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**DOCUMENT OF THE INDEPENDENT CONSULTATION
AND INVESTIGATION MECHANISM**

2022 WORK PROGRAM AND PROPOSED BUDGET

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3. [Presentation of MICI 2021 Vision \(confidential\)](#)
4. [Criteria for accessing the Contingency Fund \(confidential\)](#)
5. [Quarterly Overview - First Quarter 2021 \(confidential\)](#)
6. [Quarterly Overview - Second Quarter 2021 \(confidential\)](#)
7. [MICI-IDB Public Registry](#)
8. [MICI-IDB Invest Public Registry](#)
9. [MICI Intranet \(internal use\)](#)
10. [OVE Evaluation of the Independent Consultation and Investigation Mechanism](#)
11. [MICI action plan to address the recommendations of the OVE Evaluation / ReTS Portal \(internal use\)](#)

ABBREVIATIONS

| | |
|------------------------|--|
| ACP | Administrative Services, Security, and Corporate Procurement Division of the IDB Group |
| AUG | Office of the Executive Auditor of the IDB |
| BDA | Budget and Administrative Services Department of the IDB Group |
| BUFIPOL | Budget and Financial Policies Committee of the IDB |
| CLC | Complementary labor costs |
| CNS | Full-Time Consultant modality under Policy AM-650 |
| COF | Country Office |
| CSOs | Civil society organizations |
| CW | Complementary workforce |
| DTC | Defined term contractual |
| HC | Head count, term used to identify staff hired as full-time employees |
| HRD | Human Resources Department of the IDB Group |
| IAMs | Independent accountability mechanisms of international financial institutions |
| IDB | Inter-American Development Bank |
| IDB Group | Composed of the IDB, IDB Invest, and IDB Lab |
| IDB Invest | Formerly the Inter-American Investment Corporation |
| IDB Lab | Formerly the Multilateral Investment Fund |
| IFI | International financial institutions |
| IIC | Inter-American Investment Corporation, now IDB Invest |
| ITE | Information Technology Department of the IDB Group |
| MICI | Independent Consultation and Investigation Mechanism of the IDB Group, for its acronym in Spanish |
| MICI-IDB Policy | The Policy of the Independent Consultation and Investigation Mechanism for the IDB (document MI-47-8). The Policy, which was approved by the Board of Executive Directors on 17 December 2014, has been in force as of that date and was revised in December 2015 to ensure consistency with the MICI-IIC Policy, and paragraph 19(d) was deleted by approval of the Board of Executive Directors on April 14, 2021 |
| MICI-IIC Policy | The Policy of the Independent Consultation and Investigation Mechanism for the IIC (document CII/MI-1-4). The Policy, which was approved on 15 December 2015, |

has been in force as of January 2016. On 27 April 2021, the Board of Executive Directors approved the deletion of paragraph 19(d)

| | |
|----------------|--|
| NLC | Non-personnel costs |
| OVE | Office of Evaluation and Oversight of the IDB Group |
| Parties | The requesters, Management, the borrower and/or the client, if applicable, in accordance with the definition contained in the MICI-IDB and MICI-IIC Policies |
| PEC | Policy and Evaluation Committee of the Board of Executive Directors of the IDB |
| PECs | Products and External Services Consultants |
| Region | Latin America and the Caribbean |
| ROP | Relevant Operational Policies |
| TTC | Temporary term contractual |

I. Introduction

- 1.1 This document presents the proposed 2022 MICI Work Program and Budget for the IDB¹ and IDB Invest for consideration and decision by the Committees of the Executive Boards of Directors of both institutions, respectively. The proposal was prepared under the parameters established in the MICI-IDB and MICI-IIC Policies (documents [MI-47-8](#) and [CII/MI-1-4](#), respectively), and the institutional guidelines referred to in the “[Instructions for 2022 Budget Formulation and Execution](#)” prepared by BDA.
- 1.2 This proposed MICI Work Program and Budget seeks to address the particular circumstances of 2022, drawing on the management experience gained during the 2020-2021 period under the COVID-19 health emergency, while looking ahead to a “new normal” in the Region soon. In comparison to other years, this proposal includes special features with an impact on the operation of the mechanism, the main ones being:
- i)* A flexible and adaptive operation under a new normal as COVID-19 management in the Region evolves. The mechanism will continue to adapt its activities to the situation (monitoring vaccination status and any local regulations) in each country of the Region where it operates, to continue fulfilling its mandate without interruption.
 - ii)* The consolidation of the MICI team, with a proposal (for consideration in this document) that seeks to finally resolve the problems inherent to the high staff turnover that has been detrimental to the mechanism in recent years.
 - iii)* The first year implementing the MICI action plan to address the recommendations of the OVE Evaluation of the Mechanism.
 - iv)* The entry into force of the new Environmental and Social Policy Framework for the IDB and the still recent implementation of the Sustainability Policy of IDB Invest.²
- 1.3 The different sections of this document detail the actions taken in the areas of: (i) Request Management, (ii) MICI Team Strengthening,³ (iii) Institutional Learning,⁴ and (iv) Internal and External Outreach; and the budget required for their implementation during 2022. In compliance with the MICI Policies, the mechanism will continue to report in the Quarterly Overviews to both Boards of Directors on the status of activities and the execution of the approved budget.

¹ The MICI-IDB Policy also covers any MICI activity and/or product related to IDB Lab, so the 2022 Work Program and its corresponding IDB Budget also include actions for this institution.

² The IDB Invest Sustainability Policy took effect at the end of 2019, and the IDB Framework will come into force in November 2021.

³ In previous Work Programs this item was called institutional strengthening; it has been reformulated for clarity in this document.

⁴ In previous Work Programs this item was called learning; it has been reformulated for clarity in this document.

- 1.4 This proposal is therefore submitted to the Boards of Executive Directors of the IDB and the IIC for their decision as follows:

A. Action requested of the IDB Board of Executive Directors

- 1.5 The IDB Board of Executive Directors is asked to consider and approve the 2022 Proposed Work Program and the Budget required for its implementation.
- 1.6 Approval is also sought for the MICI structural consolidation strategy, which calls for the addition of four (4) new staff positions (HC) exclusively for the phases of the MICI process, which will complement the positions approved and filled in 2021.
- 1.7 The above measure is aimed at forcefully and conclusively addressing the systemic human resources problem faced by the mechanism since its inception. Before 2021, with the exception of the two (2) Coordinators, the Phases relied on a workforce of temporary consultants (DTC, TTC, and CNS) with nonrenewable contracts. This led to problems in the effectiveness of request management and the efficient use of resources.

B. Action requested of the IIC Board of Executive Directors

- 1.8 The Board of Executive Directors of the IIC is asked to approve the 2022 Proposed Work Program and the Budget required for its implementation.

The 2022 Work Program and Proposed Budget – Main Points

Structural Consolidation of MICI

- New internal structure - consolidation of mid-level positions in Request Management.
 - Request for four (4) new HC positions.
- Career Development Program within MICI.

Request Management

- **25** Requests expected to be managed in 2022.
 - **14** new Requests to be received (12 for IDB; 2 for IDB Invest).
 - **11** Requests carried over from the previous year (9 for IDB; 3 for IDB Invest).

MICI Team Strengthening

- Development of Staff Training Plan.
- Training on IDB and IDB Invest Environmental and Social Policy Frameworks.
- Activities for sharing best practices and creating synergies in joint case management, in collaboration with peer mechanisms and other multilateral institutions.

Institutional Learning

- Continuation of MICI Reflections:
 - Dissemination of notes on Registration/Eligibility Stages, and Compliance Review Phase.
 - Institutionalization of knowledge-sharing spaces with the IDB Group – common topics that promote lessons learned.
 - Technical notes on topics of interest, such as: complaint management with a gender perspective; complaint management in the context of reprisals; remediation; responsible exit from operations.

Outreach

- Presence in the internal and external spaces in which it traditionally participates.
- Review and implementation of the new Communication and Engagement Strategy.
 - Update of stakeholder mapping.
 - Improvements in channels of communication with internal and external audiences.
 - Redesign of MICI's web page and its Public Registry.

Proposed Budget for IDB and IDB Lab

Total Budget: **US\$2,905,039** (7.7% nominal increase / 5.2% real increase).

Proposed Budget for IDB Invest

Total Budget: **US\$618,064** (2.3% nominal increase / -0.12% real decrease).

