Time management is a key aspect of any dispute resolution process. When a process is triggered and how the different stages are handled can make a difference in the success of the process and its outcomes. The passage of time can help soften positions and build trust or aggravate disagreements; it can cool down a conflict or escalate it. Starting a dialogue process late, when a project is already underway, may limit the outcomes expected by communities facing environmental and social impacts. Therefore, the element of time must be incorporated into the design, approach, and conciliation efforts in any alternative dispute resolution process.

The claim related to the Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador is one example that illustrates how a dispute resolution process that starts early, and is coupled with regular and flexible monitoring, is essential for development projects to achieve better outcomes. MICI facilitated a dispute resolution process that allowed the communities’ concerns to be resolved in a few months, with a preventive rationale that made the most of the fact that the project’s construction had just begun. Implementing the agreements required a great deal of flexibility and dedication to overcome multiple obstacles and unforeseen events, including various delays and the pandemic.

THE PROJECT AND THE CLAIM

After the earthquake on April 16, 2016, Ecuador began rebuilding much of the infrastructure that was damaged or destroyed by the earthquake. The Energy sector of the Inter-American Development Bank (IDB) financed the Comprehensive Reconstruction Project for Affected Zones (PRIZA) with US$ 60 million. Among other measures, numerous substations and subtransmission lines (STLs) would be rebuilt or relocated to restore electricity service in the provinces of Esmeralda, Manabí, and Santo Domingo, in a comprehensive way.

In April 2018, 547 residents from eight communities in Manabí filed a claim with MICI, the Independent Consultation and Investigation Mechanism of the IDB Group. The complaint focused on the potential environmental, social, and economic impacts of the relocation of 9 km of the San Vicente-Jama subtransmission line such as the obstruction of evacuation routes, negative effects on tourism, health impacts, and harm to flora and fauna.

Claim
- **April 2018:** Claimants file the claim with MICI. Two extensions of the eligibility stage were granted to allow the IDB to implement corrective actions.

Consultation Process
- **December 2018:** Dialogue process begins between the communities, the IDB, and the authorities responsible for the project.

Agreement
- **April 2019:** An agreement between the parties is reached in four months, through three dialogue sessions, with commitments regarding the layout of the subtransmission line and the preparation and dissemination of technical studies.

Monitoring
- **April 2019:** Implementation of the agreed commitments begins, monitored by MICI. In June 2022, full compliance with the agreement is verified and the case is closed.
THE KEY MOMENTS OF SUCCESS:
DIALOGUE AND AGREEMENT MONITORING

A dialogue in the early stages of the project

Before turning to MICI, the eight communities tried to resolve their concerns directly with the IDB. They also carried out awareness-raising and protest actions. After the claim was filed with MICI, the IDB twice requested temporary suspensions of the eligibility review process in order to implement a corrective action plan. However, there were still some unresolved issues at the end of the extension period, and the requesters opted to pursue the process with the Mechanism.

MICI conducted an initial assessment and defined, jointly with the parties, the agenda of topics to be discussed, how each party would participate, and finding a neutral space for the meetings, among others. The Consultation Phase facilitated three dialogue sessions between the requesters, the IDB, PRIZA, and the public electricity company Corporación Nacional de Electricidad, CENEL EP. On 17 April 2019, an agreement was reached with commitments regarding the route of the STL, the preparation and dissemination of technical studies, and public disclosure activities.

Often, when complaints are brought to MICI once the project is well underway, there is greater distrust, the menu of options for resolution is limited, the incentives to make structural changes are fewer, and such changes tend to be more onerous for the parties. Here, however, the work was still in its early stages and no irreversible actions had been implemented. The early activation of MICI’s process meant that the dialogue could focus on preventing potential impacts. The project’s incipient state also meant that a broad range of measures and possibilities were available and that the costs of corrective measures were lower.

OTHER HIGHLIGHTS

Close cooperation with IDB Management. Building trust is essential to reaching agreements and supporting their timely and effective fulfillment. In this case, the bond of trust built with the IDB project team and the joint work carried out were particularly important in two respects:

- **Relationship with the executing agency.** In addition to the valuable role in building consensus and reaching an agreement, the collaboration with the IDB was critical during the monitoring stage to regularly convey to the executing agency the importance of continuing to implement the agreement. This provided stability to a process that was undergoing numerous changes and delays, instilling trust and peace of mind in the requesters.

