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PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

**ARGENTINA
AR-MICI001-2010**

CASE CLOSURE

**MULTIPHASE PROGRAM FOR THE DEVELOPMENT OF PRODUCTION
SUPPORT INFRASTRUCTURE IN ENTRE RÍOS - PHASE 1**

AR-L1036

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In accordance with the Access to Information Policy, this document is being made publicly available simultaneously with its distribution to the Board for information.

ANNEXES
I. Official Notice of Case Closure (Confidential)

LINKS
1. Original request http://www.iadb.org/document.cfm?id=38814594
2. Consultation Phase Report http://www.iadb.org/document.cfm?id=37545876
3. First Monitoring Report http://www.iadb.org/document.cfm?id=38165900
4. Second Monitoring Report http://www.iadb.org/document.cfm?id=38749645
5. Third Monitoring Report http://www.iadb.org/document.cfm?id=39530847
6. Fourth Monitoring Report http://www.iadb.org/document.cfm?id=40169064
7. Fifth Monitoring Report http://www.iadb.org/document.cfm?id=40863817
8. Sixth Monitoring Report http://www.iadb.org/document.cfm?id=EZSHARE-1964442006-804

ABBREVIATIONS

ENERSA	Energía de Entre Ríos Sociedad Anónima
MICI	Independent Consultation and Investigation Mechanism
PCU	Program Execution Coordination Unit

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I. BACKGROUND

- 1.1 On 28 June 2010, the Independent Consultation and Investigation Mechanism (MICI) received a request pertaining to the “Multiphase Program for the Development of Production Support Infrastructure in Entre Ríos.” This Request was declared eligible for the Consultation Phase on 8 October 2010, pursuant to the Policy Establishing the Independent Consultation and Investigation Mechanism (document GN-1830-49).
- 1.2 The program objective was to help develop and improve the competitiveness of the economy of the province of Entre Ríos by increasing the available economic infrastructure, ensuring improved serviceability of important sections of the provincial road network, and increasing the capacity and reliability of the electric system. The Program consisted of four subprograms, which were divided into components. Subprogram 1, “Development of economic infrastructure to support production,” Component 1.2, “Electricity infrastructure,” included the construction of a 500/132 kV transformer station and 132 kV electrical transmission lines in the city of Paraná. The Program’s executing agency was the provincial Ministry of the Economy, Treasury, and Finance, through its program execution coordination unit (PCU), and the subexecuting agency responsible for Component 1.2, “Electricity Infrastructure,” was Energía Entre Ríos Sociedad Anónima (ENERSA).
- 1.3 The Request was submitted by Pablo Folonier, Matías Folonier, and Sara Ramona Quiroga. Afterwards, a group of residents of the El Brete neighborhood joined the complaint submitted to the MICI. The Requesters cited a series of potential environmental and social impacts stemming from the construction and operation of the transformer station associated with Component 1.2 of the Program. Their concerns included a lack of access to information, environmental risks due to the plant being located near protected areas, and flawed expropriation and environmental license approval processes.
- 1.4 From March 2011 to December 2012, the Requesters, ENERSA, the IDB, and the PCU voluntarily engaged in a dialogue process facilitated by the MICI to address the following issues: (i) options for transformer station technology and design that would represent a significant or appreciable change in terms of visual and/or environmental impacts; and (ii) measures to mitigate visual impacts, implement conservation activities, and promote specific arrangements with relevant public agencies. As a result of that process, the Parties signed a “Memorandum of Understanding and Commitment” in December 2012.
- 1.5 On 17 December 2014, the IDB Board of Executive Directors approved the new MICI Policy. With a view to clarify the procedures for managing cases initiated under the previous policy, the Board of Executive Directors approved a Transition Plan on 4 February 2015. Pursuant to that Plan, the time limit for monitoring Case AR-MICI001-2010 would be five years from the date the new MICI Policy was approved. Furthermore, the MICI would submit an annual Monitoring Report to the Board of Executive Directors for information.
- 1.6 Background information and the public documentation prepared during the MICI process is available for consultation in the [case file](#) for Case AR-MICI001-2010 in

the MICI's Public Registry.¹ This information includes all Monitoring Reports drafted by the MICI prior to the release of this Case Closure.

