



PUBLIC  
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

**MICI-BID-AR-2021-0165**  
**ELIGIBILITY MEMORANDUM**

**MUNICIPAL INVESTMENT PROGRAM**  
**(AR-L1148)**  
**(2929/OC-AR)**

This document was prepared by Andrea Repetto, MICI Director, and Esteban Tovar, Registration Officer, in consultation with the coordinators of both MICI phases.

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

## NOTE

### ON THE MICI REGISTRATION PROCESS, ELIGIBILITY DETERMINATION ANALYSIS, AND PUBLIC REGISTRY

The Registration process begins when the Independent Consultation and Investigation Mechanism (MICI) receives a Request sent by Requesters, alleging that they have suffered or may suffer harm due to actions or omissions of the Inter-American Development Bank Group (IDB Group) that may constitute a failure to comply with one or more of its Relevant Operational Policies within the context of an operation financed by an IDB Group institution.

During the Registration Phase, which lasts five business days, the MICI verifies that the Request contains all information required for processing and that it is not clearly linked with any of the exclusions that restrict the MICI's actions. After a Request is registered, Management has the opportunity to provide its perspective on the allegations made in the Request, which must be sent to the MICI within 21 business days after Registration in the form of a document known as "Management's Response."

Once it has received the Response, the MICI starts the eligibility determination process, which involves reviewing the Request against the eligibility criteria established in its Policy to determine whether or not the Request is eligible and whether it can be accepted for processing.<sup>1</sup> This eligibility determination is neither an assessment of the merits of the Request or the issues raised, nor a determination of the IDB Group's compliance or noncompliance with its Relevant Operational Policies.

If the Request is declared eligible, the process will begin for the phase selected by the Requesters; otherwise, the process will be deemed concluded.

All Requests received by the MICI and their processing will be recorded in its online [Public Registry](#). Case files will disclose all public information generated in processing a case.

The MICI does not award compensation, damages, or any other similar benefits. It is not empowered to halt disbursements or suspend operations.

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<sup>1</sup> The MICI Director, in consultation with the Consultation Phase Coordinator and the Compliance Review Phase Coordinator, will determine the eligibility of the Requests. MICI-IDB Policy (document [MI-47-6](#)), paragraph 23(d).

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LINKS	
1.	Policy of the Independent Consultation and Investigation Mechanism (MICI-IDB Policy/document MI-47-6) <a href="http://www.iadb.org/document.cfm?id=40792853">http://www.iadb.org/document.cfm?id=40792853</a>
2.	Public Registry file for Request MICI-BID-AR-2021-0165 <a href="https://www.iadb.org/en/mici/complaint-detail?ID=MICI-BID-AR-2021-0165">https://www.iadb.org/en/mici/complaint-detail?ID=MICI-BID-AR-2021-0165</a>
3.	Original request MICI-BID-AR-2021-0165 and annexes (confidential) <a href="https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-35">https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-35</a> <a href="https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-56">https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-56</a> <a href="https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-57">https://idbg.sharepoint.com/teams/ez-MICI/cases/_layouts/15/DocIdRedir.aspx?ID=EZSHARE-543348717-57</a>
4.	IDB Management's Response to Request MICI-BID-AR-2021-0165 regarding the Municipal Investment Program (loan AR-L1148) <a href="http://www.iadb.org/document.cfm?id=EZSHARE-543348717-93">http://www.iadb.org/document.cfm?id=EZSHARE-543348717-93</a>
5.	Loan proposal for the Municipal Investment Program (loan AR-L1148) <a href="https://www.iadb.org/projects/document/EZSHARE-1654180653-22?project=2929/OC-AR;AR-L1148">https://www.iadb.org/projects/document/EZSHARE-1654180653-22?project=2929/OC-AR;AR-L1148</a>
6.	Environmental and social management report (ESMR) for the Municipal Investment Program (loan AR-L1148) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37235513">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37235513</a>
7.	Environmental and social management framework for the Municipal Investment Program (AR-L1148) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37394504">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37394504</a>
8.	Environmental management plan - Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres. <a href="https://drive.google.com/file/d/1k1r7ChbzLiDywxjCqWg3ZeRTYuXn3B6-/view?usp=sharing">https://drive.google.com/file/d/1k1r7ChbzLiDywxjCqWg3ZeRTYuXn3B6-/view?usp=sharing</a>
9.	Environmental impact report - Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres. <a href="https://drive.google.com/file/d/1k0r7ChbzLiDywxjCqWg3ZeRTYuXn3B6-/view?usp=sharing">https://drive.google.com/file/d/1k0r7ChbzLiDywxjCqWg3ZeRTYuXn3B6-/view?usp=sharing</a>