II. Results of the 2021 Work Program to Date

- 2.1 MICI has had a dynamic year in several aspects, both external and internal, that have marked its operations. During 2021, the Mechanism continued to adapt and optimize its management against the backdrop of the pandemic, which required modifying and improving processes in the various areas of management. The year was also characterized by human resources changes, including both the arrival of the new MICI Director and, once again, high staff turnover, which forced MICI to adapt its operations based on staff availability at the time.
- 2.2 Despite this challenging situation, the mechanism has worked with a single objective in mind: to ensure that external and internal circumstances have the least impact on the mechanism's mandate and to carry out the activities proposed in the 2021 Work Program. Thus, this section is intended to report on MICI's main achievements from the beginning of January 2021 to 15 October of this year, which have been reported periodically in the Quarterly Overviews.⁵
- 2.3 In Request Management, the mechanism's main activity, a total of 24 requests were handled during this period,⁶ (representing the exact number of complaints estimated to be handled in the 2021 Work Program), of which 14 were new complaints received and 10 were carried over from previous years for continued processing in 2021. Regarding the new requests received, only five (5) have been registered and four (4) have been declared eligible to be processed in one of the Mechanism's Phases.
- 2.4 In the Consultation Phase, we note the closure of case [MICI-BID-AR-2019-0144](#) regarding the Productive Tourism Infrastructure Program for the Province of Rio Negro (AR-L1106), in which all the agreements reached between the parties were fulfilled. In case [MICI-BID-AR-2021-0164](#), referring to the Development Program for Metropolitan Areas Outside the Capital II (AR-L1243), the Mechanism facilitated an expedited dispute resolution process that resulted in an agreement. In relation to case [MICI-CII-CO-2019-0152](#), concerning the Ruta del Cacao 4G Toll Road (12252-01), after more than 30 bilateral meetings, five (5) plenary meetings, 10 meetings of the housing committee, and six (6) virtual missions, partial agreements were reached on the issues of road safety and the impact on homes and properties. This case still has pending issues, so MICI will continue with the Consultation Phase process next year after the IIC Board of Executive Directors approved a request for an extension.
- 2.5 As for the cases handled in the Compliance Review Phase, this year the IIC Executive Directors were presented with the Compliance Review Report for case [MICI-CII-GU-2018-0136](#), regarding Generadora San Mateo S.A. y Generadora San Andrés S.A. (GU3794A-01 and GU3798A-01). In that report, for the first time, MICI recommended that if the Bank withdraws from financing the projects, it should ensure a responsible exit from operations.

⁵ The documents cited are available in the Links section of the document.

⁶ Annex I provides a detailed list of the Requests managed and the project in question.

The Board accepted all the recommendations and requested that IDB Invest Management prepare an Action Plan in consultation with the Mechanism. In addition, for this case, MICI will provide Mayan language translations (*Chuj and Q'anjob'al*) of the Report to make it accessible to the communities in the Project area. It should also be noted that in 2021 MICI concluded the management of case [MICI-BID-PR-2016-0101](#), concerning the Downtown Redevelopment, Modernization of Metropolitan Public Transport, and of Government Offices Project (PR-L1044), which is the first case to be processed in its entirety under the MICI-IDB Policy since its entry into force in late 2014. It should also be noted that the Case Closure Report for this case included for the first time a section for the Bank on lessons learned.

- 2.6 Throughout 2021, the Mechanism continued with its mitigation strategy for the remote management of requests, which has been in place since March 2020, adapting its processes to the circumstances of the different countries in the Region. This was done under the parameters of the “Guidance Note for Accessible and Secure Remote Case Management” prepared by MICI, which contains the methodologies for operating appropriately in a pandemic (see [link](#)). The “Proposal for Case Management during the COVID-19 Contingency” also remained in effect ([MI-92, CII/MI-26](#)), having been approved by the Boards of Directors. This allows MICI to extend deadlines during the pandemic without the need to request an extension from the Board and to report them in the Quarterly Overviews. As of 15 October 2021, MICI has asked to extend deadlines only in two (2) cases ([MICI-CII-CO-2019-0152](#) and [MICI-CII-GU-2018-0136](#)).
- 2.7 Without detracting from these efforts, it is also important to recognize the challenges that the ongoing pandemic has created for the Mechanism. Face-to-face contact and missions to the projects’ areas of influence, both in dialogue processes and in compliance review investigations, are essential for building trust between the parties and for the adequate collection of firsthand information. The new virtual environment has made it necessary to provide greater support to the parties from the initial stages, has intensified work with them to adapt to remote environments, has led to the natural fatigue derived from the constant use of virtual tools, and has even made it necessary to modify the sequence of the mechanism’s investigative processes.
- 2.8 Most of the Learning, Outreach, and Strengthening activities for 2021 were scheduled from the outset as virtual events. This meant that, unlike in 2020, MICI did not have to cancel planned actions and was able to reach diverse audiences. The year was also marked by the implementation of an engagement plan and the introduction of the new MICI Director to the different stakeholders and audiences with which the mechanism interacts regularly, including Executive Directors, Senior Management of the IDB Group, requesters, project managements and teams, CSOs, academics, and peer mechanisms from other IFIs. Regarding internal outreach, we can highlight MICI’s active contact with Management for the creation of their Grievance Management System, and knowledge-

sharing with various Group offices.⁷ Access promotion activities focused on strengthening existing contacts and establishing new relationships with organizations and entities in the Region. Finally, in terms of strengthening the MICI team, the Mechanism once again took advantage of the arrival of the new Director and staff members to hold a virtual staff retreat. MICI also conducted its annual reprisals risk training, a training on the management of complaints with gender-based violence components, a workshop on the new Environmental and Social Sustainability Policy provided by IDB Invest, and a workshop about Compliance Review processes.

- 2.9 A new MICI Communication and Engagement Strategy was designed during 2021, following the review of the previous strategy and consistent with the vision of the new MICI Director. This Strategy seeks to enhance outcomes in terms of promoting awareness and access to the Mechanism, based on its accumulated experience, and taking account of suggestions made in the OVE Evaluation. Preparing this Strategy, which lays the foundations for MICI's Learning and Outreach products and activities, has led to a few months' delay in the planning and execution of some projects included in the 2021 Work Program, such as the redesign of the Public Registry and web page, and institutional learning products.
- 2.10 The year 2021 has also been decisive for the Mechanism's operation due to two (2) internal factors: first, the completion of the MICI Evaluation by OVE; and second, the critical situation related to the high turnover of the mechanism's staff.
- 2.11 Regarding the first milestone, this year OVE presented its Evaluation of MICI to the Executive Directors ([RE-542-1](#) and [CII/RE-56-1](#)), who approved OVE's recommendations. The mechanism regards the outcome of this exercise as very positive, both in terms of its role and for the consolidation of the office within the Group's holistic accountability system. Following the procedures established by the Group, the Mechanism submitted its action plan, which was accepted by OVE, and has already undertaken and completed several of the proposed actions, such as eliminating, as of 1 July 2021, the legal exclusion in its eligibility determination analysis.⁸
- 2.12 However, the human resources situation faced by MICI has been a more pressing issue. Although this year saw the arrival of the new Director for the 2021-2025 term, it was also marked by the departure of important team members such as the Compliance Review Phase Coordinator and several case officers, either because they could not be offered employment options after the end of their contracts as Full-Time Consultants or because other institutions offered them better job opportunities. Adding the two (2) staff positions

⁷ Specifically with the Housing and Urban Development Division (HUD/RND), the Environmental and Social Solutions Unit (ESG), and the Environmental and Social Risk Management Unit (ESR) of IDB, and the social, environmental and governance team (SEG) and environmental and social risk team (ESR) of IDB Invest.

⁸ Recommendation 2 of the OVE Evaluation of MICI calls for the deletion of clause 19(d), which stated that none of the MICI phases could be activated if a Request raised particular issues or matters raised in a Request that are under arbitral or judicial review in an IDB member country. The MICI-IDB and MICI-IIC Policies ([MI-47-8](#) and [CII/MI-1-4](#), respectively) have been amended accordingly.

approved by the IDB Board of Executive Directors in the 2021 Work Program and Proposed Budget ([MI-96](#) and [CII//MI-29](#)) helped to prevent the situation from becoming critical for Request Management. But the high staff turnover was a constant challenge, causing the new Director to start her term with an incomplete team and deepening the structural weaknesses that the mechanism has been reporting and observing for several years.

- 2.13 Finally, with respect to team management during the pandemic, MICI continued to adhere to the measures taken by the IDB Group, following the guidance and best practices of HRD, ITE, ACP, and other units, regarding the possibility of remote work away from assigned locations and actions to enable MICI staff to enhance the telework experience. However, for the second half of the year, the Mechanism has complied with the instructions for both modules of the Return-to-Office Framework, and reports that several members of its team are already working in their offices at Headquarters.

