

CASE STUDY

Costa Rica: Reventazón Hydroelectric Project

Restoring Livelihoods through Collaborative Problem-Solving

Independent Consultation and Investigation Mechanism (MICI) -- Inter-American Development Bank (IDB)

SYNOPSIS

Following the loss of vital water sources due to land expropriation, MICI's Consultation Phase brought together the affected family, the project sponsor, and IDB Management in a jointly designed, trust-based dialogue process. Supported by independent technical expertise, the process led to the design and implementation of a tailored rainwater harvesting system, complemented by sustainable farm management measures. These interventions restored the family's productive capacity and reduced their vulnerability. Continuous monitoring and adaptive facilitation ensured the full delivery of commitments. This case highlights how inclusive, evidence-based dialogue can resolve land-related disputes, repair harm, and strengthen institutional learning.^{1 2 3}

BACKGROUND AND CONTEXT

The *Reventazón Hydroelectric Project* (RHP) in Costa Rica involved the construction and operation of a 305.5-megawatt hydroelectric plant, including a 130-meter-high dam, an 8-square-kilometer reservoir, substations, transmission lines, and access roads. Executed by the *Instituto Costarricense de Electricidad* (ICE), the project was financed through a mix of IDB loans, ICE's own resources, Costa Rican commercial banks, and international financiers—including the International Finance Corporation (IFC) and European Investment Bank (EIB) via CABEL. Due to its scale and potential for significant environmental and social impacts, RHP was classified as a Category "A" project. According to the environmental and social management report (ESMR), the mitigation strategy included significantly improving ICE's land acquisition, compensation, and involuntary resettlement practices.

DESCRIPTION OF THE COMPLAINT/GRIEVANCE

In August 2017, the Independent Consultation and Investigation Mechanism (MICI) received a formal Request from a family of three residing in Siquirres Canton, Limón Province, whose farm bordered the RHP reservoir. Under the project's expropriation program, 4.7 hectares of their 14-hectare farm were taken—land that included two natural water sources essential for their dairy farming operations. Following the expropriation, the family lost access to these aquifers. They were forced to use potable water for livestock and irrigation—an action prohibited by Costa Rican law—and had to manually

¹ MICI. 2017. Assessment and consultation phase report. <https://aconsole-static.s3.amazonaws.com/media/public/cases/document.cfmidEZSHARE-1210845122-258.pdf>

² MICI. 2017. Case closure report. <https://aconsole-static.s3.amazonaws.com/media/public/cases/document.cfmidEZSHARE-1210845122-338.pdf>

³ MICI. 2017. MICI's experience with the Reventazón hydroelectric project. <https://www.iadb.org/document.cfm?id=EZSHARE-898595437-157>

transport water over 400 meters. This resulted in economic losses, physical hardship, and emotional stress. The family alleged that their rights had been violated under the IDB's Operational Policies.

MICI registered the Request in August 2017. The eligibility determination deadline was extended twice to allow ICE, the Requesters, and IDB Management to seek a mutually acceptable solution. Some progress was made—ICE provided temporary access to drinking water, and IDB Management engaged Environmental Resources Management (ERM) to assess alternative water sources for agricultural use—but no final agreement was reached among the parties.

PROBLEM-SOLVING PROCESS AND FACILITATION APPROACH

In February 2018, MICI deemed the Request eligible and moved directly into the **Consultation Phase**, waiving the standard assessment stage due to the urgency of the situation and prior resolution efforts. The central issue was the loss of access to water for productive use.

MICI facilitated a **flexible, time-bound dialogue process**, organizing bilateral meetings and on-site sessions to foster trust and ensure that discussions reflected the local context. To break the deadlock, MICI engaged an independent technical expert to evaluate a fourth solution: a rainwater harvesting system. The proposed system included rooftop collection infrastructure and five storage tanks with a combined capacity of 50,000 liters—providing a practical, sustainable, and site-specific solution.

Over three **structured dialogue sessions**, the parties reviewed the technical findings, addressed outstanding concerns, and jointly developed a final agreement consisting of 18 clauses. In addition to the water system, the agreement included the family's enrollment in ICE's Sustainable Farm Management Program, which provided support for pasture enhancement and waste management.

MICI oversaw the implementation for 14 months through field visits and ongoing follow-up. Compliance was jointly verified, and the case was formally closed in July 2019.

FACTORS CONTRIBUTING TO SUCCESSFUL RESOLUTION

Several key factors enabled the effective resolution of this complaint:

- **Collaborative Process Design:** All parties jointly shaped the process, which promoted transparency, ownership, and relevance.
- **Trust-Based Dialogue:** MICI prioritized respectful, culturally sensitive communication to build mutual confidence.
- **Independent Expertise:** Direct engagement between the technical expert and the family helped reduce knowledge gaps and improve understanding.
- **Flexible Facilitation:** MICI adapted its methodology—merging process stages and accelerating decision-making—to maintain momentum.
- **Active Institutional Participation:** Close collaboration with ICE and IDB Management ensured that institutional stakeholders remained engaged and responsive.
- **Ongoing Monitoring and Accountability:** Regular field visits and co-created implementation plans ensured commitments were honored.
- **Institutional Learning:** A final experience-sharing session contributed to broader learning within MICI and the IDB.