## EXECUTIVE SUMMARY

The Argentine Republic is composed of 24 provinces and 1,148 municipios. The municipios have considerable administrative authority, as they are responsible for delivering basic services, including water, sanitation, electricity, urban road infrastructure, transportation, street lighting, cleaning services, and urban community facilities. However, municipal spending on this type of urban infrastructure is relatively low. Such is the case for Paso de los Libres, the capital of a department by the same name that is located in the southeastern part of the province of Corrientes. The city has over 43,000 inhabitants, is directly adjacent to the Uruguay River, and shares a border connection with the Brazilian city of Uruguiana.

With the aim of assisting Argentine municipios in this area, the Inter-American Development Bank (IDB) became involved through the "Municipal Investment Program" (AR-L1148). This is a sovereign-guaranteed investment loan operation under the multiple works modality that was approved by the Board of Executive Directors of the IDB on 10 April 2013 for US\$208 million. The guarantor of the operation is the Argentine Republic, and the executing agency is the Ministry of Public Works. The operation is currently being implemented, and its objective is to expand coverage of basic services in less developed municipios, by efficiently providing urban infrastructure and public services, as well as financing works such as drainage, basic sanitation, road infrastructure, street lighting, green spaces, community centers, habitat enhancement, and primary health care centers.

As part of this program, the city of Paso de los Libres proposed the "Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres." The objective is to revitalize the city's historic center through interventions on its main streets, primarily Colón Street and Coronel Lopez Street. These works include cobblestone paving, repaving, upgrading storm drains, widening and repaving sidewalks, providing urban amenities and street lighting, and planting native trees. As of the issuance of this document, and based on public information, the aforementioned project works have not yet commenced.

On 9 February 2021, the MICI received a Request from a group [REDACTED], in the city of Paso de los Libres, in the province of Corrientes, Argentina. The Requesters have asked to remain anonymous for fear of retaliation.

Specifically, the Request contains allegations regarding the project's lack of relevance and viability, given that the city has other social needs. The Requesters also allege that they are likely to suffer economic harm and harm to their property due to the design, construction, and operation of the anticipated works, in addition to the lack of public consultations, information available on the works, their scope and impact, and proper identification of the affected population. Lastly, the Request submitted to the MICI also includes allegations regarding potential irregularities in the process to bid on the project's works.

With respect to the MICI process, the Requesters had initially asked for both phases of the process, the Consultation Phase and Compliance Review Phase, to apply to the Request, should it be deemed eligible. However, at the end of the eligibility determination process, the Requesters informed the MICI of their decision to halt the entire MICI process and withdraw their Request. They believed that they would not obtain results with the urgency that their concerns warranted, stating that they would pursue their complaint through other appropriate channels.

Based on the foregoing, and pursuant to Section G of the MICI-IDB Policy (document MI-47-6), the MICI Director concluded that this Request **is not eligible**, as there is no cause for conducting a MICI process. The Mechanism urged the Requesters to submit a new Request to the MICI should their concerns persist with respect to environmental and social matters (the sole scope of the Mechanism).