III. 2022 Strategic Vision – Structural Consolidation of MICI

- 3.1 The year 2022 is a critical one for MICI to finally achieve its structural consolidation, as it presents a unique opportunity to address and fix the main problem that plagued it in the previous decade: high staff turnover.
- 3.2 Between 2014 and 2021, the period in which MICI has implemented the current policies, the Mechanism has been one of the main incubators for specialized professionals in the accountability field, training them in dispute resolution and investigations of compliance with environmental and social safeguards in IFIs. These staff members who were trained by MICI and who gained their experience in complaint management here, saw their opportunities to continue working at the Mechanism cut short, both because they could not be offered longer-term contracts (in the case of full-time consultants) and because MICI could not compete with better job offers due to the lack of a defined career development program within MICI. Often, this forced staff members to leave the Mechanism, even though they had wanted to stay. For example, of the eight (8) employees who have left MICI in the last three (5) years, five (5), or 62%, now work in sister offices⁹ at other IFIs. The situation can be understood as an agency problem in which MICI incurs personnel training costs in a discipline with little substitution in the labor market, given its high specialization, but allows third parties to capitalize on its benefits.
- 3.3 However, 2022 offers an ideal opportunity to find a sustainable solution to this problem, since several factors will converge:

⁹ Former MICI staff are now serving in other mechanisms such as the Independent Accountability Mechanism of the European Bank for Reconstruction and Development, the Independent Review Mechanism of the African Development Bank, and the Office of the Compliance Advisor Ombudsman of the International Finance Corporation and the Multilateral Investment Guarantee Agency.

- i)* The new MICI Director will have been on the job for an entire year, with full knowledge of the office's operations and needs, and an understanding of its procedures and the status of all active cases;
- ii)* A new Compliance Review Phase Coordinator will be in place by the end of 2021, requiring a full team, as 50% of the current staff in this phase must leave MICI in 2022 due to the current hiring rules;
- iii)* The year 2022 is the first full year in which the MICI Action Plan will be implemented to address the recommendations of the OVE Evaluation; and
- iv)* This year will see the entry into force of the new Environmental and Social Policy Framework for IDB, alongside the recently implemented Sustainability Policy of IDB Invest.

3.4 Having a stable team is the minimum requirement for working together to build a vision that allows efforts to be focused on the mandate of improving the Group's transparency and accountability. This will reduce the inefficiency of allocating human and financial resources to continuous hiring processes (between three (3) and four (4) per year on average) and the training of staff members who will not remain in the institution.

3.5 Below is an analysis of the regular structure with which MICI operated between 2014 and 2021 and a proposal for a holistic structural strengthening plan.

A. MICI structure 2014-2021

3.6 In late 2014, as a result of the first OVE Evaluation of MICI ([RE-416-1](#)), the IDB Board of Executive Directors approved a new policy providing the Mechanism with a new structure¹⁰ and procedure. At the end of 2015, the IIC Board of Executive Directors approved the MICI-IIC Policy, which expanded its scope to cover IDB Invest's operations in addition to those of the IDB and IDB Lab.

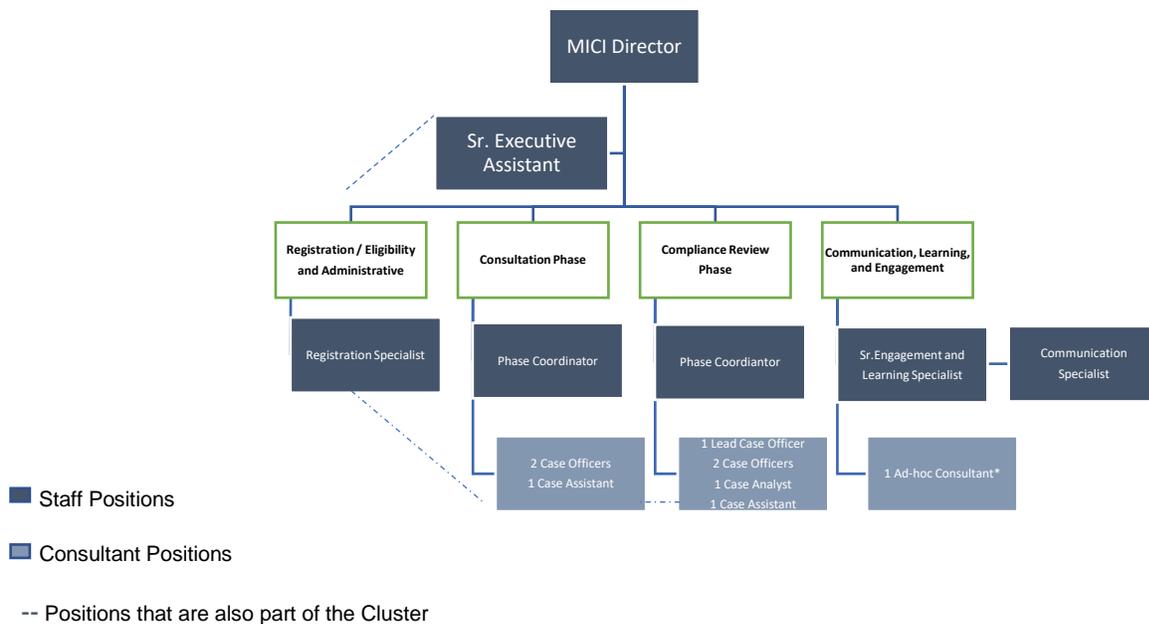
3.7 As of 2017, MICI operated under an organizational structure in phases/clusters (see Table 1) divided by functions and supported by a mixed human resources base, with a team that ranged from 15 to 17 people: seven (7) permanent staff positions (three (3) of them following the structure established in the MICI-IDB Policy), and the remaining eight (8) to 10 Full-Time Consultant positions (under DTC, TTC and CNS modalities) with a fixed duration under nonrenewable contracts, as established in Policy AM-650, who usually performed recurring activities for Request Management (See Figure 1).

¹⁰ MICI was established in 2010 following the approval by the IDB Board of Executive Directors of the Policy to establish the Mechanism ([GN-1830-49](#)) with an organizational structure independent of Management. It included two (2) officers and five (5) consultants appointed by the Board of Executive Directors, all at the executive level, and an administrative assistant. This was an important change considering that MICI's predecessor, the Independent Investigation Mechanism (IIM), only conducted investigations, was part of the Bank's Secretariat, and consisted of just two people: an executive secretary and an assistant.

Table 1. Phase/Cluster Description by Function

| Phase / Cluster | Functions |
|--|--|
| Registration - Eligibility Stage and Administrative | With two (2) defined functions: 1) Request management at the initial registration and eligibility stages as defined in the MICI Policies. 2) Defined functions, similar to those of a Technical Secretariat in other mechanisms, with respect to budgetary and administrative management, staff training, and human resources. |
| Consultation Phase | Responsible for the case management under the phase in the stages defined in the MICI Policies. |
| Compliance Review Phase | Responsible for the case management under the phase in the stages defined in the MICI Policies. |
| Communication, Learning, and Engagement | With two (2) defined functions: 1) Engagement and learning strategy, including management of learning and knowledge activities and products, as well as engagement actions with internal and external stakeholders. 2) Management of activities and products to promote access to the mechanism, internal and external communication strategy, and outreach products and activities. |

Figure 1. Standard Structure at the End of 2020



* These short-term Consultants provided support on particular issues or for specific events each year.

- 3.8 As the mechanism has previously examined,¹¹ and as reflected in the most recent OVE Evaluation, MICI's reliance on its complementary workforce (CW) created a significant structural fragility because these employees perform highly specialized and recurring duties that require a consolidated knowledge not only of the IDB Group's operations in general, but also of the specific sensitivity of the cases to be managed. Thus, the periodic turnover resulting from the incompatibility between the Request Management Time Frames established in both MICI Policies and the maximum duration of the CW (which often means that no consultant is involved in the management of a case from beginning to end) is costly for the Mechanism—not only due to institutional memory loss, but above all for the cases. The relationships of trust built with the parties, the understanding of the area and country context, the awareness of implementation challenges faced by the Project Teams, and the understanding of the concerns of the executing agencies and clients—to mention a few—are repeatedly lost.
- 3.9 This situation is further complicated if we consider that the labor market in which MICI can find personnel is relatively small. Besides having to look for people with the specialized professional profile described above, it must also consider the restrictions that exist for working at MICI (where, to avoid conflicts of interest, staff cannot come directly from the Group's operations). Moreover, given the restrictions on the duration of consultants' contracts and the waiting periods to allow for hiring under another modality, MICI has not been attractive to high-caliber technical professionals from other IFIs, accountability mechanisms, or private sector corporate social responsibility departments.¹²
- 3.10 MICI understands that these CW contracting modalities gave it the flexibility to respond to the work demands resulting from the reactive nature of its mandate, in addition to allowing it, as of 2014 when the outcome of the new policy structure and procedure was unknown, not to enter into long-term employment arrangements that could be detrimental to the institution. However, the circumstances in which MICI is operating in 2021 differ from those in which it was formed. It now has a clear, efficient, and effective procedure (independently reviewed by OVE and AUG), which has served as a point of reference for other peer institutions and has been backed by the parties and by the Executive Boards of Directors of the IDB Group.
- 3.11 The mechanism must adapt to its new situation and resolve its operational inefficiency related to the loss of knowledgeable, specialized, and experienced staff.

