The MICI concluded that this action is **partially compliant**.

Action 17.1	<i>Develop an internal guidance note for social and environmental officers applying the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in Bank-financed operations.</i>
Action 17.2	<i>Offer capacity building to all environmental and social specialists in IDB Invest regarding the content of the guidance note described on item 17.1</i>

- 5.31 **Progress reported.** The Management reported on the development of a Guidance Note on the implementation of the Voluntary Principles on Security and Human Rights (VPSHR) and capacity building, as well as the Contextual Risk Tool by an external consulting firm.
- 5.32 Afterward, in December, a training workshop was held for the environmental and social team on Contextual Risks, using the Contextual Risk Tool¹⁴ and applying the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in Bank-financed operations. During the same occasion, the final version of the Guidance Note on the Application of the Tool as a Baseline for Contextual Risk Analysis, Implementation of the Voluntary Principles, and Good Practices for Conflict Sensitivity in Businesses was presented.
- 5.33 **MICI monitoring.** The MICI had access to the document and confirmed the development of an internal guidance note that includes good practices for the implementation of the VPSHR and applicable safeguards in the use of security forces. In addition, the MICI reviewed the development of the training through a report with the attendance list of the environmental and social specialists of IDB Invest. All of the aforementioned actions were

¹⁴ Additional information on the Context Risk Tool is available in Action 19.1.

carried out by IDB Invest within the Expected Deadline.

- 5.34 **Conclusion of compliance with actions 17.1 and 17.2.** The MICI found that these actions were **compliant**.

Action 18.1	<i>Continue to offer capacity building to environmental and social specialists in on insecurity, conflict, and violence in the Project context, including the requirements of PS4, the International Finance Corporation's (IFC) Good Practice Handbook on the Use of Security Forces, the VPSHR, and other protocols for implementing PS4 according to IDB Invest's sustainability policy.</i>
Action 18.2	<i>Continue to operationalize the Management Grievance Mechanism MGM, by which communities can inform IDB Invest about concerns or complaints (including those of reprisals) and engage in processes, led by IDB Invest, of resolution with Clients.</i>

- 5.35 **Progress reported.** The Management reports that in-depth training on security, conflict, and violence was conducted for all IDB Invest's environmental and social specialists. The training was provided by a non-governmental organization specialized in the area.

- 5.36 **MICI monitoring.** To check compliance with action 18.1, the MICI reviewed the development of the training through a report with the attendance list of the environmental and social specialists of IDB Invest. The MICI also reviewed the material and content of the training and determined that they corresponded to the subject matter proposed. On the other hand, as stated above in the section of action 8.2, the MICI reviewed that the MGM is operational as required by action 18.2. All of the above was carried out within the Expected Deadline.

- 5.37 **Conclusion of compliance with actions 18.1 and 18.2.** The MICI concluded that these actions were **compliant**.

Action 19.1	<i>Develop a tool for tracking violence in Latin America and the Caribbean that contributes to an enhanced contextual risk assessment of IDB Invest financed projects during origination and supervision.</i>
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- 5.38 **Progress reported.** IDB Invest reported on the hiring in April 2022 of a consulting firm with expertise in contextual risk, security, and violence to develop a Contextual Risk Tool. Regarding this, the Management reported that the tool was finished in December 2022 and defines 7 dimensions of contextual risk: (1) Security and Conflict; (2) Political Risk, Governance, and Civil Liberties; (3) Labor and Economics; (4) Access to Land and Natural Resources; (5) Social Cohesion; (6) Gender; and (7) Reprisal. The results are visualized in the Contextual Risk Tool with maps, at national and sub-national levels, and will serve as input for project risk assessment.

- 5.39 In addition, the MICI asked IDB Invest for more information on the tool to include information on its characteristics, purpose, and usefulness in this report. In this regard, IDB Invest clarified that the Contextual Risk Tool tracks violence and other related risks in Latin America and the Caribbean (LAC) that contribute to a better contextual risk assessment during the design and supervision of projects financed by IDB Invest. This tool provides an analytical basis for better identification of risks to be mitigated, in

accordance with the Voluntary Principles on Security and Human Rights, at two levels of analysis: 1) national and subnational contextual risk assessment, and 2) project-level risk assessment and conflict analysis.

- 5.40 IDB Invest also added that it is an online, interactive tool used by its E&S specialists to detect contextual risks as part of the E&S due diligence process and during supervision. It further noted that the tool was built using data from various sources on 103 metrics in seven risk dimensions and that its incorporation has been important because it is the first tool of its kind to contain LAC-specific data, as well as subnational data from seven LAC countries, where contextual risks are particularly high compared to other areas of the region. For example, it contains data from 26 countries in 437 subnational regions, including sources such as the Armed Conflict Location and Event Data Project, known as ACLED.
- 5.41 Finally, IDB Invest highlights that the tool allows E&S specialists to identify where certain risks are higher compared to national data or in relation to other LAC areas. In turn, the quantitative scores for each indicator can be compared with national data, and the tool allows for a deeper analysis to better understand why certain risks score higher (by looking at the sub-indicator scores) so that the E&S officer can consider what additional mitigating measures will be necessary to include in the client's E&S plan.
- 5.42 **MICI monitoring.** The MICI confirmed the existence of the tool and verified that it was developed by IDB Invest within the Expected Deadline. It also had access to its methodologies and complementary documents, as well as to the guidance note that accompanies the tool and databases. The MICI celebrates the use of this tool in contexts that deserve it, as it is a valuable tool for risk management, prevention, and mitigation of negative impacts in projects.
- 5.43 **Conclusion of compliance with action 19.1.** The MICI found that this action was compliant.

Action 20.1	<i>Implement capacity building events on addressing risks of reprisals in the context of IDB Invest development projects with the assistance of experts in the Latin America and Caribbean region.</i>
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- 5.44 **Progress reported.** IDB Invest informs of intensive training on reprisal in October 2022 for all SEG environmental and social specialists.
- 5.45 **MICI monitoring.** The MICI confirmed that the training on reprisal was conducted, as it had access to the training material, such as the presentation, the session recordings, and the attendance list.
- 5.46 Likewise, it was verified that the content addressed the possible risks of reprisal in the context of development projects to train environmental and social specialists in this matter.
- 5.47 The training addressed the contents of the *Good Practice Note for the Private Sector:*

Addressing the Risks of Retaliation against Project Stakeholders to support this sector in addressing reprisal against people affected by development projects, which was developed along with the International Finance Corporation (IFC).