As for the allegations regarding the bidding process, the MICI forwarded this information to the Bank's Procurement Office during the Registration Phase and shared the contact information of the Office of Institutional Integrity with the Requesters during its processing of the Request. Before it finished processing the Request, the MICI directly forwarded all of the information that it had received from the Requesters to the Office of Institutional Integrity.

This determination of eligibility is neither an assessment of the merits of the Request or the issues raised therein, nor a determination of the IDB's compliance or noncompliance with its Relevant Operational Policies.

This Memorandum was sent directly to the Requesters and to Management for information on 5 May 2021. It will also be distributed to the Board of Executive Directors of the IDB for information, and to any interested third parties through the Public Registry. Once the Board has received notification, the MICI will complete its processing of Request MICI-BID-AR-2021-0165.

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## **I. THE PROJECT<sup>2</sup>**

### **A. Geographic and social context**

- 1.1 The Argentine Republic is composed of 24 provinces and 1,148 municipios. Argentine government sources estimate that 83% of all municipios have fewer than 10,000 inhabitants, and only 2% have a population exceeding 100,000. Regardless of their population, municipios have considerable administrative powers, as they are generally responsible for delivering basic services, including water, sanitation, electricity, urban road infrastructure, transportation, street lighting, cleaning services, and urban community facilities. However, municipal spending on this type of urban infrastructure is relatively low.
- 1.2 As a result, one of the main problems that the country's municipios face has to do with the lack of urban infrastructure and basic services. These problems are more common in outlying urban areas or those undergoing consolidation or expansion, and they persist due to the municipios' technical and financial weaknesses. The situation is worse in municipios which, due to their lower relative level of development and smaller size, have limited capacity to generate their own resources and limited technical staff. Thus, based on information from the Argentine government, municipios in the Norte Grande region<sup>3</sup> face the greatest urban challenges nationwide.
- 1.3 This is the situation of Paso de los Libres, the capital of a department by the same name that is located in the southeastern part of the province of Corrientes. Based on province-level information, the city has over 43,000 inhabitants, is directly adjacent to the Uruguay River, and shares a border crossing with the Brazilian city of Uruguaiana via the international road and railroad bridge.
- 1.4 Due to its geographic location, the predominant economic activities are wholesale and retail commerce, with active international trade. These activities are primarily concentrated in the historic center of Paso de los Libres, which consists of a small downtown area with historic and cultural buildings, as well as stores, political-administrative and municipal offices, schools, banks, and, to a lesser extent, private residences. In this area of Paso de los Libres, a series of urban infrastructure improvement works are planned to address the situation described in previous paragraphs, and it is these works that are the subject of the complaint received by the MICI.

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<sup>2</sup> Information retrieved from the Bank's website and public documents on the operation concerned. These documents are available in the links section.

<sup>3</sup> Argentina's Norte Grande region comprises the provinces of Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones, Salta, Santiago del Estero, and Tucumán.

**Figure 1. Province of Corrientes and city of Paso de los Libres**



Source: Municipio of Paso de los Libres, documentation on the Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres. Technical report.



Source: Integration based on SIG250-IGN and Google Earth.

## **B. The Bank's involvement**

- 1.5 The Municipal Investment Program (loan AR-L1148) (hereinafter “the program”) is financed by the Inter-American Development Bank (IDB, or the Bank) through a sovereign-guaranteed investment loan operation under the multiple works



modality. It was approved by the Board of Executive Directors of the IDB on 10 April 2013 for an original amount of US\$278 million, which was later adjusted to US\$208 million,<sup>4</sup> of which US\$180 million is provided by the Bank, and the remaining US\$28 million is local counterpart financing. The guarantor of the operation is the Argentine Republic. The loan agreement is currently being amended so that the Ministry of Public Works will be the executing agency.<sup>5</sup> According to Bank records, the program is currently being implemented.