- **Information flow.** The ties with the IDB also made it possible to access updated information on the status of commitments, especially when there was a change in contact persons, and to share this information with all the parties involved.
Agreement monitoring

The second key to resolving this claim was MICI’s work monitoring the implementation of the agreements for three years —almost entirely virtually, due to the pandemic— amid frequent changes in the actors involved in the process.

Delays and constant changes. The implementation of one of the central points of the agreement (the repowering and maintenance of the STL) was severely delayed due to factors beyond the parties’ control. MICI’s monitoring made it possible to identify the causes of these delays, provide clear information and convey predictability to the requesters, the Board of Executive Directors, and the general public.

Numerous changes in the contracting company, as well as turnover in the executing agency’s technical and managerial staff, also affected the execution of the commitments. With each changeover, the monitoring process helped ensure that the new stakeholders were aware of the agreement that had been reached and the value of its implementation. The continued involvement throughout the process of an official —who signed the agreement and later held various positions at CNEL and the Ministry— was key to complying with the agreement.

COVID-19 and remote monitoring. Starting in 2020, restrictions imposed due to the coronavirus pandemic meant that monitoring had to be conducted entirely remotely for more than two years. Faced with this scenario, the mechanism strengthened its relationship with the stakeholders to obtain information through videos, calls, georeferencing, and photographic documentation to verify compliance with the commitments undertaken and ensure consensus among all parties.

Use of technical studies. Several technical studies were carried out or presented during MICI’s management of the claim, proving to be essential on two occasions. First, the geological and geotechnical study identified the risks involved in the first route proposed for the STL. Second, the electromechanical design study provided information to determine the safest and most appropriate work methodology for the repowering and maintenance of the STL.

However, using these studies also presented enormous challenges. Given the deep mistrust between the parties, the requesters asked for all technical information to always be shared ahead of the exchange sessions. On one occasion when this was not possible, the claimants became suspicious and reacted strongly. As stated in the note Nine Years of Experience in Dispute Resolution, certain elements are vitally important when working with technical studies: being strategic in the timing of their presentation (ideally when emotions are not running high); co-designing the planning of the studies; and timing their use to maximize results. Here, the timely submission of one of the technical studies made it possible to take full advantage of the information produced and redesign the project to address the requesters’ concerns.
MAIN OUTCOMES OF THE PROCESS

- The subtransmission line retained its original layout, so that no new impacts or effects were created. The project succeeded in increasing the power of the STL and it is now fully operational.

- Part of the subtransmission line ran over the house of one of the claimant families. The agreement included a provision to move one of the STL towers away from the house to prevent any impact related to the repowering.

- Thanks to this agreement, multiple geological, geotechnical, and electromechanical design studies were conducted and disseminated among the communities.

We work with you to make development better

MICI is an office of the IDB Group, independent of the Bank’s management and project teams, which addresses the environmental and social grievances of communities potentially affected by the Group’s operations. This independence allows us to work impartially and objectively to seek solutions with all parties involved: the communities alleging harm; the IDB Group, as the financier of the operation; and the borrower (company or government) executing the project.

The Consultation Phase is the dispute resolution process where MICI acts as an independent facilitator between the complainants, the borrower, and the IDB Group. Its objective is to implement a solution, through an agreement between the parties, that resolves the issues raised in a collaborative manner.

THE COMPLAINT

Country: Ecuador
Sector: Energy
Project number: EC-L1219
IDB Financing: USD 60,000,000
Environmental Category: B
Project Type: Loan Operation
Date received by MICI: April 20, 2018
Case timeline and public documents: Public Registry MICI-BID-EC-2018-0131

Other documents of this series “Agreements to improve lives”:
1. Costa Rica: MICI’s experience with the Reventazón hydroelectric project
2. Bariloche, Argentina: The power of dialogue in the transformation of a tourist center

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You can also visit our website: www.iadb.org/mici where you can follow any case in our Public Registry.