- 5.48 The MICI finds that the content and the capacity-strengthening approach of the training session are aligned with the monitoring indicators set for this action and that the activities were carried out within the Expected Deadline.
- 5.49 **Conclusion of compliance with action 20.1.** The MICI found that this action was compliant.
- 5.50 In relation to capacity-strengthening events to address the risks of reprisal in the context of projects, it is important to highlight and acknowledge what has been done by IDB Invest. These events are crucial to raising the stakeholders' awareness of the importance of adequately preventing and addressing reprisal, as this can have a negative impact on project implementation and success. However, it is important for the MICI that the institution is constant and systematic in this aspect so that awareness is sustainable and becomes an inherent element of IDB Invest's risk management. This will ensure adequate risk management and promote a safe environment for project implementation.

Action 21.1	<i>Develop an internal procedure to address allegations of reprisals based on the Good Practice Note on addressing the risks of retaliation against project stakeholders published by IDB Invest and IFC.</i>
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- 5.51 **Progress reported.** IDB Invest reported the creation of an internal procedure to address reprisal complaints in order to provide guidance to the MGM in cases of retaliation complaints. On the other hand, it reports that during the environmental and social due diligence process, in cases where there is a risk of reprisal according to what is identified in the new contextual risk tool or what is noted in reports of reprisal complaints in the context of a project, SEG officials use the [Good Practice Note for the Private Sector: Addressing Risks of Retaliation against Project Stakeholders](#). In this way, it will be able to work with the client to develop steps to detect, prevent, and respond to the risk of reprisal. Likewise, the Management highlighted the development of an [infographic](#) that serves as graphic aid for the aforementioned actions, as well as the publication of a [statement](#) on its commitment to zero tolerance towards reprisal.
- 5.52 **MICI monitoring.** The action was to be carried out in the second quarter of 2022 in accordance with the Expected Deadline. The MICI confirmed the existence of an internal procedure guide document to address risks of reprisal prepared by IDB Invest, through a draft sent with no date of preparation. The final version was submitted to the MICI in February 2023 and not within the Expected Deadline.
- 5.53 **Conclusion of compliance with action 21.1.** The MICI found that this action was compliant, though after the Expected Deadline.

Action 21.2	<i>Provide training to IDB Invest staff on the new internal procedure.</i>
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5.54 **Progress reported.** IDB Invest reported that, due to the high number of training sessions with E&S specialists, training on the procedure for addressing allegations of reprisal would be conducted in the first quarter of 2023.

5.55 **MICI monitoring.** Although the Expected Deadline for the training was during 2022, the MICI notes that it is scheduled for the first quarter of 2023. In addition, some of the principles applied in the internal reprisal management procedure were addressed during the reprisal training conducted in 2022. The MICI did not find that the procedure or the informational material had been disseminated and were available on the IDB Invest internal portal that collects all key SEG materials, as provided for in the verification methods established in the Monitoring Plan. The MICI will review the delivery of this information by IDB Invest during the following period.

5.56 **Conclusion of compliance with action 21.2.** The MICI found that this action was **non-compliant**.

Action 21.3	<i>Operationalize the procedure to address allegations of reprisals.</i>
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5.57 **Progress reported.** The Management reports that the procedure to address complaints of reprisal was implemented in the last quarter of 2022. However, IDB Invest notes that it has not received any cases alleging risk of reprisal during the same quarter.

5.58 **MICI monitoring.** The MICI confirmed the existence of the procedure and IDB Invest informed that it is already being implemented. However, the MICI was unable to confirm, in accordance with the verification method established in the Monitoring Plan, the existence of any communication regarding the notification of the entry into force of the internal procedure during the fourth quarter of 2022. Regarding this, the MICI stresses the importance of considering the provisions of the Monitoring Plan to review compliance with each action. The MICI will review the notification of the entry into force of the internal procedure in the following period.

5.59 **Conclusion of compliance with action 21.3.** The MICI found that this action was **partially compliant**.

Action 21.4	<i>Develop the format of the reporting to the Board considering indicators that can be measured and monitored.</i>
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5.60 The MICI will monitor this action in the following report because the Expected Deadline for the execution of this action is after the period covered in this report.

Action 27.1	<i>[Conduct] an update to the Environmental and Social Operational Manual will highlight that when circumstances are identified that elevate the risks and impacts of the project after approval, the internal supervision classification of the project should be altered to a higher</i>
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	<i>one. Updating the Environmental and Social Operational Manual will reflect the current procedure in place in the IDB Invest IT project management system to track high risk projects in the portfolio during supervision.</i>
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- 5.61 **Progress reported.** IDB Invest reports that the SEG Operating Manual update was completed and shared with the environmental and social team in the last quarter of 2022.
- 5.62 **MICI monitoring.** The MICI takes note that the Operating Manual was updated as established in the action; however, it was updated in the fourth quarter of 2022 and not in the third quarter as established in the Monitoring Plan. MICI checked the text of the manual and noted the addition of a text describing that it is possible to check a box in IDB Invest's internal project management platform to modify the internal supervision classification.
- 5.63 **Conclusion of compliance with action 27.1.** The MICI found that this action was **compliant, though after the Expected Deadline.**
- 5.64 **Requesters' observations.** As mentioned in paragraph 5.2, at the beginning of the monitoring of the institutional actions, the following is a verbatim transcription of the observations submitted by the Requesters on the institutional actions of the Action Plan. It is worth reiterating that the MICI considered these observations as a valuable contribution and input for the preparation of this monitoring report.

"As we have noted before, these recommendations are of the utmost importance for the companions of the complainant communities in order to improve IDB Invest's practices regarding funding and monitoring of the development projects it funds, as a measure to avoid repetition.

As accompanying organizations, we were informed on June 7, 2022, of some bids called by IDB Invest to hire experts on gender and Indigenous Peoples. We were also informed about the consideration of our comments in the new risk and conflict identification system, as well as the standards shared for reprisal prevention actions and procedures.

Then, through the written notice dated November 4, 2022, we were also informed about the progress in the following: 1) creation of a knowledge transfer program and design of an internal mechanism for the management and monitoring of projects that may impact Indigenous communities; 2) design of a training program with intensive sessions on best practices for the management of retaliation risks, work with Indigenous communities, contextual risks and gender in Bank projects; 3) design of a process to include a specific gender-based violence complaint mechanism within the Bank's Complaints and Grievances Mechanism and the continuous improvement of said mechanism; 4) hiring of an expert consulting firm to develop a contextual risk assessment tool and conceptualize a tool to monitor violence in Latin America and the Caribbean; 5) delivery of training on the new internal retaliation management procedure. This is the only information we have to date regarding this. There have been no instances where we could have been fully briefed on this progress or where we could have provided our feedback. Moreover, we have not been given any information about the profiles of the consultants or the results of their work.