¹¹ See documents from previous years' Work Programs and budgets in the Links section.

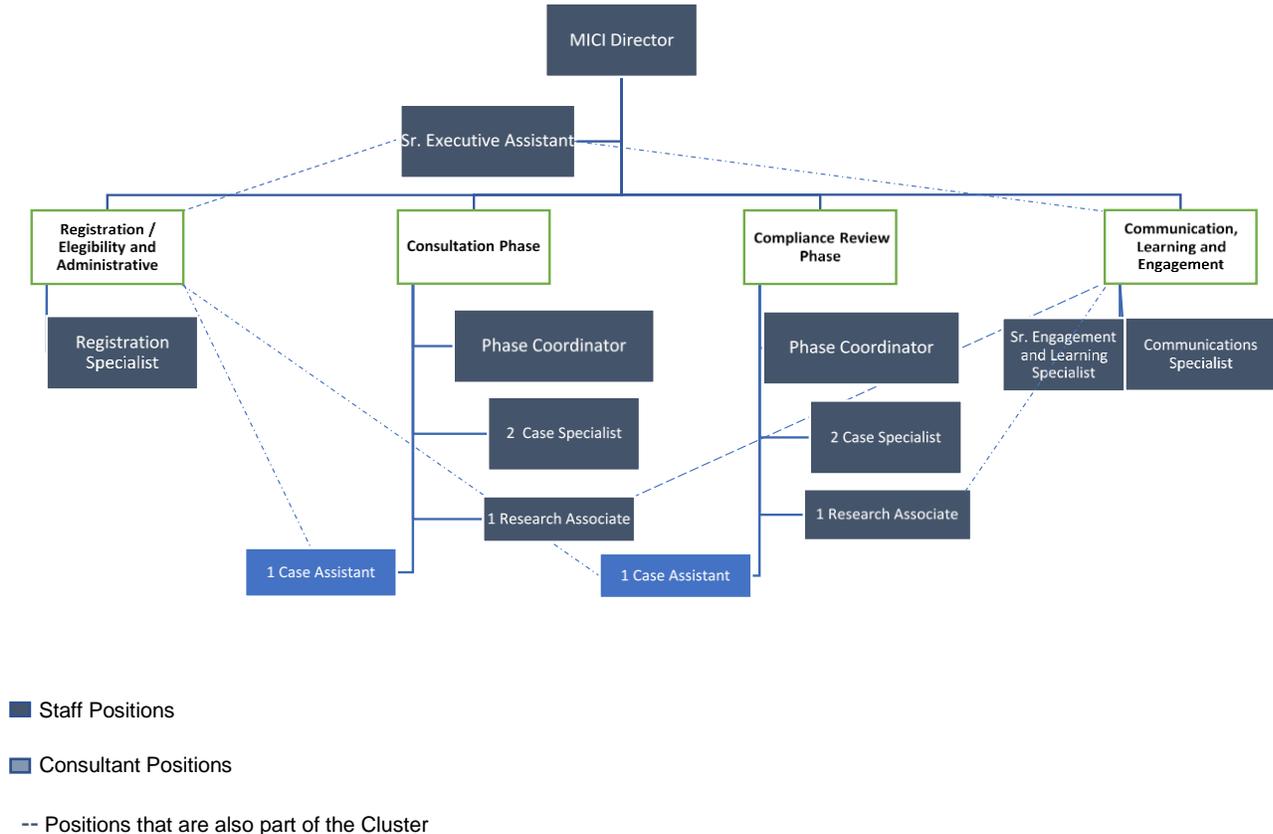
¹² The same provisions of the MICI-IDB Policy stipulate that once the contracts for the three (3) executive positions in the Mechanism (the Director and both Phase Coordinators) have ended, either upon the expiration of the maximum term of office, in the case of the Director, or because the Coordinators' contracts were not renewed for any reason, none of them can be hired in any capacity by the IDB Group.

B. Consolidation of MICI's structure

- 3.12 To resolve the situation described above, MICI will implement a holistic plan consisting of two (2) components:
- **A new internal structure.** Consistent with the provisions of the MICI-IDB Policy regarding the already defined Director and Phase Coordinator positions, and taking the arrangements that worked from the previous structure, the Mechanism will consolidate the mid-level Request Management positions; and
 - **A career development program within MICI.** Following the parameters of other units of the Group and under the rules already established by HRD, we propose to create this Program with clear internal guidelines that define how MICI personnel can advance in their professional development in terms of the responsibilities, capabilities, and functions of their technical profile.¹³
- 3.13 Regarding the first component, the mechanism will retain the phase/cluster structure, with the same thematic approach, but will strengthen and standardize the positions that carry out the specialized technical work and report to the Coordinators (see Figure 2). Under this new arrangement, the case officer (lead and regular) and case analyst positions, currently under the CNS category, will be eliminated over the next few years and transformed into fixed-term Case Specialist (Grade 5) and Research Associate (Grade 7) positions), respectively. This new internal organization provides for retaining only the case assistants of both phases as Consultants and having the flexibility to hire any temporary staff that may be needed in subsequent fiscal years.
- 3.14 During 2021, MICI took the first step toward its consolidation and began this structural transformation with the two positions approved by the Board of Executive Directors of the IDB for this year. This action prevented a critical situation for MICI, especially for the Consultation Phase; if it had not acted in time, the phase would have lost all its active personnel—except the coordinator—with the ensuing impact on the cases being managed.
- 3.15 Both positions were originally envisaged in the 2021 Work Program and Proposed Budget as Case Specialists, one (1) for each Phase. However, the particular circumstances of 2021 led MICI to adjust this provision to meet the needs of the Consultation Phase and to retain the talent of staff who had already worked at the mechanism. Both hiring processes were finalized in 2021.

¹³ MICI staff fall within the Oversight, Audit, and Compliance profile within the job roles predefined by HRD. <https://idbg.sharepoint.com/sites/hrd/en/pages/career/role%20portraits.aspx>

Figure 2. New MICI Structure for 2022-2025



3.16 With a view to implementing the new organizational structure as soon as possible, MICI proposes that the Board of Executive Directors of the IDB increase the Mechanism’s HC with **four (4) staff positions** by 2022:

- Three (3) Case Specialist positions (Grade 5), of which two (2) would be assigned to the Compliance Review Phase and one (1) to the Consultation Phase.
- One (1) Research Associate position (Grade 7), for the Compliance Review Phase.

3.17 As reported in previous years, the Mechanism is not part of the “Flexible and Efficient Workforce Management Framework” (“Flexible Framework” document [GN-2606-21](#)), which refers exclusively to the workforce funded from Management’s budget. Therefore, as it has done since its creation, MICI requests these positions directly from the Executive Directors in its annual Work Programs.

3.18 Should this increase in HC be approved, the positions would be open to competition following the Bank’s HRD processes and rules, so it does not directly or automatically convert the current Consultant positions to staff positions. In addition, if this new arrangement can be completed, MICI will request that it be reviewed in future OVE Evaluations and AUG Audits on the basis of its effectiveness and efficiency.

- 3.19 The second component has the primary objective of retaining the talent that is being developed and trained at MICI. During 2022, MICI will work hand in hand with HRD to create a Career Development Program for MICI, standardize its staff development and evaluation practices to the extent possible with the Group's accountability offices, and consider the experiences of other accountability mechanisms. MICI will report quarterly on its progress and implementation.
- 3.20 MICI believes that the above strategy will address the root of the problem and will prevent the Mechanism's essential request management activity from being undermined; but, above all, it will allow MICI to retain high quality personnel.

