



CENTER for INTERNATIONAL
ENVIRONMENTAL LAW

Alto Maipo: A Fight for Justice, A Legacy of Harm



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A construction truck drives along a road carved through the Andes above the Maipo River, passing a nearby tunnel entrance. The scene reflects the scale of infrastructure development in the region and its impact on the landscape and surrounding communities.

The Alto Maipo Hydroelectric Project, initially framed as a substantial energy initiative, became one of Chile's most controversial infrastructure developments, threatening critical water resources and local communities. Despite strong opposition, financial backing from the International Finance Corporation and Inter-American Development Bank propelled the project forward, exacerbating environmental and social harm. This case study explores how affected communities and advocates leveraged international accountability mechanisms to expose institutional failures, leading to groundbreaking reforms in development finance. While Alto Maipo has left lasting scars for the affected communities, it also catalyzed key policy changes aimed at preventing similar injustices in the future.

About CIEL

Founded in 1989, the Center for International Environmental Law (CIEL) uses the power of law to protect the environment, promote human rights, and ensure a just and sustainable society. CIEL is dedicated to advocacy in the global public interest through legal counsel, policy research, analysis, education, training, and capacity building.

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In 2015, Chilean activists who had long opposed the Alto Maipo Hydroelectric Project expanded their campaign to target international financial institutions. Their persistence, clarity of purpose, and commitment to environmental justice led them to CIEL. Over the past decade, that initial contact grew into a lasting alliance — one rooted in shared advocacy across international financial institutions, human rights mechanisms, and UN treaty bodies.

We are deeply grateful to the following Chilean leaders whose determination shaped this fight:

Marcela Mella Ortiz — Former Spokesperson for the Coordinadora Ciudadana No Alto Maipo

Juan Pablo Orrego Silva — President, Ecosistemas

Mitzi Urtubia Salinas — Journalist and Communications Coordinator, Ecosistemas

This work was also carried forward by dedicated CIEL staff members who partnered closely with Chilean advocates:

Kelsey Alford-Jones — Former Senior Campaigner, People, Land & Resources (PLR)

Sarah Dorman — Former Senior Attorney, PLR

Aubrey Manahan — Campaigner, PLR

Luisa Gómez Betancur — Senior Attorney, PLR

Carla García Zendejas — Director, PLR

Together, this cross-regional collaboration pushed back against powerful financial and political forces and spotlighted the deep environmental and social costs of the Alto Maipo project. While the outcome on the ground did not fully reflect the hopes of those who resisted, the campaign left a mark — changing how institutions are held accountable and inspiring a new generation of environmental justice advocates in Chile and beyond. The legacy of this work lives on in the networks built, the voices amplified, and the fights yet to come.

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Please send comments or questions to info@ciel.org to be sure of a reply.

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Table of Contents

i	Acronyms
1	Introduction
2	Rewriting the Rules: Lessons in Accountability from Alto Maipo
4	The Alto Maipo Project
7	The Role of DFIs: A Broken Promise
7	Community Organizing: Defending the Environment and Communities
8	Accountability and Recourse: The Role of IAMs
9	Strategic Complaints at the CAO and MICI: A Shift in Expectations
10	The Legal Battle Over Alto Maipo: A Timeline of Complaints and Accountability
16	Legal Challenge Before the MICI and CAO:
	The Push to Hold Investors and Developers Accountable
18	Corporate Surveillance and Environmental Defenders' Rights Violations in Alto Maipo
19	The MICI Investigation: Legal Loopholes Undermine Accountability
20	The MICI Legal Exclusion Clause
21	From Direct Lender to Silent Partner: IFC's Continued Stake in Alto Maipo
22	Institutional Failures and Legal Breaches: Findings from the CAO Investigation
24	Walking Away from Harm: The IDB's Exit and Failure to Ensure Remedy
25	Catalyzing Reform: Reshaping DFI Accountability
26	Conclusion: Strengthening Accountability in Development Finance
27	Key Legal and Advocacy Lessons from Alto Maipo
30	Endnotes