We hereby reiterate what we said to IDB Invest in our communication sent in August 2022 regarding the importance of recognizing the supervisory role that we and other CSOs involved have over the adoption and implementation of said recommendations, as these institutional strengthening recommendations arise from the findings of the Ixquisis (Yichk'isis) case and will be assessed within the MICI monitoring plan and under the OVE. We also consider that, regarding the issues involving Indigenous Peoples, in addition to hiring experts, consulting mechanisms and direct communication with Indigenous Peoples should have been implemented in order to listen to and include their insight on issues that affect them directly¹⁵."

¹⁵ Requesters' Observations on the implementation status of the Management's Action Plan, pp. 2 and 3.

Action 29 on the transition plan and responsible exit

5.65 What follows is action 29 on the transition plan and responsible exit with the progress reported by IDB Invest for each of them and the observations of the Requesters.

<p>Action 29.1</p>	<p><i>Convene a working group formed by IDBG social specialists and external consultants (including security and human rights specialists) to develop a transition plan through a collaborative process consulting leader of affected communities. IDB Invest will guide the process considering principles of doing no harm, transparency and responsibility. The plan will incorporate gender and diversity good practice principles and provide for two- way communication in non-technical, culturally appropriate language. The plan will include:</i></p> <ul style="list-style-type: none"> <i>a. Translation available in Chuj and Q'anjob'al languages</i> <i>b. Map of stakeholders to be invited to the meetings</i> <i>c. Plan of invitation dissemination that includes dates, places and times for the meetings</i> <i>d. Format of meetings and duration considering gender and culturally relevant aspects</i> <i>e. Presentation with a written summary of the impact studies (biodiversity, archeological and cultural heritage ESIAs and supplemental ESIA) and the benefits of the projects if they were to be implemented by IDB Invest</i> <i>f. Formats for registering different views expressed in the meetings (to be shared with participants after the encounters).</i> <p><i>Registration of attendance will be done in a way to preserve identity of participants. There will be careful use of language to avoid stigmatization and polarization. Dissemination of information will take into account confidentiality restrictions and the status of the Projects.</i></p> <p><i>As part of this process IDB Invest will structure an outreach strategy to communicate to communities that IDB Invest will no longer be financing the Projects (see also Action item 29.8).</i></p>
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5.66 **Progress reported.** The following is a verbatim transcription of the information provided by IDB Invest in the following timeline with progress on this action¹⁶. About this, the MICI clarifies that in the meeting held in May 2022, which is included in this timeline prepared by the Management, it was the parties who agreed to eliminate item 29.1(e). The MICI agreed not to monitor it. The MICI also clarifies that the two meetings held in February 2023 are not part of the review scope during the current monitoring period.

"April 2022 - Development of Terms of Reference, review of proposals, and hiring of an external consultant to support the planning and execution of the IDB Invest's Action Plan on GSM/GSA. The activities under

¹⁶ Regarding this, the representatives of the Requesters reported having participated in meetings with IDB Invest to discuss the implementation of the Action Plan, where the MICI was also present. These meetings took place on May 6, 2022, October 19, 2022, and February 6, 2023. They also reported receiving communications from IDB Invest on the following dates: June 7, 2022 (meeting minutes from May 6 and comments from IDB Invest), November 4, 2022 (observations from IDB Invest on recommendations made by the Requesters on August 12, 2022), and February 15, 2023 (objective document of the approach and territory visit, and minutes of the meeting on February 6). Finally, they reported having sent the following communications: February 22, 2022 (document on recommendations and proposals for the implementation of the Action Plan for responsible exit and the Joint Retaliation Prevention and Management Plan), and August 12, 2022 (letter in response to IDB Invest regarding the communication received on June 7, 2022, and the Requester communities' proposal for a Responsible Exit Plan within the framework of the Case).

¹⁷ In August 2022, the Requesters sent a communication to IDB Invest primarily providing recommendations for the implementation of the Action Plan and asking questions about it. IDB Invest responded to this communication in November 2022, emphasizing the need for clear and careful messaging regarding the Action Plan, the progress on the ten institutional recommendations, the limitations for adjusting the Action Plan despite possible agreements, and finally, what is included and excluded from the Action Plan. This response was also mentioned in the Requesters' observations on the institutional actions of the Action Plan in this report.

this consultancy include a) Fostering transparency and two-way communication around IDB Invest's Plan in a culturally appropriate manner; b) Conducting stakeholder mapping to identify stakeholders to be included in the Plan's activities; c) Planning and facilitating meetings with stakeholders; d) Advising and supporting in the planning and execution of the Plan's disclosure activities; e) Preparing reports and recommendations on project execution activities.

April-17-22-2022: IDB Invest mission to Guatemala. Meetings with IDB's external consultants and colleagues. Meetings with the environmental agency, the natural disaster prevention agency, the Human Rights Ombudsman's Office (PDH), the local office of an international human rights organization, the Executive Secretary of the Mesa de Diálogo de San Mateo de Ixtatán [Group Discussion of San Mateo de Ixtatán], and other stakeholders.

The attempt to visit the GSM/GSA project site (which focused on the site restoration plan work) was stopped due to last-minute security issues.

May 2022 First meeting with MICI Requesters (May 6, 2022)

The meeting was constructive and resulted in the agreement to remove item e) to avoid further polarization related to the construction of the project. MICI agrees with this change since it would be the removal of an item that was requested by the complainants and agreed with the Management.

September 2022: Stakeholder mapping. Due to travel restrictions in the project area, the report uses mainly secondary data.

October 2022: Second meeting with the Requesters to foster a better understanding of the activities of the Action Plan and related implementation.

November 2022: Second mission to Guatemala. Meetings were held with local offices of international human rights organizations, local consultants and stakeholders, and bilateral organizations.

IDB Invest sent a letter to the Requesters in response to requests¹⁷.

Publication of support material (See information published on the project page under additional information) (See in Chuj, Q'anjob'al, and Spanish)

February-03-2023: IDB Invest held a meeting with the communities in the project's area of influence to explain IDB Invest's exit from the project and to dialogue with community members, answering their questions (as per recommendation 29.8). The meeting was held in Huehuetenango. 60 members of the communities in the project's area of influence attended¹⁸.

February-06-2023: IDB Invest proposed a face-to-face meeting with the Requesters, which was held at the local headquarters of an international human rights body with the MICI and the international human rights body as observers*."

5.67 Requesters' observations. The following is a verbatim transcription of the observations of the Requesters on the implementation of recommendation 29, related to action 29 of the Action Plan.