- 1.6 The objective of the program is to expand coverage of basic services in relatively less developed municipios, emphasizing the country's Norte Grande provinces, by efficiently providing urban infrastructure and public services. To achieve this objective, the program has a single component<sup>6</sup> (the **Investment Component**), which includes the following:
  - a. **Works and facilities.** Financing is provided for municipal infrastructure works, which include drainage, basic sanitation (water and sewage), road infrastructure, street lighting, green spaces, community centers (sports and recreation), habitat enhancement, primary health care centers, transportation terminals, and assets and equipment for municipios as a complement to works.
  - b. **Project formulation and works inspection.** Financing is provided for the contracting of consulting services and studies to support project design and implementation, training of municipal teams, and works inspections.
- 1.7 Since the program was designed to be a multiple works program, the Bank created a representative sample of projects in five provinces (equivalent to 20% of the original loan proceeds), and established that all works should satisfy the legal, technical, economic, and environmental eligibility requirements provided in the program's Operating Regulations for each intervention.
- 1.8 With respect to environmental and social risks, based on the sample projects, the Bank identified that most of the interventions would be small-scale, with little or no environmental complexity in their execution, posing minimal risk. The program was thus classified as a Category "B" operation, in accordance with the Environment and Safeguards Compliance Policy (Operational Policy OP-703). Additionally, in the program's environmental and social management framework, the Bank provided that for each individual project, preliminary environmental assessment forms would be used to evaluate and classify the scope, type, and environmental sensitivity of the risks involved in undertaking and operating the works.

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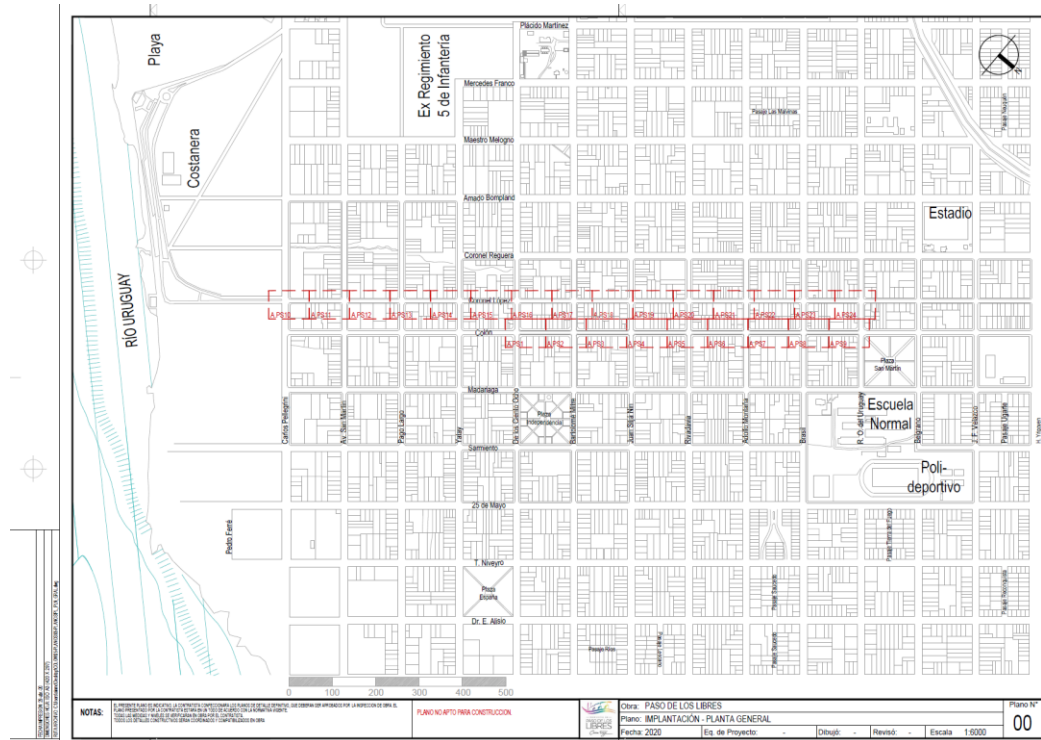
<sup>4</sup> In the Management's Response document, Management reported that within the framework of the Argentine Republic's action plan to address the impacts of the COVID-19 emergency, the Bank was asked to redirect resources from loans in execution. Thus, US\$70 million of the loan was redirected, with the local counterpart contribution remaining unchanged.