Acronyms

CAO	Compliance Advisor Ombudsman
CCNAM	Coordinadora Ciudadana No Alto Maipo
CDM	Clean Development Mechanism
DFC	US International Development Finance Corporation
DFIs	development finance institutions
ESMR	Environmental and Social Management Report
IAM	Independent Accountability Mechanism
IDB	Inter-American Development Bank
IDB Invest	IDB Group institution supporting the private sector
IFC	International Finance Corporation
MAPs	management action plans
MIGA	Multilateral Investment Guarantee Agency
OPIC	Overseas Private Investment Corporation
OVE	Office of Evaluation and Oversight
USAID	US Agency for International Development

Introduction

Once touted as a model for sustainable energy under the UN's Clean Development Mechanism (CDM), Chile's Alto Maipo Hydroelectric Project instead became a cautionary tale of environmental destruction, human rights violations, and massive financial fallout. Built in an already climate-vulnerable watershed, the project accelerated desertification, depleted glaciers, and disrupted river flows — threatening the water security of millions in Santiago.¹ Despite fierce opposition from environmental groups and local communities, including leaders from Ecosistemas and Coordinadora Ciudadana No Alto Maipo (CCNAM), the project moved forward with backing from the International Finance Corporation (IFC) of the World Bank, the Inter-American Development Bank (IDB), and the Overseas Private Investment Corporation (OPIC), reinforcing systemic failures in development finance.

With legal challenges proving ineffective, activities pivoted to a strategic campaign targeting investors and financial institutions. Drawing from past successes — such as the Pangué/Ralco case,² where Chilean leaders and CIEL's³ advocacy helped establish the IFC's independent accountability mechanism, the Compliance Advisor Ombudsman (CAO) — they leveraged international advocacy, media exposure, and Independent Accountability Mechanism (IAM) complaints to pressure Alto Maipo's financiers. This multipronged approach forced key investors to divest and spurred landmark reforms at development finance institutions (DFIs), including IFC's Remedial Action Framework and Responsible Exit Approach.⁴ Yet, despite these victories, the affected communities in Chile remain without remedy, bearing the long-term consequences of a flawed and reckless development model.

The Maipo River flows through the landscape years before the impacts from Alto Maipo construction. Legal strategies and persistent advocacy to protect the Maipo region challenged financing of the project to demand enforcement of environmental and social protections.
© Carla García Zendejas



Rewriting the Rules: Lessons in Accountability from Alto Maipo

The Alto Maipo case and other emblematic struggles have driven transformative reforms in development finance. Advocacy efforts not only led to improvements in IAMs but also spurred policy changes at IFC and the IDB — setting new precedents that will continue to shape the operations of DFIs for years to come. However, these hard-won reforms have come at a steep cost as communities continue to suffer from the environmental destruction and social harms caused by problematic development decisions that are often shortsighted, poorly regulated, or driven by corporate interests. The challenge is ensuring these reforms translate into effective accountability and remedy for those most affected.

①

Accountability Beyond Investment: DFIs Must Remedy Harm

Ensuring accountability means not just preventing harm but addressing the damage done. When DFIs finance harmful projects, they must also be part of the solution. The Alto Maipo case reinforced this principle, pushing IFC and the IDB toward developing concrete remedy policies based on international legal standards.⁵

②

Responsible Exit: Leaving Without Leaving Harm

DFIs must exit projects responsibly, ensuring their departure does not worsen environmental or social harm. Exits should be **planned in collaboration with affected communities**, addressing ongoing impacts rather than abandoning them. CIEL and its partners' years of advocacy, reinforced by the Alto Maipo and other emblematic cases, led to the IFC's adoption of a formal Responsible Exit Approach.⁶

③

Justice Beyond Courts: IAMs Must Investigate Fully

The **repeal of the legal exclusion clause at the MICI**, driven by Alto Maipo advocacy, was a critical victory — **ensuring that affected communities can seek accountability regardless of parallel legal proceedings**. IAMs are not courts, and blocking investigations due to ongoing litigation undermines human rights.