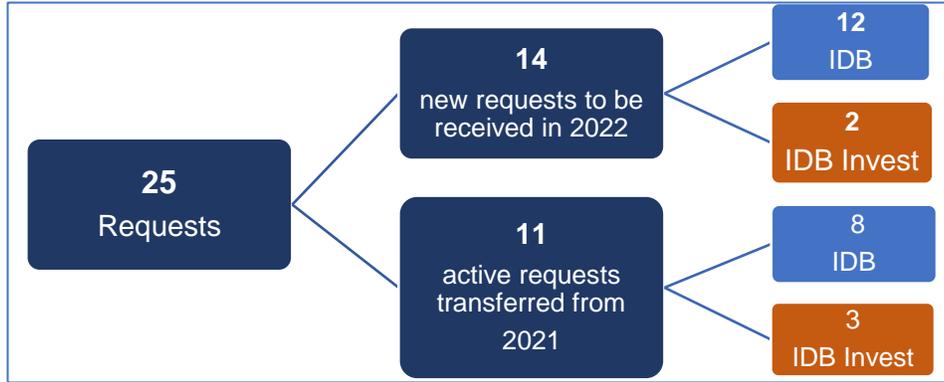
IV. Proposed 2022 Work Program

- 4.1 MICI's programmatic proposal for 2022 detailed below is based on the recurring activities that the Mechanism knows it carries out each year. It also considers those actions that MICI agreed to in its action plan in response to the OVE recommendations,¹⁴ and in anticipation of the imminent transition to a "new normal", in different ways and at different times in the Region. Thus, as in previous years, the Mechanism envisages activities to be carried out in four (4) operational areas:
- A. Request Management
 - B. MICI Team Strengthening
 - C. Institutional Learning
 - D. Outreach
- 4.2 This program, which covers all IDB Group institutions, presents MICI activities that are common to all of them and activities that are specific to each one. This is also reflected in the proposed budget, which allocates funding between: (i) the IDB, including personnel costs and costs for activities related to MICI's mandate for the IDB and IDB Lab; and (ii) IDB Invest, including costs associated with services rendered to this institution by MICI.
- 4.3 The following function-specific program and budget proposal is submitted to the Board of Executive Directors of the IDB through its PEC and BUFIPOL Committees and to the Board of Executive Directors of the IIC through the IIC Board of Executive Directors Committee.

A. Request Management

- 4.4 The proposed 2022 Work Program provides for the management of an estimated total of **25 requests** during the year: **14 new requests** (12 from the IDB and two (2) from IDB Invest) to be received during 2022, and **11 transferred** (eight (8) from the IDB and three (3) from IDB Invest) as active cases from 2021. See Figure 3 below:

¹⁴ Both the OVE Evaluation of MICI and the action plan are available in the Links section of this document.

Figure 3. Expected Request Management in 2022

- 4.5 In 2022, MICI expects to manage 20 Requests for the **IDB**: 12 new ones and eight (8) carried over from previous years; while it expects to manage five (5) Requests for **IDB Invest**: two (2) new ones and three (3) carried over from previous years. Based on the averages and on the experience accrued over the years the MICI-IDB and MICI-IIC Policies have been in force, we expect that between four (4) and five (5) (20%) of the 14 new requests to be received will be registered and that, of these, only between three (3) and four (4) (16%) of the new complaints received in the year will be declared eligible.
- 4.6 This estimate is made based on these inputs: (i) the portfolio of active cases expected to be carried over to 2022 (see Table 2); and (ii) the empirical evidence observed by the Mechanism in the past six (6) years of management. Despite initial expectations of a potential reduction in the number of requests received during the pandemic in 2020 and 2021, both years saw the number of new complaints remain stable and within expected parameters.

Table 2. Request Management Portfolio of Active Cases to be Transferred to 2022

| Request Number | Project | Expected status end of 2021 | Expected management for 2022* |
|---------------------------------------|---|-----------------------------|-------------------------------|
| CONSULTATION PHASE | | | |
| MICI-PE-2015-0094 | Rural Land Titling & Registration Project in Peru - Third Phase (PTRT-3) (PE-L1026) (3370/OC-PE) | Monitoring of agreements | Monitoring of agreements |
| MICI-BID-HA-2017-0114 | Productive Infrastructure Program (HA-L1055) (2552/GR-HA2779/GR-HA et al.) | Monitoring of agreements | Monitoring of agreements |
| MICI-BID-EC-2018-0131 | Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador (EC-L1219) (3906/OC-EC) | Monitoring of agreements | Monitoring of agreements |

| Request Number | Project | Expected status end of 2021 | Expected management for 2022* |
|---------------------------------------|--|-------------------------------|-------------------------------|
| MICI-BID-AR-2019-0148 | Reconquista River Basin Environmental Sanitation Program - Request III (AR-L1121) (3256/OC-AR) | Monitoring of agreements | Monitoring of agreements |
| MICI-CII-CO-2019-0152 | Ruta del Cacao 4G Toll Road (12252-01) | In Consultation Phase process | Monitoring of agreements |
| MICI-BID-AR-2021-0164 | Development Program For Metropolitan Areas Outside the Capital II (AR-L1243) (3780/OC-AR) | Monitoring of agreements | Monitoring of agreements |
| MICI-BID-AR-2021-0170 | Integrated Urban Solid Waste Management Program - Request II (AR-L1289) (3249/OC-AR) | In Consultation Phase process | In Consultation Phase process |
| MICI-BID-CR-2021-0171 | Cantonal Road Network II Program (CR-L1065) (4507/OC-CR) | In Consultation Phase process | In Consultation Phase process |
| COMPLIANCE REVIEW PHASE | | | |
| MICI-BID-CH-2017-0115 | Alto Maipo Hydroelectric Power Project (CH-L1067) (3008A/OC-CH and 3008B/OC-CH) | Monitoring of action plan | Monitoring of action plan |
| MICI-CII-CO-2018-0133 | Ituango Hydropower Plant (CO-11794-04) | Under investigation | End of investigation process |
| MICI-CII-GU-2018-0136 | Generadora San Mateo S.A. y Generadora San Andrés S.A. (GU3794A-01 and GU3798A-01) | Monitoring of action plan | Monitoring of action plan |

■ Requests related to IDB Invest operations

* Expectation that may be adjusted depending on circumstances related to COVID-19

- 4.7 During 2021, as part of its action plan to address the recommendations of the OVE Evaluation, MICI agreed to hold several working meetings with IDB and IDB Invest Management, which are responsible for coordinating their own Grievance Management System. The mechanism has been sharing the experience and learning from its 10 years of management and will continue to provide feedback. Once the IDB system is operational, MICI will include this new procedure in its request analysis processes, especially at the initial stages of Registration and Eligibility.
- 4.8 Consistent with the OVE recommendations about Compliance Review Reports, it is expected that the compliance review report in case [MICI-CII-CO-2018-0133](#) will be completed in 2022. Depending on its findings and as appropriate, the report may include recommendations aimed at bringing the project back into compliance with the ROPs and, if applicable, it may recommend institutional measures to keep this noncompliance from being repeated in other projects.

Adaptations for the return to a “new normal” in Request Management

- 4.9 In the scenario of a partial return to a “new normal”, MICI will follow the guidelines issued by the Group regarding face-to-face meetings and ways of conducting field missions. Given the experience gained over these two (2) years of the pandemic, the Mechanism will continue to use digital tools to communicate with the parties and with third parties. As the COVID-19 situation changes in some countries, the mechanism plans to carry out field missions for the active cases in the portfolio, which it has not been able to do since early 2020. It is vitally important to resume these missions, not only to build trust with the parties but also to confirm the monitoring of agreements, verify the progress of the Action Plans being monitored, and obtain first-hand information on the investigations.
- 4.10 Given the uncertainty of the origin and timing of the complaints it receives, and of the processing times that each case may require, MICI, unlike other units of the Group, cannot decentralize its operations in the Region; however, it strives to have the flexibility to use local consultants to support the activities of the phases if needed.

B. MICI Team Strengthening

- 4.11 One of the central points identified in the OVE evaluation and by the new MICI Director upon her arrival is the need to invest in training the mechanism’s team in different areas to reinforce its operational effectiveness.
- 4.12 Specifically, in 2022, MICI aims to develop a Staff Training Plan as part of its actions in response to the OVE recommendations. Through a structured and ongoing program, it will be able to take actions focused on the continuous capacity development of its staff. This Multi-year Program will focus on leveraging their strengths and addressing areas for improvement, to enhance knowledge-sharing and the use of the Group’s existing and available resources as well as external (e.g., Career Point, individual development plans, learning resources offered by KIC, specialized workshops, etc.). MICI is determined to have an initial version of this Program ready by the second half of 2022.
- 4.13 One of the main topics to be included will be training on the Environmental and Social Policy Frameworks of the IDB and IDB Invest, since MICI expects that in coming years it will have to simultaneously manage cases involving projects of both institutions, some of which are governed by the ROPs that preceded the new Safeguards Frameworks, and others by the latter. To meet this demand, MICI will allocate time and resources for the analysis and training of the MICI team, including the Members of the Rosters of Experts of both Phases.
- 4.14 As in prior years, MICI will continue its activities for sharing best practices and creating synergies in the management of joint cases, in collaboration with peer mechanisms and other multilateral institutions. It will also seek opportunities to provide training in academic and professional settings on the application of safeguards to strengthen its accountability

work. MICI will also participate in the Annual Meeting of IAMS to continue promoting the exchange of knowledge and working to strengthen accountability mechanisms.

- 4.15 In this same area, the mechanism will resume the activities of its External Consultative Group (GCE), which has been in operation since 2017 as a sounding board for issues that will enable the mechanism to improve its access, transparency, learning, and impact.
- 4.16 Finally, once the MICI team has all the staff proposed in this Work Program, one of the main tasks will be to define the 2022-2025 Vision. This team exercise will focus on defining common operational goals for the medium term, analyzing and updating internal management processes, as well as identifying issues where the mechanism should be at the forefront of the Group, both in its role within the accountability system and with respect to external entities such as other independent mechanisms, academic institutions, and CSOs.