"Several challenges have arisen from the implementation of IDB Invest's responsible exit, at the expense of the complainant communities. Some of said challenges are described below:

¹⁷ In August 2022, the Requesters sent a communication to IDB Invest primarily providing recommendations for the implementation of the Action Plan and asking questions about it. IDB Invest responded to this communication in November 2022, emphasizing the need for clear and careful messaging regarding the Action Plan, the progress on the ten institutional recommendations, the limitations for adjusting the Action Plan despite possible agreements, and finally, what is included and excluded from the Action Plan. This response was also mentioned in the Requesters' observations on the institutional actions of the Action Plan in this report.

¹⁸ This information was provided by IDB Invest in February 2023. However, this monitoring report covers only the period until December 2022. It will be included for transparency purposes and will be analyzed for the next report.¹⁹ Requesters' Observations on the implementation status of the Management's Action Plan, pp. 7 and 8.

Poor recognition and participation of complainants in the implementation of the Action Plan and the transition plan:

Even though there has been dialogue with IDB Invest, this has been a formal one, not resulting in concrete actions to move forward with the responsible exit process due to the following:

- Failure to prioritize meaningful dialogue and socialization with the complainant communities. It seems that priority is being given to the few communities that did not participate in the complaint and that have been in favor of the projects, even though most of them were not included within the area of direct influence of said projects.
- Dialogue has been delayed and the implementation of the Action Plan has move forwarded unilaterally and discretionarily.
- Poor practices regarding participation, recognition of Indigenous Peoples and exclusion, which were used when the projects first arrived in the territory, are being replicated.
- Participation is understood as a “check the box” formality. Moreover, the cultural specificities and decision-making practices of the Indigenous Peoples in the region are not being considered.
- A language of openness to dialogue is maintained; however, the opinion of the complainants is not being considered in the process of preparation of the Transition Plan and many of the recommendations made by the complainants regarding the consultation process for the Transition Plan design for a responsible exit are being ignored.
- Visits to the territory have been planned without informing the complainant communities and without proposing open, inclusive and transparent dialogue spaces. The visit was postponed only after the communities sent a clear message about the way field visits should be conducted.
- IDB Invest's Management has not proposed a dialogue and participation methodology with the complainant communities; however, pursuant to the statements by the IDB Invest officer in Guatemala at a meeting in February 2023, the Bank does have communication with the people who have been in favor of the hydroelectric projects, despite them not being part of the area of direct influence of said projects.
- IDB Invest did not clearly and timely communicate to the complainant communities that the company had decided to request the suspension of funding for the hydroelectric projects before MICI's final report was made public and approved by the Board of Executive Directors.
- IDB Invest has forgotten that it is not a neutral player in the field, and that its funding has caused harm, which should be repaired.

Regarding the implementation of Recommendation 29:

- IDB Invest has not allowed the participation of the communities in the preparation of the Transition Plan. Moreover, it intends to address the Action Plan and the Transition Plan in the same manner, despite them being different processes with different objectives.
- Despite IDB Invest's exit, the impacts of the projects as a result of the activities conducted while IDB Invest funded them are still present. These impacts relate to, for example, the imminent hazard of the infrastructure in the area, like the Kal Witz Mountain tunnel, which has made the communities more vulnerable to climate events, like the hurricanes of recent years.
- In the last communication sent by BID Invest on February 15, 2023, three objectives are outlined for the approach and visit to the territory, referring to: 1) Access to the project area by the technical consultant and archaeology consultant; 2) Engagement and communication with the affected communities represented in the claim; 3) Engagement with women leaders from the affected communities. None of the three stated objectives are intended for the development of the Transition Plan as outlined in Recommendation 29. These objectives are also not directly related to the proposals for responsible exit made by the communities, and the visit to the territory is planned without considering the participation and accompaniment of the intervening organizations in the complaint.¹⁹

¹⁹ Requesters' Observations on the implementation status of the Management's Action Plan, pp. 7 and 8.

- 5.68 **MICI monitoring to Action 29.1.** The following is a step-by-step analysis of compliance with action 29.1.
- 5.69 **Initial clarification on the framework regarding the concepts of Responsible Exit and Transition Plan.** MICI's recommendation 29, approved by the Board of Directors, introduces the notion of "responsible exit" and foresees that IDB Invest will take the necessary measures to ensure this responsible exit from the Project. The recommendation also links this obligation to ensure responsible exit to the elaboration of a transition plan to be prepared by the Management, which should have certain measures as a minimum and also comply with certain characteristics. Regarding the measures, action 29.1 of the Action Plan has delimited the aspects specifically included in the transition plan.
- 5.70 Both the MICI's recommendation and the Management's proposed action 29.1 agree that the development of the transition plan must comply with the following: (a) Be the result of a collaborative process that consults with the leaders of the affected communities; (b) Guide the process considering principles of do no harm, transparency, and accountability, (c) Include good practices in gender and diversity issues and allow for fluid and culturally appropriate communication.
- 5.71 In light of the above, MICI will base its verification of the implementation of the actions of recommendation 29 on this framework.
- 5.72 **Consultants.** The MICI confirmed that IDB Invest, within the Expected Deadline, began the development of the terms of reference for the team of consultants that will work on the transition plan, as well as their hiring.
- 5.73 **Collaborative process that consults with leaders of affected communities.** Pursuant to the Action Plan, the MICI emphasizes that IDB Invest needed to develop a transition plan through a collaborative process and that the leaders of the affected communities be consulted in this process. In this regard, both IDB Invest and the Requesters reported having participated in two meetings during 2022.
- 5.74 Specifically, IDB Invest reported the meeting held in May 2022, which resulted in the agreement to remove item e) of action 29.1 to avoid further polarization related to the construction of the project. The MICI considers this as a reflection, at least on this specific point, of collaborative work with the Requesters in the development of the transition plan as foreseen in the Action Plan.
- 5.75 **Transition plan.** IDB Invest shared with the MICI a document with the transition plan that was developed by the Management itself and reported to the MICI as an internal working document. This document, therefore, is not the result of a collaborative process since it is

an internal document and has not been shared with the leaders of the affected communities, nor has it been published on the IDB Invest website to make it accessible. Therefore, the MICI cannot consider it as the transition plan envisioned by the Action Plan that required it to be developed through a collaborative process with the leaders of the affected communities.