④

Reform Is Insufficient: DFIs Must Address Past Harm

The Alto Maipo case drove policy improvements at IFC, including remedy and responsible exit. But DFIs cannot stop at reform — they must also **take responsibility for the ongoing environmental and social harm caused by past projects**, ensuring effective accountability for affected communities long after project closure.

5

DFIs Must Enforce Accountability, Not Enable Harm

Proper monitoring and accountability are essential to prevent DFIs from becoming complicit in harm. DFIs have leverage over their clients and must use it to prevent harm — not reinforce it. IFC and the IDB failed to act on Alto Maipo's risks, instead refinancing a failing project and enabling unchecked environmental damage, social harm, and even cyber surveillance of activists.

6

Due Diligence: More Than a Checkbox

True due diligence must go beyond procedure — it must drive **true accountability and harm prevention**. DFIs often tout environmental and social due diligence as a safeguard, yet in Alto Maipo, they failed to act on it meaningfully. By relying on flawed assessments and ignoring climate change risks, DFIs enabled a project doomed by faulty design and deficient planning.



Sign at the entrance to El Alfalfal, a community profoundly impacted by the Alto Maipo Hydroelectric Project. Once promised progress, residents instead faced displacement, isolation, and the erosion of basic rights. The sign stands as a stark symbol of the unfulfilled commitments and environmental injustice at the heart of this case.