<sup>5</sup> In the same document, Management also noted that the executing agency was originally the Ministry of Federal Planning, Public Investment, and Services, but that as a result of amended agreements signed in 2017 and 2019, it was later replaced by the Ministry of the Interior, Public Works, and Housing, based on the country's ministerial structure in effect at those times.

<sup>6</sup> The program also contemplates a management item, which includes resources to finance the operating expenses of the Central Executing Unit (including consultant fees, equipment, transportation, and potentially the rental of office space), audit expenses, program monitoring, and midterm and final program evaluations.

- 1.9 With this in mind, the works that are the subject of the MICI complaint correspond to the "Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres" (hereinafter "the project,"), which was not part of the sample created for the program but is being executed under the program. Based on municipal information, the objective of the project is to revitalize the customs and traditions of current users of the city's historic center through the following measures:
- a. **Intervention on Colón Street** (to be executed over six streets): includes cobblestone paving on the existing street; upgrading storm drains; widening sidewalks, replacing the pavement; and providing urban amenities; street lighting; and planting of native trees.
  - b. **Intervention on Coronel Lopez Street** (to be executed over 10 blocks): includes replacing the sidewalk pavement; repaving the roadway (without changing its dimensions); providing urban amenities; street lighting; and planting of native trees.
  - c. **Intervention on cross streets** (to be executed over seven blocks): includes replacing the sidewalk pavement and enhancing plant life.
- 1.10 In terms of identifying the project's environmental and social risks, the Bank reported that the project was classified as a Category "C" operation. The corresponding form for the project estimated that there would be net positive impacts in the operations stage.
- 1.11 Based on public information published by the municipio in February 2020, the project execution period would be 12 months. As of the issuance of this document, the works had not yet commenced.

**Figure 2. Intervention plan - historic center of the city of Paso de los Libres**



Source: Municipio of Paso de los Libres, documentation on the Comprehensive Urban Project to Revitalize and Promote the Commercial Center of the City of Paso de los Libres. Plans.

## II. THE REQUEST<sup>7</sup>

- 2.1 On 9 February 2021, the MICI received a Request from a group [REDACTED], in the city of Paso de los Libres, in the province of Corrientes, Argentina. The Requesters have asked to remain anonymous for fear of retaliation. Additionally, they informed the MICI that they had delegated one of the Requesters to be their Representative for the MICI process. The public information is available in the MICI Public Registry (request form [MICI-BID-AR-2021-0165](#)).
- 2.2 In their Request, the Requesters state that the project works that involve paving, storm drains, and widening of the sidewalks would disrupt traffic and break up the sidewalks in the streets where their businesses are located, which would lead to lower revenues, employee layoffs, and adverse effects on their family businesses. They note that this potential harm would be in addition to the harm caused in 2020 when the border was closed and movement restrictions were imposed due to the pandemic, which meant that the Requesters had to close their businesses or limit their work.
- 2.3 In addition, they state that they were never consulted about the works to be performed, nor invited to a dialogue to discuss the project's scope. They had only

<sup>7</sup> The Request and annexes are available in the links section of this document.

learned about the potential start of the works through social media and the website of the city of Paso de los Libres. Moreover, they allege that public information about the project is lacking, as they had only received pamphlets with text and images of the final outcome of the interventions.