II. CONSULTATION PHASE REPORT AND AGREEMENTS REACHED

- 2.1 The Memorandum that resulted from the dialogue facilitated by MICI included agreements on the following issues: (i) measures for mitigating the visual impact of the transformer station and high voltage lines (ii) improvements in the infrastructure conditions of the El Brete neighborhood; (iii) the creation of a private natural protected area; (iv) the implementation of a Citizen Participation Plan; (v) lawsuits associated with the process; (vi) communication with the press.
- 2.2 The Parties agreed to the following activities to fulfill the commitments undertaken:

Increase measures to mitigate the visual impacts of the transformer station and high voltage lines	
1	Reduce the height of the crossbeam of the first gantry and the length of the end loops of the guard cables
2	Paint the transmission line structures
3	Install a wire mesh fence as a temporary measure
4	Maintain the grove under the shunt line up to a certain height
5	Initiate a natural revegetation process
6	Engage a landscape expert to advise on measures for mitigating visual impact
7	Not request the opening of public streets to access the transformer station or to lay or maintain the high voltage lines.
Improve infrastructure conditions in the El Brete neighborhood	
8	Execute infrastructure works to supply three-phase power
9	Adapt electrical connections in the homes of residents who were requesting three-phase power
10	Improve street lighting
11	Improve the road network
12	Improve drinking water service delivery
13	Implement road safety measures (Route 168)
14	Establish a healthcare center in the El Brete neighborhood
Create a private natural protected area	
15	Create a private natural protected area in the vicinity of the transformer station
Implement a Citizen Participation Plan	
16	Develop a Citizen Participation Plan
17	Contract a specialized consultant to design the Citizen Participation Committee
18	Form the Citizen Participation Committee
Lawsuits related to the project	
19	Withdraw Case No. 13,891 before the Seventh Civil and Commercial Court of First Instance, Entre Ríos Province
Communication with the press	
20	Refrain from making individual statements to the press regarding the MICI case or agreements reached

¹ The case's public documents can be accessed via the links section.

- 2.3 That memorandum represents the coordination of actions by a variety of stakeholders, including the Requesters, ENERSA, the IDB, the PCU, the Municipality of Paraná, the Provincial Highway Authority, and the Ministry of Health of Entre Ríos Province.

III. MONITORING THE AGREEMENTS

- 3.1 During monitoring, the MICI remained in contact with the Parties to monitor the progress made in fulfilling the commitments assumed. A facilitation team hired by ENERSA reported that the Citizen Participation Committee held approximately 35 meetings to address the issues raised in the Request. The MICI participated in these meetings via videoconferencing, and it also conducted four missions to Entre Ríos between 2013 and 2018 to monitor the agreements. Monitoring reports that provide an account of the progress made were published annually and can be consulted through the Public Registry.
- 3.2 From December 2012 to September 2016, progress was made in fulfilling many of the agreements. Notably, measures for mitigating the visual impact of the transformer station were implemented, three-phase power service connections for the residents of the El Brete neighborhood were installed, and road safety measures and the Citizen Participation Plan were implemented.
- 3.3 However, as of mid-2016, no progress had been made in the construction of the health center, which was included in the terms of the Memorandum as a compensatory work, because action in that regard fell outside the scope of the parties' decision-making authority.
- 3.4 Therefore, the parties searched for alternative compensatory works. They agreed to improve the road network in the El Brete neighborhood, and together they identified the areas where this intervention would take place and the works it would entail. During this process, site visits were conducted in the neighborhood with staff from the PCU and the Provincial Highway Authority, which was responsible for drafting the technical proposals for the works.
- 3.5 On 28 May 2018, representatives from the Requesters, the IDB, the PCU, and ENERSA reached a final agreement on the measures proposed by the Provincial Highway Authority, which are recorded in File N° 2085643. In accordance with the arrangements made by the parties, the improvement works would cover Fraternidad, Tarnowsky, and Jorge Luis Borges streets in the city of Paraná. ENERSA, in conjunction with the Provincial Highway Authority, has drafted technical documentation based on that agreement for the competitive process to select a contractor and proceed to execute the additional works. As of the completion of those works, the agreements made during the MICI Process are fully fulfilled.
- 3.6 On 25 September 2018, the MICI conducted a verification mission to the city of Paraná, where the parties confirmed that progress was being made in executing the works. To date, the bidding process has been finalized, and the contract is in the process of being awarded to the selected company so that the execution of the agreed works can begin. As part of the closure mission, the parties signed the "Official Notice of Case Closure," which is included as an annex to this report.