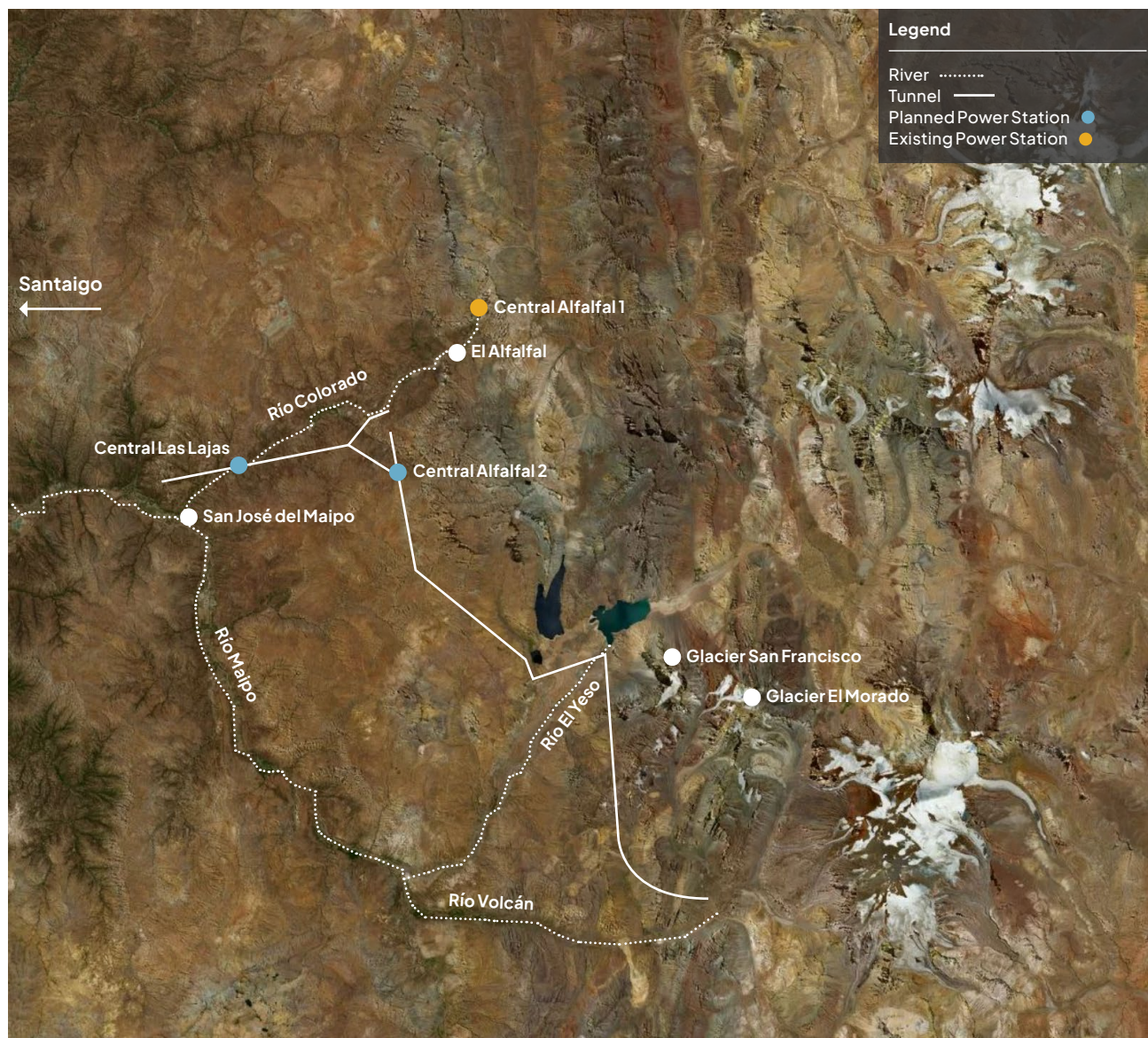
© Francisco López Cruces

The Alto Maipo Project

The Alto Maipo Hydroelectric Project, a large-scale run-of-the-river initiative in Chile's Maipo River Valley (approximately 50 kilometers southeast of Santiago, Chile), was intended to generate hydroelectric power by diverting water through a 70-kilometer tunnel system bored through the Andes Mountains.⁷ Developed by AES Gener, a subsidiary of US-based AES Corporation, in partnership with Antofagasta Minerals, the project secured financing from IFC, the IDB, and OPIC (now the US International Development Finance Corporation [DFC]), alongside private lenders, including Corpbanca (Chile), Banco Itaú Chile, KfW Ipex-Bank (Germany), and DNB Bank ASA (Norway).

Map of the Cajon del Maipo

Map of the Alto Maipo Hydroelectric Project, highlighting the extensive network of diverted rivers, affected communities, underground tunnel systems, and both planned and existing power stations. This infrastructure transformed the Maipo River basin, threatening ecosystems and water access for millions while sparking one of Chile's most significant environmental justice movements.



Despite its high-profile backers, the project quickly became a notorious example of poor due diligence and financial mismanagement. Originally estimated at \$600 million,⁸ which soared to \$3.4 billion⁹ due to engineering failures,¹⁰ tunnel collapses,¹¹ and miscalculated geological risks.¹² Today, operations remain offline due to tunnel collapses, with no expected restart until 2026, leaving over 100 kilometers of the Maipo River valley severely impacted by water diversion.¹³

Beyond financial instability, Alto Maipo posed grave environmental and human rights risks. For decades, communities stressed the potential impacts on the Maipo watershed, its aquifers, and glaciers, jeopardizing the water supply for the population of Santiago. These concerns were heightened by worsening climate change, as rising temperatures accelerated glacier melt, prolonged droughts, and intensified water scarcity¹⁴ — making the project’s environmental risks even more severe.

Today, affected communities continue to bear the social and environmental costs of a project that was fundamentally flawed from the outset. Despite these early warnings from communities and environmental advocates, DFIs proceeded with financing, disregarding the critical consequences for human rights, undermining the right to water, local livelihoods, the right to a healthy environment, freedom of movement, the right to property, and the right to housing.

“ Today, affected communities **continue to bear** the social and environmental costs of a project that was fundamentally flawed from the outset.