- 5.76 **Characteristics of the transition plan.** As per the Monitoring Plan, the MICI notes:
- 5.77 **(a) Translation into local languages.** The MICI confirmed the translation into the Chuj and Q'anjob'al languages of various materials found on the Projects' website, such as the infographic on IDB Invest, the Projects, the MICI case, the exit decision, and the Action Plan's activities. The MICI acknowledges IDB Invest's effort in the communication of these topics. However, the transition plan presented by IDB Invest to the MICI has been managed internally by IDB Invest and has not been translated or consulted with the leaders of the affected communities.
- 5.78 **(b) Stakeholder mapping.** This paragraph of IDB Invest's action plan mentions a mapping of the stakeholders to be invited. According to the introductory text of recommendation 29.1, the MICI understands that "stakeholders to be invited" include "leaders of affected communities," not only leaders who are part of the group of Requesters. The MICI verified that one of the consultants hired by IDB Invest prepared a stakeholder mapping as indicated above.
- 5.79 **(c) Dissemination plan.** IDB Invest shared the dates, times, and locations of the meetings held with the Requesters and their representatives within the 2022 Expected Deadline where MICI had the opportunity to attend as an observer. However, the MICI notes, both from having been informed by IDB Invest in the process of managing the meetings and from specific comments from the participants, that the invitations were not sent sufficiently in advance. This shows that the context of all the participants, the logistics, and the organization involved in attending a meeting of these characteristics have not been considered.
- 5.80 **(d) Format and duration of meetings that consider gender and culturally relevant aspects.** On the format of the meetings, it should be noted that the two meetings reported between IDB Invest and the Requesters held in May and October 2022, respectively, took place virtually. Then, although IDB Invest carried out a face-to-face mission to Guatemala in November, it did not manage to hold a face-to-face meeting between the two parties; this did not happen until February 2023²⁰. Although the virtual mode was a solution during the pandemic, the MICI notes that face-to-face encounters are essential in this type of space to achieve better communication and proximity, generate greater collaboration, and interact more effectively.
- 5.81 On the other hand, IDB Invest did not present evidence that the format and duration of the

²⁰ The monitoring and analysis of the activities that occurred in 2023 will be conducted in the next monitoring report.

meetings held during the year 2022 had considered gender aspects. About culturally relevant aspects, in the meetings between IDB Invest and the Requesters, IDB Invest presented the possibility for the attendees to express themselves in local languages. However, as mentioned above, the short notice with which IDB Invest invited the Requesters to participate in meetings implies a lack of consideration of culturally relevant aspects.

- 5.82 **Presentation of studies. (e).** It is not the MICI's responsibility to monitor this item of the action since the parties agreed not to implement it.
- 5.83 **Format for recording opinions expressed at meetings (f).** The MICI confirmed that IDB Invest has sent meeting drafts. Likewise, it also confirmed that communication with IDB Invest and the group of Requesters has been in the same manner as it has been throughout the process before the MICI — through their representatives and companions, that is, the Plurinational Government of the Akateko, Chuj, Q'anjob'al, and Popti Indigenous Nations, the Interamerican Association for Environmental Defense — AIDA, and the International Platform against Impunity.
- 5.84 Finally, IDB Invest delivered its communication plan to inform that it will no longer finance the Projects. However, the MICI notes the importance of carrying out these activities on time, that is, in this case, at the beginning of the implementation of the action plan, considering that the contractual relationship between IDB Invest and the now-former client had ended. In this case, unfortunately, this communication plan was implemented late and, although it includes clear messages to be communicated, it does not present a dissemination strategy with a plan containing a detailed schedule of dates, places, and people to whom the message will be communicated. Finally, the MICI stresses the importance of informing that a project has ceased to be financed immediately after the exit from the institution occurs.
- 5.85 **Conclusion of compliance with action 29.1.** The MICI found that this action was **partially compliant**.

Action 29.2.1	<i>Design the TORs for hiring an experienced consultant to implement a gender risk assessment.</i>
Action 29.2.2	<i>Fine tune the methodology with the consultant (questionnaire format, focal groups, interviews protocols, map of the stakeholders to be consulted, community communication, etc).</i>

- 5.86 **Progress reported.** IDB Invest reported that, in March 2022, it elaborated detailed terms of reference for an ex-post gender risk assessment and shared them with a list of potential consultants located in Washington, D.C., and in the region. It then indicated that it received a proposal from a Washington, D.C.-based company and two from Guatemalan consultants. In turn, it explained that three consultants did not submit proposals after understanding the contextual risks. It noted that it reviewed the proposals and scheduled two face-to-face meetings with the consultants in Guatemala and selected the most

experienced candidate. Subsequently, at the end of May, after meeting with the Requesters, IDB Invest explained that changes were made to the TORs to avoid meetings in the direct area of influence of the Projects to reduce the risk of conflict and polarization. Finally, it indicated that in September 2022, the selected consulting firm sent a work program and schedule, together with the list of organizations to be interviewed. It also indicated that it provided detailed comments, and a technical meeting was held in September to fine-tune the work program.

5.87 **MICI monitoring.** The MICI verified that IDB Invest's terms of reference included the profile indicated in this action and that the methodology was fine-tuned with the consultant through its review. All of this was carried out within the Expected Deadline.

5.88 **Conclusion of compliance with actions 29.2.1 and 29.2.2.** The MICI found that these actions were **compliant**.

Action 29.2.3	<i>Oversee the implementation of the execution of the gender risk assessment by the consultant.</i>
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5.89 **Progress reported.** IDB Invest reported that during the mission, the team heard from different stakeholders, including the local office of an international human rights organization, that the situation in the project area has improved and the level of conflict has decreased. IDB Invest then discussed with the consulting firm the possibility of arranging meetings in Huehuetenango ("head") to gather women leaders' perceptions of the local reality regarding gender-based violence, the impacts felt during project construction, and their recommendations for mitigation measures that any future development project should adopt to avoid negative gender impacts. These perceptions would inform the ex-post gender risk assessment report. The consulting firm sent a specific proposal to hold the meetings in December 2022. IDB Invest met with gender experts from a local office of an international human rights organization on November 29 to hear their views on meetings with women leaders and to request their local support in mapping and inviting those leaders. IDB Invest requested the same from the Executive Secretary of the Mesa de Diálogo por la Paz de San Mateo Ixtatán, who sent comments and detailed information.

5.90 **MICI monitoring.** The MICI received information from IDB Invest on the supervision of this action within the Expected Deadline for the activities established for 2022, the period covered by this monitoring report. As this is an action still under execution within the Expected Deadline, the MICI will be waiting for information on the supervision until the end of the execution of this action.

5.91 **Conclusion of compliance with action 29.2.3.** The MICI found that this action was **compliant**. At the same time, since supervision is an ongoing process, the MICI will continue monitoring while the action is being implemented.