IV. CASE CLOSURE BY THE MICI

- 4.1 The Guidelines for the Consultation Phase (MI-74) facilitate the systematic application of Section H of the MICI Policy, providing a road map for case management in the Consultation Phase. Section VII of those Guidelines dictates the reasons for ending the Consultation Phase, which include: (a) when the Parties have reached an agreement including a monitoring plan, and compliance with those obligations has been verified with the agreement of the Parties (paragraph 7.3); and (b) when the MICI Director believes that the MICI's participation does not provide added value during the Monitoring Stage and finalizes the processing of the case (paragraph 7.7).
- 4.2 In consideration of the foregoing, and having verified the fulfillment of the commitments assumed by the Parties during the MICI Consultation Phase, MICI submits this Case Closure to the IDB Board of Executive Directors, finalizing the processing of Case AR-MICI001-2010 and underscoring the results of this process, which include: the installation of three-phase electric power in homes; increased road safety; upgrades to neighborhood infrastructure; and improvements to access points, which results in better conditions for water runoff and reduces the risk of flooding in El Brete.
- 4.3 The MICI thanks the Parties for their collaboration and constructive participation throughout the process, and it notifies them and the general public of the closure of this process.

OFFICIAL NOTICE OF CASE CLOSURE

BACKGROUND

On 28 June 2010, the Independent Consultation and Investigation Mechanism (MICI) received a Request relating to the “Multiphase Program for the Development of Production Support Infrastructure in Entre Ríos,” which was declared eligible on 8 October 2010.

As part of the MICI Consultation Phase process, the parties reached an agreement, known as the “Memorandum of Understanding and Commitment,” in December 2012. That memorandum represented the coordination of actions by a variety of stakeholders, including the Requesters, Energía de Entre Ríos Sociedad Anónima (ENERSA), the IDB, the program execution coordination unit (PCU), the Municipality of Paraná, the Provincial Highway Authority, and the Ministry of Health of Entre Ríos Province. A Citizen Participation Committee consisting of representatives from ENERSA and the Requesters was established to shepherd the implementation of the commitments undertaken and improve collaboration and the flow of information between the Parties. The committee's participants also included a facilitation team. The MICI was an active participant in Citizen Participation Committee meetings as part of its actions to monitor compliance with the agreements.

The implementation of the agreements has resulted in improvements to living conditions in the neighborhood, such as the installation of three-phase electric power. Furthermore, visual pollution has been successfully reduced by allowing natural revegetation to occur on the property, lowering the height of gantry crossbeams, maintaining the grove under the shunt line up to a certain height, and painting transmission lines. The Parties have a favorable opinion of the actions that have been taken and the evolution of how the agreements have been enforced.

Despite this progress, in September 2016 the Requesters asked for a modification of the compensatory works that were agreed upon in 2012, which was accepted by all the parties. That modification was based on the inability to move forward with the construction of a health center, as coordination between the Municipality of Paraná and the Provincial Government of Entre Ríos would have been required to approve its construction and transfer the land on which the center was to be built. Both of those matters fell outside the scope of the decision-making authority of the parties in the MICI process.

The requested modification entailed replacing the construction of the health center with other compensatory actions. Several possible alternatives were considered, including installing street lighting, providing drinking water service, and improving the roads in the El Brete neighborhood. After an analysis that considered ENERSA's capabilities and the requirements for implementing the proposed alternatives, the compensatory work of constructing the health center was modified to focus on improving the roads in the El Brete neighborhood.

MICI Case Closure

1. The Guidelines for the Consultation Phase (MI-74) facilitate the systematic application of Section H of the MICI-IDB Policy, providing a road map for case management in the Consultation Phase. Section VII of those Guidelines dictates the reasons for ending the Consultation Phase, which include: (a) when the Parties

- have reached an agreement including a monitoring plan, and compliance with those obligations has been verified with the agreement of the Parties (paragraph 7.3); and (b) when the MICI Director believes that the MICI's participation does not provide added value during the Monitoring stage and finalizes the processing of the case (paragraph 7.7).
2. On 28 May 2018, the Citizen Participation Committee held a meeting whose attendees included representatives from the Requesters, ENERSA, and the PCU. At that meeting, the Parties signed a Memorandum of Agreement in which they approved the technical proposal that had been developed by the Provincial Highway Authority to fulfill the pending agreement in the MICI process. That proposal, conducted at the request of ENERSA, concerned repairs to Tarnowsky, Fraternidad, and Borges streets as stipulated by the descriptive summary included in File N° 2085643. In that Memorandum, the Parties affirm that the execution of that work will result in the closure of the case before the MICI.
 3. On 30 May 2018, the residents of the El Brete neighborhood who were party to the MICI Request but could not attend the aforementioned meeting submitted a letter to ENERSA indicating their agreement with the proposed works.
 4. Having verified the fulfillment of the commitments assumed, the genuine progress made in executing the additional works, and the existence of a collaborative relationship between the parties that will ensure constructive engagement while those works are being finalized, the undersigned agree to conclude the Monitoring Stage of the Consultation Phase and to close Case MICI-AR-2010-0004.

In agreement with the foregoing, this Official Notice of Case Closure is signed on 25 September 2018 in the city of Paraná, province of Entre Ríos.

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