Climate Chaos and Human Rights Violations

The Alto Maipo project has worsened water scarcity, environmental degradation, and economic instability, threatening the rights to water, food, housing, and work. By diverting key water sources and ignoring climate risks, the project has harmed ecosystems and livelihoods, particularly in San José del Maipo and surrounding communities in the Maipo Valley. The following list details some of the **project’s severe climate and human rights consequences**, underscoring the urgent need for accountability and remedy.

Right to water: The Alto Maipo project has severely disrupted the Maipo River basin, jeopardizing the drinking water supply for over seven million people in Santiago, Chile, and the surrounding Metropolitan Region.¹⁵ By diverting key tributaries (i.e., the Yeso, Volcán, and Colorado Rivers), the project has intensified water scarcity, worsened by a decade-long drought¹⁶ and exacerbated climate impacts such as glacier melt,¹⁷ desertification, and extreme weather events.¹⁸ In 2019, the Chilean government declared a water emergency, and by 2023, reports confirmed that the Maipo River no longer reached the ocean due to historically low water levels.¹⁹ Additionally, inadequate environmental assessments²⁰ overlooked the full risks of climate variability, desertification, and groundwater depletion — further endangering the long-term resilience of the region’s water systems and threatening the well-being of its largest population.

Right to food: The Maipo River and its tributaries are vital for both drinking water and agriculture, supplying nearly 90 percent of irrigation water for over 120,000 hectares of farmland.²¹ The Alto Maipo project's diversion of key water sources has significantly reduced river flow, jeopardizing diverse crops, vineyards, and local food production. This threatens a critical sector of Chile's economy and directly impacts food security for residents of the Metropolitan Region.²²

Right to work: The Maipo River Valley is a major tourist destination in central Chile, attracting around two million visitors annually²³ and sustaining local livelihoods through ecotourism and adventure tourism. However, the Alto Maipo project's diversion of key water sources has disrupted these industries, threatening job opportunities and the economic stability of communities that rely on the river's environmental integrity and natural beauty to attract visitors.²⁴

Right to adequate housing: The Alto Maipo project has severely impacted the community of El Alfalfal, where AES Gener constructed a reservoir without assessing its environmental or social consequences.²⁵ Initially denying that relocations would be necessary, the company later agreed to move some residents,²⁶ promising financial compensation and legal support, yet these commitments remain unfulfilled as of July 2023.²⁷ Meanwhile, a high perimeter wall built to reduce dust, noise, and light pollution has instead isolated the community, restricting residents' movement and access. The destruction of landscapes, forests, and the river has further disrupted daily life, fueling deep divisions between those who accepted relocation deals and those who resisted the project.²⁸

Gender impacts: The major influx of a transient, predominantly male workforce that flooded Alfalfal and Maitenes villages during the Alto Maipo project's construction repeatedly surfaced as a major concern, fundamentally disrupting social dynamics and leaving local women and girls particularly vulnerable to increased risks of harassment and insecurity.²⁹ This floating labor population strained community resources, heightened gender-based vulnerabilities, and exacerbated social tensions. Despite these foreseeable impacts, no meaningful safeguards were put in place to protect women's rights or mitigate the social consequences of this large-scale project.

In the highlands of Cajón del Maipo, families gather near glacial streams that have sustained life for generations. As climate change accelerates glacier loss, the Alto Maipo project has further endangered these vital waters, threatening both ecosystems and human rights.
© Photo by Pablo Melo



The Role of DFIs: A Broken Promise

DFIs exist to drive economic growth, reduce poverty, and improve lives. Even their private-sector arms, such as — IFC and IDB Invest — pledge to fund projects that foster inclusive growth and sustainable development. Yet, too often, these investments fail those who they claim to help.