Action 29.2.4	<i>The final report will include the result of the gender risk assessment and a list of existing entities and programs available to support survivors of Gender-based Violence.</i>
Action 29.2.5	<i>Based on the results of the report, suggestions of mitigation measures to avoid gender differentiated impacts in infrastructure projects will be shared with communities, the Borrowers and other relevant stakeholders in the region.</i>

- 5.92 The MICI will review these actions in the following period because the Expected Deadline for their execution is after the period covered in this report.

Action 29.3.1	<i>Liaise with an experienced local or regional entity and the IDB to develop a training and empowerment program that takes into consideration the perception of local women.</i>
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- 5.93 **Progress reported.** IDB Invest reported that, in December 2021, it met with IDB officials in Guatemala to explain the Action Plan (and MICI's investigation) and to understand local IDB-supported initiatives in the region that were benefiting women. IDB officials conducted field missions to evaluate program results and listen to participants' opinions. From May to August, IDB officials and IDB Invest officials worked on the development of a technical assistance proposal to support a program focused on the financial inclusion of women in the area of influence of the GSM/GSA projects. During this time, IDB Invest officials also sought additional internal sources of financing. Proposals that included the perception of women in the region were presented to the IDB Group in October 2022 and approved in December.

- 5.94 **MICI monitoring.** The MICI confirmed the link between IDB Invest with an experienced local or regional entity and the IDB to develop a Training and Empowerment Program that takes into consideration the perception of local women.

- 5.95 **Conclusion of compliance with action 29.3.1.** The MICI found that this action was compliant.

Action 29.3.2	<i>Implement Program.</i>
Action 29.3.3	<i>Monitor Program implementation.</i>
Action 29.3.4	<i>Review and approve a report with results of the Program Implementation.</i>

- 5.96 Although an expected compliance deadline for the third quarter of 2022 was indicated for the implementation of the program, this date was tentative. Therefore, action 29.3.2 is within the Expected Deadline and, consequently, the following actions (29.2.3 and 29.2.4) are too. In this regard, the MICI has received information on the start of the implementation of the program in February 2023, which will be reviewed in the following period. Consequently, the MICI will review that IDB Invest delivers the information on the implementation, supervision, and reporting of the training and empowerment program that takes into consideration the perception of local women.

Action 29.4.1	<i>Prepare technical advice on good practices for the implementation and monitoring of a grievance mechanism for the Projects.</i>
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5.97 **Progress reported.** IDB Invest reported that, in the first quarter of 2022, it hired a specialized external consulting firm to prepare a guidance note on good practices for grievance mechanisms specifically designed for use by the Project's former client. The guidance note, which was completed early in the second quarter, summarizes best practices and international standards on the design, implementation, and monitoring of complaints mechanisms, and provides the former client with technical consultancy and recommendations that consider the local socio-cultural context (including a history of inequality, violent conflict, and reprisals against Indigenous rights defenders).

5.98 **MICI monitoring.** The MICI confirmed the development of the technical consultancy with good practices for complaints mechanisms and the delivery of the Guidance Note as a result of the consultancy. This action was carried out within the Expected Deadline.

5.99 **Conclusion of compliance with action 29.4.1.** The MICI found that this action was compliant.

Action 29.4.2	<i>Send technical advice to the Borrowers via registered correspondence.</i>
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5.100 **Progress reported.** IDB Invest copied the MICI in the e-mail sent to the former client with the technical note mentioned in the preceding action.

5.101 **MICI monitoring.** The MICI confirmed the delivery of the technical consultancy to the former client, which was carried out within the Expected Deadline.

5.102 **Conclusion of compliance with action 29.4.2.** The MICI found that this action was compliant.

Action 29.5.1	<i>Hire a team of consultants, with expertise in human rights and security to implement the plan developed for action item 29.1.</i>
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5.103 **Progress reported.** IDB Invest reported that, in April 2022, it consolidated a team with individual external consultants and consulting firms and has also worked closely with IDB specialists in the field.

5.104 **MICI monitoring.** The MICI confirmed that IDB Invest, within the Expected Deadline, complied with the hiring of the team of consultants in security and human rights to implement the plan mentioned in action 29.1.

5.105 **Conclusion of compliance with action 29.5.1.** The MICI found that this action was compliant.

Action 29.6.1	<i>Develop, in coordination with international human rights entities, a capacity building event on safeguards applicable to security and human rights applicable to infrastructure projects in Guatemala emphasizing the protection against reprisals.</i>
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5.106 **Progress reported.** IDB Invest reported on the various efforts made in connection with the development of the event: 1) in March 2022, it met with representatives of an international human rights organization from the Guatemala and Colombia headquarters to coordinate participation events; and 2) in April 2022, it visited the local office of an international human rights organization in Guatemala to present the MICI case, its recommendations, and the Action Plan; 3) after hearing the organization's perspective on the project area, there was an initial discussion on collaboration in capacity development in the public and private sectors; 4) during August and September, IDB Invest and the organization continued to coordinate participation in possible training events; 5) finally, it also reported that it began preparing the content of training sessions on human rights protection and prevention of reprisals and other human rights related topics (such as prevention of gender-based violence and protection of Indigenous Peoples).

5.107 **MICI monitoring.** The MICI confirmed that the activity is planned in accordance with the content of the action by determining a tentative date, the theme of the event, and a list of potential guests.

5.108 **Conclusion of compliance with action 29.6.1.** The MICI found that this action was compliant.

Action 29.6.2	<i>Map and invite relevant stakeholders from the public and private sectors in Guatemala.</i>
Action 29.6.3	<i>Implement the capacity building event and document attendance.</i>

5.109 The MICI will review compliance with actions 29.6.2 and 29.6.3 in the following period because the Expected Deadline for its execution is after the period covered in this report.

Action 29.7.1	<i>Prepare technical advice for closing the Projects as well as cultural heritage restoration taking into consideration the Environmental and Social Impact Assessment of the Projects and relevant IDB Invest policies.</i>
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5.110 **Progress reported.** IDB Invest reported that, in April 2022, it hired a team comprised of two specialists with expertise in civil and hydraulic engineering, environmental impact assessment, IFC performance standards, conservation and management of protected areas, environmental audits, community relations management, risk identification and management, and archaeology. It also reported on the preparation of technical consultancy for the former client on the restoration of physical spaces affected by the construction of the Projects and associated facilities, taking into consideration the potential impacts on the environment and the cultural heritage of the local communities, in accordance with the applicable legal system. It added that although arrangements were made for the consultants to travel to the site in person, the increased security risks resulted in the cancellation of the trip to the site. IDB Invest has been in close discussions with IDB

Security about the risks of traveling to the site.