Adaptations for the return to a “new normal” in actions to strengthen the MICI team

- 4.17 The operation of the office during the two (2) years of the pandemic has allowed MICI to adapt all of its training activities to entirely virtual environments; however, the mechanism will prioritize the allocation of resources for these strengthening activities to be carried out in person, if possible and in keeping with the Group’s regulations. MICI believes that the staff can benefit even more when the group, most of whom will be newly hired during the year, is present in the same physical space with conditions that allow for interactive discussion and the joint analysis of issues.

C. Institutional Learning

- 4.18 The MICI Policy states that one of its main objectives is to promote institutional reflection based on its case management experience, strengthening the IDB Group’s work and its mission. The OVE evaluation, which identified significant opportunities in this area, and MICI’s action plan set the tone for the activities to be carried out to this end. The year 2022 will be no exception, and our efforts to generate knowledge and learning relevant to the Group will continue.
- 4.19 As with the Team Strengthening Actions, the MICI Action Plan includes the creation of spaces for dialogue with IDB Group entities to address issues of common interest, promote lessons learned, and strengthen relationships. These spaces will also be used to reinforce capacities in all areas of engagement with both IDB and IIC Management, especially regarding the implementation of their grievance management systems.
- 4.20 As part of this 2022 Work Program, the mechanism also plans to continue and enhance its MICI Reflections Program on three (3) fronts: (i) disseminating, between 2021 and early 2022, the technical notes on the Registration and Eligibility stages and on the Compliance Review Phase, which analyze the management experience of the last 10 years; (ii) producing a concept note to establish an institutional space for knowledge-sharing with the Group; and (iii) producing two (2) technical notes on topics of interest to be defined

according to the interests that MICI identifies internally and externally, such as complaint management with a gender perspective; complaint management in cases involving the risk of reprisals; remedies; and responsible exit from operations, among others.

D. Outreach

- 4.21 MICI outreach activities are intended both to promote access to the Mechanism for individuals or communities potentially affected by IDB Group-financed projects and to familiarize IDB Group staff at Headquarters and COF of MICI's mandate and function. During 2022, the Mechanism will focus its resources mainly on two (2) fronts: (i) continuing to have a presence in the internal and external spaces in which it traditionally participates (see Table 3); and (ii) reviewing and implementing a new Communication and Engagement Strategy, which is one of the key milestones in addressing the recommendations made by OVE.
- 4.22 With respect to the latter, MICI will update its comprehensive mapping of stakeholders within and outside the Group to obtain input for the implementation of this Strategy. These may include CSOs, communications specialists in indigenous communities and gender, academics, and interested third parties. In addition, standard communication with requesters (current and potential) and about the cases managed by MICI will be reviewed to assess whether communication channels can be improved in order to reach more communities. MICI will also continue to engage with the main offices it deals within the Group, to have a greater presence in the different communication channels so Group employees are aware of the mechanism's work.
- 4.23 Another highlight for 2022 will be the completion and implementation of specific outreach projects that began in 2021 to improve MICI's engagement with all target audiences. The main projects include (i) the redesign of MICI's Public Registry and web page; (ii) a new learning tool about the mechanism and its function in nano-MOOC format¹⁵; and (iii) an analysis of the use of social media and new digital and print outreach materials.
- 4.24 Since beginning her tenure in 2021, the new MICI Director has established new communication channels with internal and external audiences, and the OVE evaluation also points out opportunities for improvement in communications about particularly sensitive cases. For 2022, the aim is to ensure that these opportunities are recurring and enable the outreach activities to be carried out at different institutional levels. The need for support in highly specialized areas such as crisis communication management and social media, for example, will be assessed.

¹⁵ Online courses that allow an unlimited number of people to participate through the internet under the principle of massive, open education.

Table 3. Recurring Outreach Activities 2022

| External Outreach | Internal Outreach |
|---|--|
| <ul style="list-style-type: none"> • Sessions and workshops with Civil Society on 2021 results, Request Management, Outreach improvements, etc. • Participation in the 2022 IAIA Meeting • Workshops with local Civil Society and stakeholders to be identified in the update of the stakeholder mapping by country • Participation in the American Mediation Congress • Meeting with Civil Society during the Nineteenth Annual Meeting of Accountability Mechanisms • Participation in the Regional Forum on Socio-Environmental Conflicts • Participation in the COICA Congress • Participation in the United Nations Forum on Business and Human Rights | <ul style="list-style-type: none"> • Executive Directors Onboarding Sessions • IDB and IDB Invest employee onboarding sessions • MICI participation in the IDB and IIC Board of Governors Meeting • Events for reflection and dissemination of learning products and/or topics of interest to the IDB Group • Periodic workshops with COF staff |

Adaptations for the return to a “new normal” in Outreach Actions

- 4.25 Given the experience gained during 2020 and 2021, MICI will continue to carry out actions and activities virtually while the Region recovers from the pandemic. However, once the conditions are in place, the Mechanism will allocate resources to hold in-person events both at Headquarters and in the Region.

V. Proposed Budget 2022

- 5.1 The budget proposal is made by estimating the resources needed for the activities that MICI plans to carry out and is certain will occur, and the funds needed to manage the requests expected to be received during 2022. Given that requests are uncertain, and their activation is demand-driven, this is done using empirical evidence from previous years.
- 5.2 Also, as in 2021, this budget considers several potential limitations that MICI will face under a “new normal”. There may be different types and timing of restrictions depending on each country’s circumstances, to which MICI will adapt according to the Group’s and the country’s regulations.
- 5.3 The requested 2022 Budget has the following features in terms of its presentation:
- a) As it does every year, MICI uses zero-based budgeting, as it requests resources annually only for the program it proposes to implement in that period. MICI has sought to adapt its formulation in 2022, to the extent possible, to the execution observed during 2021.
 - b) The budget requirements are presented separately for each institution, with IDB and IDB Lab on the one hand, and IDB Invest on the other.
 - c) MICI is not within the centralization processes or ETD funds (Effect of Turnover Dynamics). However, within the Mechanism itself, it seeks to identify savings to finance salary increases and other staff remuneration.
 - d) For staff salaries and benefits (SLC), MICI formulates its budget following the parameters provided by the Bank, and for 2022, an estimated salary adjustment of 3.4% has been included.¹⁶
 - e) Regarding the formulation of staff benefit rates (SCL), MICI, in consultation with BDA, proposes that instead of budgeting this item at the Bank’s percentage, which is 42% of the total amount of annual salaries for the international staff at headquarters, this percentage could be gradually adjusted to the actual execution observed in previous years. This is because MICI has observed on a recurring basis¹⁷ that part of its annual under-execution comes from this item, since on average in the last five years it has executed only 19% of the 42% originally budgeted.

¹⁶ This figure, which corresponds to the market-based salary increase (MBSI), is subject to change based on what the Board of Directors authorizes for Management. MICI will adjust the percentage to whatever is approved by the Executive Directors.

¹⁷ MICI has reported this since 2017 in its fourth quarter reports, which contain the final execution of its entire budget, including employee benefits.

MICI proposes formulating the percentage of benefits using the following methodology:

$$\% \text{ Benefits} = \frac{(\text{Average \% of benefits execution for the last 5 years}) + (\% \text{ Max on benefits})}{2}$$

$$\% \text{ Benefits 2022} = \frac{\{\text{Average (21\%, 16\%, 16\%, 20\%, 21\%)}\} + (42\%)}{2}$$

$$\% \text{ Benefits 2022} = \frac{(19\%) + (42\%)}{2}$$

Thus, for 2022, the percentage calculated for employee benefits (SCL) would be, after rounding, equivalent to 30.5%.

This methodology, which we propose to continue using from this fiscal year forward, is sufficiently conservative to allow MICI to avoid a deficit (even with the new positions to be added), but it does not retain Bank resources that, in our experience, are likely not to be used.

- f) As mentioned in previous sections, for this fiscal year we are requesting four (4) new staff positions: three (3) Case Specialist Positions (Grade 5) and one (1) Research Associate Position (Grade 7).

In terms of their start dates, one of the Grade 5 positions and the Grade 7 position, which are for the Compliance Review Phase, are expected to start in April, while the remaining two (2) Grade 5 positions, one (1) for each Phase, should start in September. However, following the Group's budget formulation instructions, this budget includes funds for salaries and benefits for both positions for the full year, i.e., as if they were to start in January 2022.

- g) To avoid cross-subsidies, staff time expected to be spent providing services to IDB Invest has been monetized and is presented as a CLC budget item.
- h) The CLC+NLC budget is presented by function: Request Management, MICI Team Strengthening, Institutional Learning and Outreach.
- i) The Contingency Funds are considered a restricted item since the fund's allocation can only be accessed upon the authorization of the Board of Executive Directors (see "Conditions for Accessing the Contingency Fund" in the Links section).