- 2.4 Furthermore, the Requesters disagree with the viability of the project, arguing that there are other pressing areas that need resources but are not being considered. They point out that the project would fail to meet its objectives of executing works such as drainage, sanitation, road infrastructure, street lighting, and sports and recreational centers, since resources are being allocated to a project that they believe "does not make sense for the community." They also believe that widening, transforming, and urbanizing Colón Street is not necessary and would affect the city's main artery of economic activity.
- 2.5 The Requesters also include arguments in the Request about potential irregularities in the bidding process for the project's works.
- 2.6 Additionally, the Requesters report that in order to raise their concerns with Management, they had sent an email on 22 January 2021 to the Bank's Country Office in Argentina to explain their situation, but say that they did not receive a reply. They indicate that they later re-sent the email on 3 February 2021 and confirmed that they received a response the following day. However, they note that Management simply referred them to the executing agency to submit their queries and complaints.
- 2.7 As for their fear of retaliation, the Requesters expressed to the MICI that they fear potential acts of intimidation directed at themselves and/or their businesses due to the fact that they do not agree with the project and have submitted a complaint to the Bank and the MICI.
- 2.8 In subsequent communications with the Representatives of the Requesters, they informed the MICI that citizens of Paso de los Libres had been invited to public information sessions that were held on 26 April 2021 to share information about the works. However, they noted that the officials leading these sessions had not been able to answer questions or address their concerns.
- 2.9 Lastly, with respect to the MICI process, the Requesters had initially stated their interest in having the MICI process their Request through both the Consultation Phase and the Compliance Review Phase, if deemed eligible. However, at the end of the eligibility determination period, they informed the MICI of their wish for the Mechanism to stop all processing of their Request (see paragraphs 4.7 to 4.8 for further information).

### III. MANAGEMENT'S RESPONSE<sup>8</sup>

- 3.1 On 4 March 2021, Management was notified that Request MICI-BID-AR-2021-0165 had been registered, in accordance with paragraph 21 of the MICI-IDB Policy. On 5 April,<sup>9</sup> Management sent its Response to the MICI. A summary of its content is provided below.
- 3.2 Management points out that the project is aligned with the objective of the IDB-financed operation, as it promotes the development of municipal infrastructure and, in particular, improves conditions for conducting commercial activities in the city. As a result, it fits within the eligible thematic areas of the loan proposal, the agreement, and the program Operating Regulations. Management adds that because of how the program was designed, it is up to the municipios, and not the Bank, to choose and identify the works that they need.
- 3.3 Management also notes that the project contemplates widening the sidewalks, but that this does not involve converting the area of intervention into a pedestrian street. The project will incorporate storm drains to prevent increased flooding but does not call for underground cables. Measures to mitigate impacts during the works include the following: closing streets for no more than one block to ensure access to businesses, residences, and institutions located in the area; sequencing the works such that one section must be completed before continuing to the next in order to minimize disruptions; closing streets for no more than one month; and lastly, determining with the retailers the times when materials can be loaded and unloaded. In addition, Management noted that the Bank will monitor the mitigation measures for the duration of the works and will maintain a grievance redress and dispute resolution mechanism.
- 3.4 With respect to the allegation about the lack of a public consultation for the project, Management notes that the project is a Category "C" operation and as such does not require a consultation process.<sup>10</sup> However, the Bank requested that campaigns be conducted to raise awareness among owners of the property fronting the works, and that additional mitigation measures be incorporated to reduce the impact on businesses during the construction phase. It also indicates that the executing agency had conducted such a campaign in October 2019, during which it would have provided information on the project's features and asked if there were any objections. Lastly, Management has informed the MICI that the final report of this campaign indicates 93% support for the works.
- 3.5 As regards previous communications, Management notes that it received a letter that had been sent on 22 January 2021, to which it replied on 4 February 2021, referring the Requesters to the project's grievance redress mechanism. It also noted that it had sent a second letter to the Requesters on 10 February 2021,

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<sup>8</sup> The Management's Response document is available in the links section.