5.111 **Requesters' observations.** The Requesters reported that it is necessary "take urgent measures to mitigate the current risks related to the instability of Kal Witz Mountain, which were caused by the construction of the tunnel planned in relation with the hydroelectric projects and which has been abandoned by the company and requires implementing management and closure measures to avoid water leakages that continue to pose a serious threat to the surrounding population. This cannot be limited only to a field verification of the status of the structures and risks to prepare recommendations for a public report, as suggested by IDB Invest. Due to the Bank's role and contribution to the situation, the urgent measures to be implemented must go beyond the risk verification and identification phase, and lead to the adoption of concrete and urgent measures to address and manage said risks, with permanent and timely reporting on the process to the communities that are directly affected."²¹

5.112 **MICI monitoring.** The MICI confirmed the elaboration of a technical consultancy in accordance with the content of this action and within the Expected Deadline for this purpose. Although the compliance indicator consists of the terms of reference for the technical consultancy having the characteristics indicated in the action, IDB Invest did not send the MICI this document. However, since the final document has its objective in the same terms as the action, the MICI considers this review to be sufficient.

5.113 **Conclusion of compliance with action 29.7.1.** The MICI found that this action was compliant.

Action 29.7.2	<i>Send technical advice to the Borrowers via registered correspondence.</i>
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5.114 **Progress reported.** IDB Invest reported that the technical consultancy report to restore the site was sent by IDB Invest to the former client in the second quarter of 2022 and e-mail correspondence was sent to the MICI.

5.115 **MICI monitoring.** The MICI verified that the technical consultancy was sent to the former Borrower within the Expected Deadline.

5.116 **Conclusion of compliance with the action. 29.7.2.** The MICI found that this action was compliant.

Action 29.7.3	<i>Upon the cancellation or expiration of the environmental license, disclose the content of the technical advice to communities and to the Local Environmental Agency.</i>
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5.117 The MICI did not receive confirmation from IDB Invest as to whether or not the environmental license has been canceled or has expired. However, IDB Invest reported

²¹ Requesters' Observations on the implementation status of the Management's Action Plan, p. 9.

its plans to disseminate the content of the technical consultancy to the communities and the Local Environmental Agency. Therefore, the MICI finds that this action is in the process of compliance within the Expected Deadline and will review the execution of this action in the next monitoring period.

Action 29.8	<p><i>In the same information dissemination activities around environmental and social impact studies (action item 29.1) it will be disclosed that IDB Invest will no longer be financing the Projects.</i></p> <p><i>Please refer to item 29.1 for detail.</i></p>
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5.118 The MICI will verify compliance with this action in the following period because the Expected Deadline for the execution of this action is after the period covered in this report.

VI. CONCLUSIONS

6.1 To conclude, a summary of the progress made in complying with the Action Plan is presented. Considering the 41 actions to be monitored²², the MICI found that 22 have been compliant, 2 have been compliant after the Expected Deadline, 3 have been partially compliant, 3 have not been compliant, and 11 did not have to be monitored during this period. It should also be noted that, excluding the actions already completed, the MICI will continue to monitor the pending actions and look forward to their completion in the following year. The MICI reminds IDB Invest of the importance of keeping in mind the Monitoring Plan when reporting on the progress of compliance with the actions, which includes the verification methodology and the indicators that the MICI will use to make its assessment.

Actions of the Action Plan ²³	Compliance Status	Course of Action Proposed by the MICI
2.1. Expand the roster of local independent consultants to include experts in the application of Performance Standard 7 (Indigenous Peoples) in Latin American and Caribbean countries.	Compliant	None
2.2 Develop and implement capacity building activities for environmental and social specialists in IDB Invest to recognize and identify factors, elements, and indicators that should trigger the need for technical and systematic assessments on the indigenous identification of affected communities.	Compliant	None
2.3.1 Develop internal systems to identify projects that impact Indigenous Peoples.	Compliant	None

²² The MICI is monitoring a total of 41 actions. This is because several recommendations in the Action Plan were further broken down into multiple proposed actions.

²³ This column is based on the Action Plan approved by the Board on March 1, 2022.²⁴ Since the deadline for the completion of this action is beyond the period covered in this progress report (December 31, 2022).

2.3.2 Develop indicators to monitor compliance with the requirements established in the sustainability policy regarding Indigenous Peoples.	Non-compliant	Review of this deliverable will be done during the next monitoring period
2.3.3 Develop the format of the reporting to the Board considering indicators that can be measured and monitored.	Non-compliant	Review of this deliverable will be done during the next monitoring period
2.3.4 Periodically report to Board of Directors.	It does not correspond to this monitoring period²⁴	The MICI is waiting to receive the deliverable
3.1 Engage with the IDBG's group of Indigenous specialists on a regular basis to discuss projects that might impact Indigenous populations and gather their timely input for due diligence of new projects.	Compliant	The MICI is waiting to receive the deliverable.
7.1 During 2021 IDB Staff has continued to expand its capacity building efforts on gender risk management including training sessions for more than 360 IDB Invest staff. Continue to offer capacity building to environmental and social specialists in gender safeguard requirements and applicable standards as well as requirements applicable to vulnerable groups according to IDB Invest's sustainability policy.	Compliant	None
8.1 The new IDB Invest Sustainability Policy states that IDB Invest is committed to promoting gender equality and diversity and requires its clients to identify and address gender-related risks in IDB Invest-supported investments, including by avoiding gender-based exclusion, gender-based violence, sexual exploitation, human trafficking and sexually transmitted diseases. It requests that the client defines and puts in place specific measures to prevent and address these risks. Compliance with the IDB Invest Sustainability Policy is required in legal agreements.	Compliant	None
8.2 Continue to operationalize the Management Grievance Mechanism – MGM, by which communities can inform IDB Invest about concerns or complaints (including of gender-based violence), develop an internal procedure to address allegations of gender based violence against project affected people in IDB Invest financed operations.	Partially compliant	The MICI is waiting to receive the final version of the procedure indicated in this action
17.1 Develop an internal guidance note for social and environmental officers applying the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in Bank-financed operations.	Compliant	None

²⁴ Since the deadline for the completion of this action is beyond the period covered in this progress report (December 31, 2022).