5.4 The following sections present the budget requirements by function for IDB, IDB Lab, and IDB Invest, and Annex II provides an itemized breakdown.

A. Budget requested for IDB and IDB Lab

- 5.5 MICI's proposed 2022 program for IDB and IDB Lab had originally, without considering the new positions, called for US\$2,523,695 for its execution, which would be a nominal decrease of 6.4% (8.9% real decrease¹⁸) compared to the amount approved for 2021 (US\$2,696,929). However, with the request to add four (4) staff positions, the total amount requested is **US\$2,905,039**, which represents a 7.7% nominal increase (5.2% real increase) over the total amount approved in 2021.
- 5.6 Regarding personnel costs (SLC), the 2022 budget provides for an allocation of US\$2,138,513 (16.5% higher than in 2021) as shown in Tables 4 and 5. The increase is due to:
- i) A 3.4% salary increase,¹⁹ in line with Management's estimates for 2022;
 - ii) Four new staff positions (three (3) Grade 5 and one (1) Grade 7) starting in April and September but budgeted on a full-year basis. The salary and benefit amounts for the months for which these positions are vacant have been formulated in CLC (US\$214,537), while the benefits (US\$65,434) are in the benefit accounts, under the budget instructions²⁰ for 2022.
- 5.7 The costs of the Full-Time Consultants are estimated only to cover the contractual commitments that MICI has already undertaken, but do not initially provide for the hiring of additional staff. The remaining Personnel Costs (companies, freelancers, PECs) are budgeted according to current commitments and funds are added to cover expected events in MICI's four (4) operational areas.
- 5.8 For Request Management, the 2022 Budget was formulated similarly to the 2021 Budget to give the Mechanism the most flexibility for a potential return to a "new normal" in incremental stages over the course of the year. Should any unforeseen circumstances affect Request Management, the Mechanism, with the prior authorization of the Executive Directors, may use the Contingency Fund, which is restricted to these activities.
- 5.9 With respect to the remaining Team Strengthening, Institutional Learning, and Outreach activities,²¹ there are no changes to the total budgeted amount in the aggregate; there is only a reallocation of funds from outreach activities (most of which are expected to

¹⁸ Estimated 2.5% inflationary growth according to document [Instructions for 2022 Budget Formulation and Execution](#) (Composite Cost Adjustment Component).

¹⁹ This figure, which corresponds to the Market-Based Salary Increase (MBSI), may vary based on what the Board of Directors authorizes for Management. MICI will adjust the percentage to whatever is approved by the Executive Directors.

²⁰ [Instructions for 2022 Budget Formulation and Execution](#)

²¹ Expenditures related to Team Strengthening, Institutional Learning, Outreach activities, and Administrative Expenses are divided between IDB and IDB Invest.

continue using virtual tools that require a smaller investment) to strengthening activities, which are expected to be revitalized during 2022.

- 5.10 Tables 4 and 5 below show the proposed allocations by item for 2022, according to the parameters and assumptions described above, as well as the amounts approved in 2021 and the estimated total execution for this year. Table 4 is presented following the standardization made by BDA to present budget information by expenditure item; while Table 5, similar to the one presented by MICI in previous years, contains the same information, but reported by MICI's operational areas.

Table 4. 2022 Proposed Budget and Comparison to Approved 2021 Budget for IDB – by Expenditure Category

| Item of Expense | 2021 Approved Budget (GA-276-3) | 2022 Proposed Budget | 2022 Proposed vs. 2021 Approved | |
|--|--|----------------------------|------------------------------------|---------------|
| | | | \$ | % |
| Labor Costs | | | | |
| SLC - Staff Labor Costs | 1,835,008 | 2,138,513 | 303,504 | 16.5% |
| CLC - Complementary Labor Costs | 633,971 | 538,577 | -95,394 | -15.0% |
| <i>DTC, TTC & Consultants (Contractual Modalities)</i> | <i>384,537</i> | <i>289,143</i> | <i>-95,394</i> | <i>-24.8%</i> |
| <i>PECs (Contractual Modalities) & Business Consulting Firms</i> | <i>249,434</i> | <i>249,434</i> | <i>0</i> | <i>0.0%</i> |
| Sub-total Labor Costs | 2,468,979 | 2,677,089 | 208,110 | 8.4% |
| Non-Labor Costs | | | | |
| Outside Services | 0 | 0 | 0 | 0.0% |
| Learning Logistics and Fees | 15,000 | 25,370 | 10,370 | 69.1% |
| Travel | 107,900 | 107,900 | 0 | 0.0% |
| General Administrative Costs | 55,050 | 44,680 | -10,370 | -18.8% |
| Sub-total Non-Labor Costs | 177,950 | 177,950 | 0 | 0.0% |
| Sub-total Labor Cost and Non-Labor Costs | 2,646,929 | 2,855,039 | 208,110 | 7.9% |
| Contingency Funds | 50,000 | 50,000 | 0 | 0.0% |
| Total Labor Costs, Non-Labor Costs and Contingency Funds | 2,696,929 | 2,905,039 | 208,110 | 7.7% |

Table 5. 2022 Proposed Budget and Comparison to Approved 2021 Budget for IDB - By MICI Operational Areas

| Concept | IDB BUDGET | | | |
|--|----------------------|--------------------------------------|----------------------|--|
| | 2021 Approved Budget | 2021 Projected Expenses ¹ | 2022 Proposed Budget | % 2022 Proposed vs. 2021 Approved 2022 |
| Personnel Costs (SCL) ^{2 3} | | | | |
| Total Personnel Costs (SLC) | \$ 1,835,009 | \$ 1,363,395 | \$ 2,138,513 | 17% |
| COMPLEMENTARY LABOR COSTS (CLC) AND NON-PERSONNEL COSTS (NLC) | | | | |
| Requests Management | | | | |
| Subtotal Requests Management | \$ 712,291 | \$ 515,547 | \$ 603,057 | -15% |
| MICI Team Strengthening | | | | |
| Subtotal Institutional Strengthening | \$ 15,000 | \$ 13,000 | \$ 28,370 | 89% |
| Institutional Learning | | | | |
| Subtotal Learning | \$ 18,230 | \$ 3,000 | \$ 17,500 | -4% |
| Outreach | | | | |
| Subtotal Outreach | \$ 66,400 | \$ 15,000 | \$ 67,600 | 2% |
| Subtotal CLC and NLC (non-restricted component) | \$ 811,921 | \$ 546,547 | \$ 716,527 | -12% |
| Contingency Fund ⁴ (restricted component) | | | | |
| Contingency Fund ⁴ (restricted component) | \$ 50,000 | \$ - | \$ 50,000 | 0% |
| Total CLC and NLC (restricted + nonrestricted components) | \$ 861,921 | \$ 546,547 | \$ 766,527 | -11% |
| Total MEC Budget (SCL+CLC+NLC) | | | | |
| Total MEC Budget (SCL+CLC+NLC) | \$ 2,696,930 | \$ 1,909,942 | \$ 2,905,039 | 7.7% |

1. Estimate presented in the Quarterly Overview. April-June 2021, available in the Links section / 2. Includes the 3.4% salary increase as suggested by Management / 3. Includes the addition of the four (4) requested positions / 4. The Contingency Fund may be used only for Request Management and, since its use must be approved by the Executive Directors, it is classified as a restricted component of the budget.

B. Budget requested for IDB Invest

5.11 MICI's budget for IDB Invest for 2022 is formulated according to the following parameters, which seek to maximize the efficiency of the resources received:

- i) The IDB Invest Budget does not include SLC personnel costs because MICI staff members are employed by the IDB, not IDB Invest. The time spent by MICI staff (SLC) working for IDB Invest is covered by a CLC allocation;
- ii) An annual Service Level Agreement (SLA) is signed with IDB Invest which includes the lumpsum of unrestricted CLC and NLC funds to be transferred to MICI at the beginning of the year and instructs IDB Invest to keep the Contingency Fund available in case its use is required;

- iii) At the end of each year, MICI returns any unrestricted funds to IDB Invest.
- 5.12 MICI's proposed program for IDB Invest in 2022 requires the approval of resources for its execution in the amount of **US\$618,064**. This amount corresponds to a nominal increase of 2.38% (real decrease of 0.12%²²) compared to the total amount approved in 2021. The total amount referred to above comprises CLC + NLC + Contingency Fund (USD\$30,000). Given that the Fund is only transferred if required and that no increase in the Fund is provided, we should point out that the other two (2) components equal US\$588,064, which represents a nominal increase of 2.5% (0% in real terms).
- 5.13 Regarding Request Management, the proposed amount reflects allocations to cover the costs of managing the three active IDB Invest cases. Of particular note is case [MICI-CII-CO-2018-0133](#), concerning the Ituango Hydropower Plant (CO-11794-04), currently under investigation by the Compliance Review Phase. Funds have been earmarked for this case in order to carry out the field mission that has been postponed due to the pandemic. Funds have also been allocated for the anticipated management of two (2) new Requests. As with the IDB Budget, sufficient funds are provided for the scenario of a return to a "new normal" during the year.
- 5.14 In terms of Team Strengthening, Institutional Learning, and Outreach, the same procedure was followed as reported for the IDB, where the budget was generally formulated with the same amount as in 2021, but resources were reallocated for the strengthening activities. It should be reiterated that the IDB and IDB Invest are taking advantage of the synergies in these areas with a view to 50-50 cost sharing in the execution.
- 5.15 Table 6 shows the proposed allocations by line item for the MICI-IDB Invest Budget for 2022 by MICI's operational areas.