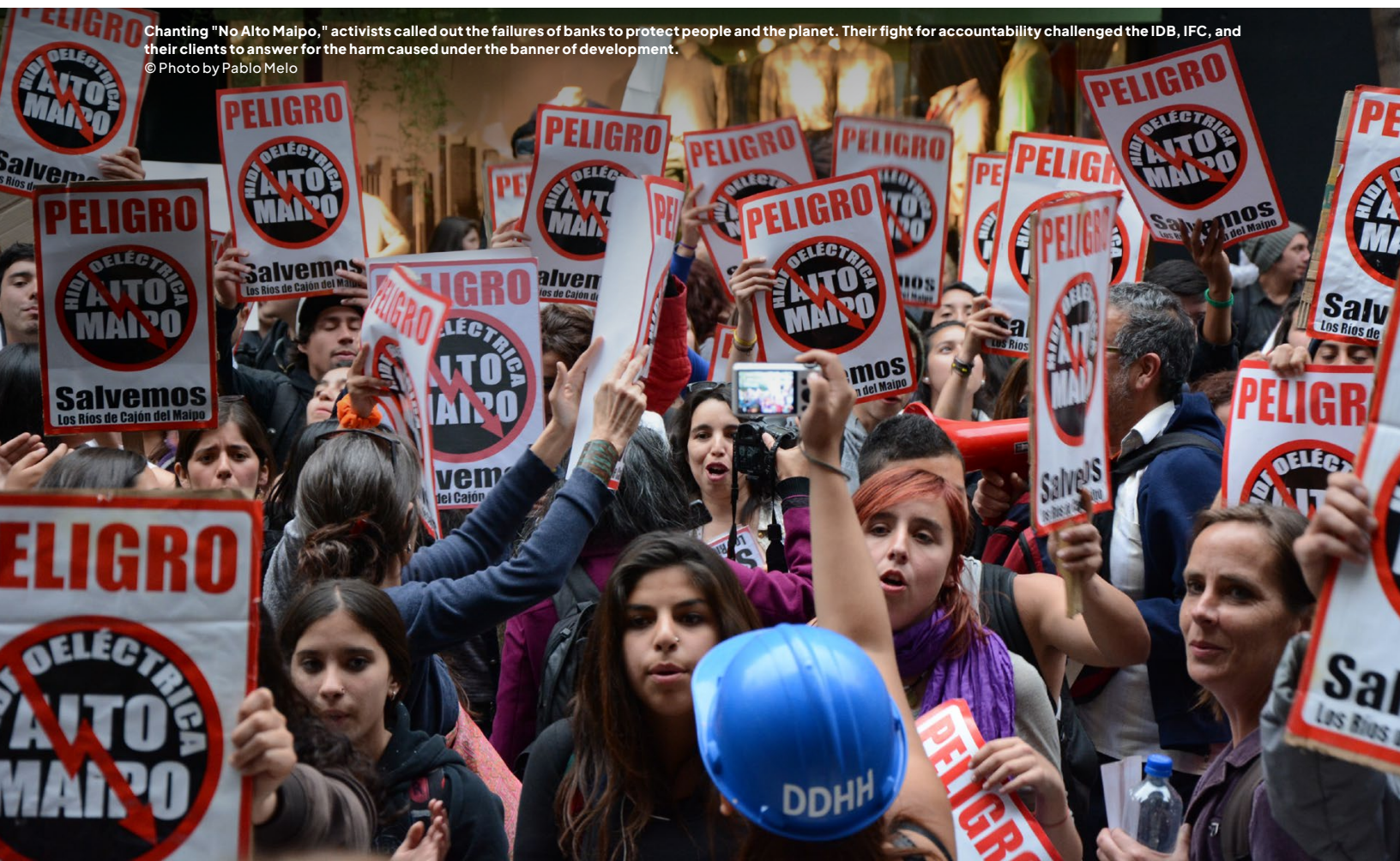
Alto Maipo is a stark example. Backed by IFC, the IDB, OPIC, and many other financial institutions, the project promised prosperity, boasting plans to quadruple the region's energy supply.³⁰ Instead, it has failed to generate power,³¹ leaving environmental destruction, economic instability, and water insecurity in its wake. In fact, the supposed benefits were never intended for local communities — the increased energy supply was always destined for industrial use — while those most vulnerable to the project's environmental and human impacts continue to bear the cost.