17.2 Offer capacity building to all environmental and social specialists in IDB Invest regarding the content of the guidance note described on item 17.1.	Compliant	None
18.1 Continue to offer capacity building to environmental and social specialists in on insecurity, conflict, and violence in the Project context, including the requirements of PS4, the International Finance Corporation's Good Practice Handbook on the Use of Security Forces, the VPSHR, and other protocols for implementing PS4 according to IDB Invest's sustainability policy.	Compliant	None
18.2 Continue to operationalize the Management Grievance Mechanism MGM, by which communities can inform IDB Invest about concerns or complaints (including those of reprisals) and engage in processes, led by IDB Invest, of resolution with Clients.	Compliant	None
19.1 Develop a tool for tracking violence in Latin America and the Caribbean that contributes to an enhanced contextual risk assessment of IDB Invest financed projects during origination and supervision.	Compliant	None
20.1 Implement capacity building events on addressing risks of reprisals in the context of IDB Invest development projects with the assistance of experts in the Latin America and Caribbean region.	Compliant	None
21.1 Develop an internal procedure to address allegations of reprisals based on the Good Practice Note on addressing the risks of retaliation against project stakeholders published by IDB Invest and IFC.	Compliant after the Expected Deadline	None
21.2 Provide training to IDB Invest staff on the new internal procedure.	Non-compliant	The MICI will be waiting to receive information on the implementation of this action
21.3 Operationalize the procedure to address allegations of reprisals.	Partially compliant	The MICI will be waiting to receive communication regarding the notification of the entry into force of the internal procedure
21.4 Develop the format of the reporting to the Board considering indicators that can be measured and monitored.	It does not correspond to this monitoring period	The MICI will be waiting to receive information to (1) confirm that the format for the presentation of quarterly reports to the Board of Directors includes indicators for the application of the procedure, and (2)

		confirm that the format for the presentation of quarterly reports to the Board of Directors includes indicators for the application of the procedure.
27.1 [Conduct] an update to the Environmental and Social Operational Manual will highlight that when circumstances are identified that elevate the risks and impacts of the project after approval, the internal supervision classification of the project should be altered to a higher one. Updating the Environmental and Social Operational Manual will reflect the current procedure in place in the IDB Invest IT project management system to track high risk projects in the portfolio during supervision.	Compliant after the Expected Deadline	None
<p>29.1 Convene a working group formed by IDBG social specialists and external consultants (including security and human rights specialists) to develop a transition plan through a collaborative process consulting leader of affected communities. IDB Invest will guide the process considering principles of doing no harm, transparency and responsibility. The plan will incorporate gender and diversity good practice principles and provide for two-way communication in non-technical, culturally appropriate language. The plan will include:</p> <ul style="list-style-type: none"> g. Translation available in Chuj and Q'anjob'al languages h. Map of stakeholders to be invited to the meetings i. Plan of invitation dissemination that includes dates, places and times for the meetings j. Format of meetings and duration considering gender and culturally relevant aspects k. Presentation with a written summary of the impact studies (biodiversity, archeological and cultural heritage ESIAs and supplemental ESIA) and the benefits of the projects if they were to be implemented by IDB Invest²⁵ l. Formats for registering different views expressed in the meetings (to be shared with participants after the encounters). <p>Registration of attendance will be done in a way to preserve identity of participants. There will be careful use of language to avoid stigmatization and polarization. Dissemination of information will take into account confidentiality restrictions and the status of the Projects.</p>	Partially compliant	Review of this deliverable will continue during the next monitoring period

²⁵ The Requesters have indicated that this action may increase the potential risk of conflict in the area. Therefore, to ensure the principle of "do no harm," MICI engaged in discussions with the Requesters and IDB Invest. Ultimately, the Administration determined that it will not be implemented. Consequently, it will not be monitored by the Mechanism.

As part of this process IDB Invest will structure an outreach strategy to communicate to communities that IDB Invest will no longer be financing the Projects (see also Action item 29.8).		
29.2.1 Design the TORs for hiring an experienced consultant to implement a gender risk assessment.	Compliant	None
29.2.2 Fine tune the methodology with the consultant (questionnaire format, focal groups, interviews protocols, map of the stakeholders to be consulted, community communication, etc).	Compliant	None
29.2.3 Oversee the implementation of the execution of the gender risk assessment by the consultant.	Compliant	Since supervision is an ongoing process, the MICI will continue monitoring while the action is being implemented
29.2.4 The final report will include the result of the gender risk assessment and a list of existing entities and programs available to support survivors of Gender-Based Violence.	It does not correspond to this monitoring period	The MICI will be awaiting the receipt of the final report
29.2.5 Based on the results of the report, suggestions of mitigation measures to avoid gender differentiated impacts in infrastructure projects will be shared with communities, the Borrowers and other relevant stakeholders in the region.	It does not correspond to this monitoring period	The MICI will be awaiting to receive evidence of compliance with this action
29.3.1 Liaise with an experienced local or regional entity and the IDB to develop a training and empowerment program that takes into consideration the perception of local women.	Compliant	None
29.3.2 Implement Program.	It does not correspond to this monitoring period	The MICI will be awaiting to receive information on the implementation of the program, its supervision, and the report with the results
29.3.3 Monitor Program implementation.	It does not correspond to this monitoring period	
29.3.4 Review and approve a report with results of the Program Implementation.	It does not correspond to this monitoring period	
29.4.1 Prepare technical advice on good practices for the implementation and monitoring of a grievance mechanism for the Projects.	Compliant	None

29.4.2 Send technical advice to the Borrowers via registered correspondence.	Compliant	None
29.5.1 Hire a team of consultants, with expertise in human rights and security to implement the plan developed for action item 29.1.	Compliant	None
29.6.1 – Develop, in coordination with international human rights entities, a capacity building event on safeguards applicable to security and human rights applicable to infrastructure projects in Guatemala emphasizing the protection against reprisals.	Compliant	None
29.6.2 - Map and invite relevant stakeholders from the public and private sectors in Guatemala.	It does not correspond to this monitoring period	The MICI will be awaiting for the mapping of relevant stakeholders and their invitations, as well as the report on the conclusion of the event. This is done as a method of verifying the development of the training in accordance with the content of the action.
29.6.3 - Implement the capacity building event and document attendance.	It does not correspond to this monitoring period	
29.7.1 Prepare technical advice for closing the Projects as well as cultural heritage restoration taking into consideration the Environmental and Social Impact Assessment of the Projects and relevant IDB Invest policies.	Compliant	None
29.7.2 Send technical advice to the Borrowers via registered correspondence.	Compliant	None
29.7.3 Upon the cancellation or expiration of the environmental license, disclose the content of the technical advice to communities and to the Local Environmental Agency.	It does not correspond to this monitoring period	The MICI will be waiting for this disclosure for the next monitoring report.
29.8 In the same information dissemination activities around environmental and social impact studies (action item 29.1) it will be disclosed that IDB Invest will no longer be financing the Projects. Please refer to item 29.1 for detail.	It does not correspond to this monitoring period	The MICI is aware that activities were carried out in the first quarter of 2023. This and additional information will be considered in the next monitoring report.

Source: Elaborated by MICI.