²² Estimated 2.5% inflationary growth according to document [Instructions for 2022 Budget Formulation and Execution](#) (Composite Cost Adjustment Component).

Table 6. 2022 Proposed Budget and Comparison to Approved 2021 Budget for IDB Invest – By MICI Operational Area

| Concept | IDB INVEST BUDGET | | | |
|--|----------------------|--------------------------------------|----------------------|--|
| | 2021 Approved Budget | 2021 Projected Expenses ¹ | 2022 Proposed Budget | % 2022 Proposed vs. 2021 Approved 2022 |
| Personnel Costs (SCL)^{2 3} | | | | |
| Total Personnel Costs (SLC) | \$ - | \$ - | \$ - | - |
| COMPLEMENTARY LABOR COSTS (CLC) AND NON-PERSONNEL COSTS (NLC) | | | | |
| Requests Management | | | | |
| Subtotal Requests Management | \$ 535,491 | \$ 350,000 | \$ 535,184 | 0% |
| MICI Team Strengthening | | | | |
| Subtotal Institutional Strengthening | \$ 1,000 | \$ 1,000 | \$ 11,180 | 1018% |
| Institutional Learning | | | | |
| Subtotal Learning | \$ 3,000 | \$ 3,000 | \$ 5,500 | 83% |
| Outreach | | | | |
| Subtotal Outreach | \$ 34,230 | \$ 20,000 | \$ 36,200 | 6% |
| Subtotal CLC and NLC (non-restricted component) | \$ 573,721 | \$ 374,000 | \$ 588,064 | 2.5% |
| Contingency Fund⁴ (restricted component) | | | | |
| Subtotal Contingency Fund | \$ 30,000 | \$ - | \$ 30,000 | 0% |
| Total CLC and NLC (restricted + nonrestricted components) | \$ 603,721 | \$ 374,000 | \$ 618,064 | 2.38% |
| Total MEC Budget (SCL+CLC+NLC) | | | | |
| Total MEC Budget (SCL+CLC+NLC) | \$ 603,721 | \$ 374,000 | \$ 618,064 | 2.38% |

1. Information according to the estimate made in the Quarterly Overview. April-June 2021, available in the Links section. / 2. IDB Invest does not include SCL expenses / 3. The CLC expense covers the time that MICI personnel (SLC) provide services to the institution. / 4. The Contingency Fund may be used only for request management and, since its use requires the approval of the Executive Directors, it is classified as a restricted component of the budget.

C. Final considerations

- 5.16 Based on the above, we respectfully request that the Boards of Executive Directors of the IDB and the IIC consider and approve MICI's 2022 Work Program and the Proposed Budget for its execution.
- 5.17 In addition, approval is sought for the creation of four (4) new staff positions (HC) for the Consultation Phase and the Compliance Review Phase.

Annex I. Requests Managed from 1 January to 15 October 2021

| # | Request Number | Date Received | Project Name and Number | Status as of 15 October 2021 |
|--|---------------------------------------|---------------|---|--|
| Requests received in 2021 | | | | |
| 1 | MICI-BID-PN-2021-0163 | January | Chorrera Power Project (PN0136) (1244A/OC-PN, 1244B/OC-PN) | Not registered Closed |
| 2 | MICI-BID-2021-AR-0164 | February | Development Program For Metropolitan Areas Outside the Capital II (AR-L1243) (3780/OC-AR) | Monitoring of agreements |
| 3 | MICI-BID-2021-AR-0165 | February | Urban Municipal Infrastructure Program (AR-L1148) (2929/OC-AR) | Not eligible Closed |
| 4 | MICI-BID-2021-AR-0166 | April | Water and Sanitation Program for Urban and Suburban Centers (PAYs) (AR-L1084) (2343/OC-AR) | Not registered Closed |
| 5 | MICI-BID-2021-AR-0167 | June | Project to Improve the Provincial Route 82 Corridor in the Province of Mendoza (AR-L1293) (4779/OC-AR) | Not registered Closed |
| 6 | MICI-BID-2021-AR-0168 | June | Water and Sanitation for Small Communities Program - Tranche II (PROAS II) (AR-L1289) (5285/OC-AR) | Assessment stage of consultation phase |
| 7 | MICI-BID-2021-AR-0169 | July | Integrated Urban Solid Waste Management Program (AR-L1289) (3249/OC-AR) | Not registered Closed |
| 8 | MICI-BID-2021-AR-0170 | July | Integrated Urban Solid Waste Management Program - Request II (AR-L1289) (3249/OC-AR) | Assessment stage |
| 9 | MICI-BID-2021-CR-0171 | July | Cantonal Road Network II Program (CR-L1065) (4507/OC-CR) | Assessment stage |
| 10 | MICI-BID-2021-AR-0172 | August | Integrated Urban Solid Waste Management Program - Request III (AR-L1151) (3249/OC-AR) | Not registered Closed |
| 11 | MICI-BID-2021-BR-0173 | August | Macambira-Anicuns Urban Environmental Program (BR-L1006) (1980/OC-BR) | Not registered Closed |
| 12 | MICI-BID-2021-CO-0174 | September | Metro of Bogota First Line - First Tranche — Request II (CO-L1234) (4572/OC-CO) | Not registered Closed |
| 13 | MICI-BID-2021-AR-0175 | September | Urban Municipal Infrastructure Program - Request II (AR-L1148) (2929/OC-AR) | Not registered Closed |
| 14 | MICI-BID-2021-BR-0176 | September | Environmental Sanitation, Macro-drainage, and Recovery Project for the Igarapés and the Banks of the Parauapebas River/PA (BR-L1508) (4917/OC-BR) | Not registered Closed |
| Requests carried over from 2020 | | | | |
| 15 | MICI-PE-2015-0094 | August 2015 | Rural Land Titling & Registration Project in Peru - Third Phase (PTRT-3) (PE-L1026) (3370/OC-PE) | Monitoring of agreements |
| 16 | MICI-BID-HA-2017-0114 | January 2017 | Productive Infrastructure Program (HA-L1055) (2552/GR-HA2779/GR-HA et al.) | Monitoring of agreements |

| # | Request Number | Date Received | Project Name and Number | Status as of 15 October 2021 |
|----|---------------------------------------|---------------|---|-----------------------------------|
| 17 | MICI-BID-EC-2018-0131 | April 2018 | Program for the Reconstruction of Electricity Infrastructure in Areas Affected by the Earthquake in Ecuador (EC-L1219) (3906/OC-EC) | Monitoring of agreements |
| 18 | MICI-BID-AR-2019-0144 | February 2019 | Productive and Tourism Infrastructure Program for the Province of Rio Negro (AR-L1106) (2491/OC-AR) | Closed |
| 19 | MICI-BID-AR-2019-0148 | May 2019 | Reconquista River Basin Environmental Sanitation Program-Request III (AR-L1121) (3256/OC-AR) | Monitoring of agreements |
| 20 | MICI-CII-CO-2019-0152 | December 2019 | Ruta del Cacao 4G Toll Road (12252-01) | In consultation phase process |
| 21 | MICI-BID-PR-2016-0101 | May 2016 | Downtown Redevelopment, Modernization of Metropolitan Public Transport, and of Government Offices Project - Request II (PR-L1044) (2420/BL-PR & 2419/OC-PR) | Closed |
| 22 | MICI-BID-CH-2017-0115 | January 2017 | Alto Maipo Hydroelectric Power Project (CH-L1067) (3008A/OC-CH & 3008B/OC-CH) | Monitoring stage |
| 23 | MICI-CII-CO-2018-0133 | June 2018 | Ituango Hydropower Plant (CO-11794-04) | Under investigation |
| 24 | MICI-CII-GU-2018-0136 | August 2018 | Generadora San Mateo S.A. y Generadora San Andrés S.A. (GU3794A-01 & GU3798A-01) | Awaiting Management's action plan |

■ Requests related to IDB Invest operations.