<sup>9</sup> The original period of 21 business days for receiving the document from Management ended on 2 April 2021. However, Bank headquarters had granted time off to employees on April 1 and 2, so the deadline was extended by two additional business days. Management sent the document to the MICI one day before the extended deadline of 6 April 2021.

<sup>10</sup> Pursuant to the Environment and Safeguards Compliance Policy (Operational Policy OP-703) and the program's environmental and social management framework.

offering to contact them directly. Management adds that it did not receive further information or response from the Requesters.

- 3.6 Pursuant to Section G, paragraph 23(c) of the MICI-IDB Policy, Management requested in its response that the eligibility determination process be temporarily suspended, and included a timeline and action plan for the following activities: an environmental supervision mission with the executing agency; an updated mapping of the stakeholders within the project's direct area of influence; developing a consultation plan and holding a public consultation; adjusting the environmental and social management plan to incorporate other mitigation measures that have been identified; and submitting to the Bank the definitive version of the environmental documents and conducting a supervision mission to verify that the measures agreed upon have been incorporated and adjusted.
- 3.7 Lastly, in subsequent meetings with the MICI, Management also noted that on 26 April 2021, a round of meetings was held to explain and publicize the project in Paso de los Libres, provide information on the project's scope, and resolve any concerns that the city's residents might have about the works and mitigation measures. The meeting was held over two sessions, one in the afternoon and one in the evening, and was streamed online over social media in order to reach a wider audience.

#### IV. MICI ACTIONS

- 4.1 In accordance with Section G of the MICI-IDB Policy and the eligibility criteria set out in paragraph 22, the Request intake and eligibility determination process followed the timeline below:

**Table 1.**  
**Timeline of MICI actions during the period**

Date	Actions
9 February	Request received
16 February	Notification of extension of deadline for Requesters to submit information missing from the Request
22 February	Video call with the Requesters
4 March	Request registered and notifications sent to the Requesters and IDB Management
5 April	Management's Response received
5 April to 3 May	Document review and desk audit
9 April	Video call with the Requesters
16 April	Video call with the project team
27 April	Video call with the Requesters
	Video call with the project team
3 May	Notification of an extension to the eligibility determination period
4 May	Video call with the Requesters
5 May	Eligibility Memorandum issued

- 4.2 Following receipt of the Request, in addition to reviewing the relevant documents for that stage, several video calls were held with the Requesters and IDB Management to gain a better understanding of the program, the project, and the allegations raised in the Request. The MICI is grateful to all parties for their willingness to address and respond to the various requests for information and communication.
- 4.3 The Registration and Eligibility phases of this Request were processed completely during the COVID-19 health emergency, so the MICI's interaction with the Requesters and Management was entirely virtual. In this regard, while it was not possible to conduct the usual eligibility determination mission in the field, the MICI was able to gather the necessary information remotely via the Bank's systems and with the information sent by Management and the Requesters.
- 4.4 With regard to Management's request to suspend the eligibility determination process, the MICI notes that once it received Management's response, it contacted Management directly to obtain further details about its proposed action plan and timeline. It also contacted the Requesters to learn more about the situation on the ground and local interactions, and to follow up on the fear of retaliation they expressed upon submitting their Request to the MICI.
- 4.5 In that sense, Management informed the MICI that several measures in the proposed action plan had already been started in order to speed up the pace of execution. It also sent information to the MICI about the outcome of the first activity, which consisted of an environmental and social supervision mission conducted virtually by the IDB project team. As for the Requesters, they informed the MICI that acts of direct intimidation against their businesses had increased, and that everyone opposing the works had been negatively identified in the local media. They expressed their fear of retaliation and thought it risky to have direct contact with the Bank's Management and the executing agency.
- 4.6 In light of the foregoing, the MICI Director considered that there was no basis for granting the suspension of the eligibility determination process for this Request. Nevertheless, the MICI encouraged Management, in parallel to the MICI eligibility determination process, to continue developing and updating studies and documents, as well as implementing measures in the action plans.
- 4.7 In the meantime, on 3 May 2021 the MICI received written communication from the Requesters indicating that they thought it appropriate for the MICI to only process their Request in the Compliance Review Phase, thereby modifying the initial information in the Request. They also noted that they would continue the process with the Office of Institutional Integrity and stressed that they wished to directly contact the President of the Bank. In light of this new information, the MICI requested a meeting in order to contact the Representatives of the Requesters and clarify questions about the communication received, the MICI process, and the limitations and scope thereof. This meeting took place the following day, with one of the Requesters' Representatives in attendance, along with a citizen from Paso de los Libres who was not part of the Requesters involved in the MICI process.
- 4.8 After this meeting, the MICI sent an email to request written confirmation of several points raised during the meeting. It received a response from the Requesters, who stated their decision to stop the entire MICI process and withdraw their Request.

They believed that they would not achieve results through the MICI with the urgency that their concerns warranted, and indicated that they would continue pursuing their complaint through other appropriate channels.

## V. ELIGIBILITY DETERMINATION ANALYSIS

- 5.1 As part of the process of determining eligibility, the MICI considered the information submitted with the Request, Management's Response, various program and project documents, and other relevant documents.<sup>11</sup>
- 5.2 Pursuant to paragraph 22 of the MICI-IDB Policy, a Request will be deemed eligible by the MICI if it is determined that it meets all the following criteria:
- a. The Request is filed by two or more persons who believe that they have been or may be affected and who reside in the country where the Bank-financed Operation is implemented. If the Request is filed by a Representative, the identity of the Requesters on whose behalf the Request is filed will be indicated, and written proof of representation will be attached.
  - b. The Request clearly identifies a Bank-financed Operation that has been approved by the Board, the President, or the Donors Committee.
  - c. The Request describes the harm that could result from potential noncompliance with one or more Relevant Operational Policies.
  - d. The Request describes the efforts that the Requesters have made to address the issues in the Request with Management and includes a description of the results of those efforts, or an explanation of why contacting Management was not possible.
  - e. None of the exclusions set forth in paragraph 19 of this Policy apply.
- 5.3 In the case of Request **MICI-BID-AR-2021-0165**, conducting an analysis of the eligibility criteria set forth in the Policy was not possible as there was no cause for making such a determination, given that the Requesters deemed it in their best interest to withdraw the Request.
- 5.4 Notwithstanding the foregoing, the Mechanism urged the Requesters to submit a new Request to the MICI should their concerns persist with respect to environmental and social matters (the sole scope of the Mechanism).
- 5.5 With respect to the Requesters' allegations concerning potential irregularities with the bidding process, during the Registration Phase the MICI submitted information to the Bank's Procurement Office so that it could address this concern. During its processing of the Request, the MICI also shared the contact information of the Office of Institutional Integrity with the Requesters. Before it finished processing the Request, it directly provided the Office of Institutional Integrity with all of the information that it had received from the Requesters.

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<sup>11</sup> The documents reviewed are available in the links section of this document.



## VI. CONCLUSION

- 6.1 Pursuant to Section G of the MICI-IDB Policy (document MI-47-6), the MICI Director concluded that this Request **is not eligible**, as there was no cause for conducting a MICI process.
- 6.2 This determination of eligibility is not an assessment of the merits of the Request or the issues raised therein, nor is it a determination of compliance or noncompliance by the Bank with its Relevant Operational Policies.
- 6.3 This Memorandum was sent directly to the Requesters and to Management for information on 5 May 2021. It will be distributed to the Board of Executive Directors of the IDB for information, and to any interested third parties through the [Public Registry](#), once the English version is available.
- 6.4 Once the Board of Executive Directors has been notified, the MICI will complete its processing of Request MICI-BID-AR-2021-0165.