Community Organizing: Defending the Environment and Communities

Founded in 2007, CCNAM emerged in direct response to the Alto Maipo project, mobilizing a broad coalition to protect the Maipo watershed, a vital source of water for Santiago. For 18 years, Chilean citizens have opposed the project — well before construction began — since the initial Environmental Impact Assessment was published.³² Legal battles, mass protests, and advocacy campaigns all warned of the project's devastating economic, social, and environmental consequences. Under the rallying cry, “No Alto Maipo!” tens of thousands of people and over 100 organizations united to demand the project's cancellation and safeguard the Maipo River basin.³³

Chanting “No Alto Maipo,” activists called out the failures of banks to protect people and the planet. Their fight for accountability challenged the IDB, IFC, and their clients to answer for the harm caused under the banner of development.

© Photo by Pablo Melo



For decades, Ecosistemas, a Chilean nonprofit leading environmental movements and defense, has protected critical ecosystems, watersheds, and rivers against the social and environmental impacts of industrial and hydroelectric projects. Ecosistemas stood against projects such as HidroAysén³⁴ in the Baker and Pascua Rivers and Mediterráneo in the Pueblo River in northern Patagonia. Previously known as Grupo de Acción por el BioBío,³⁵ Ecosistemas continues to work with activists and Indigenous Pehuenche peoples in defense of the BioBío River to protect Chile's magnificent Patagonia from destructive dam projects. CCNAM and Ecosistemas joined together against the Alto Maipo Hydroelectric Project.

Despite their efforts, AES Gener, Strabag, and four successive governments dismissed these concerns, allowing the project to proceed. In response, CCNAM and Ecosistemas took their fight to multiple international forums, exposing Alto Maipo's failures and seeking accountability from its financial backers. Communities also denounced the lack of transparency and inadequate consultation,³⁶ arguing that the project violated the precautionary and preventive principles outlined in Chilean environmental law — a battle that continues today.

Accountability and Recourse: The Role of IAMs

After decades of advocacy by civil society organizations and project-affected people, DFIs established IAMs to provide recourse for communities harmed by DFI-financed projects. In 1993, CIEL and partners played a key role in creating the World Bank's Inspection Panel, the first IAM, followed by contributions to the creation of the CAO in 1999, which serves as the accountability mechanism for IFC and the Multilateral Investment Guarantee Agency (MIGA).³⁷ Similarly, the IDB created the current version of the MICI in 2010, offering an independent forum for communities to address environmental and social grievances. These mechanisms became critical avenues for communities affected by Alto Maipo, allowing them to challenge the IDB and IFC's involvement in the project.

Strabag, a key contractor in the Alto Maipo project, came under increased scrutiny as affected communities filed complaints at the CAO and MICI to hold financing banks and their clients accountable for the project's environmental and social harms.
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Strategic Complaints at the CAO and MICI: A Shift in Expectations

CIEL recommended that Ecosistemas and CCNAM file complaints simultaneously at the CAO (IFC) and MICI (IDB) to strengthen accountability efforts in Washington and leverage both mechanisms for domestic advocacy in Chile. The goal was to expose the role of two major development banks in backing the controversial project and push Chilean authorities to reconsider their decisions. CIEL knew that IAMs would seek to coordinate if complaints pertained to projects cofinanced by their respective development banks. At the time, the CAO was perceived as the stronger and more effective IAM, and it was expected to take the lead in ensuring accountability while pulling the MICI into a more robust investigation. However, the opposite occurred due to a severely weakened CAO resulting from growing tensions between the CAO and IFC management stemming from controversy around other ill-fated IFC projects and the fallout from the *Jam v. IFC*³⁸ litigation. Unexpectedly, the MICI took the lead in these parallel complaint processes, generating greater momentum for a much more opaque and limited accountability process.³⁹

The historic *Jam v. IFC* lawsuit filed on behalf of Indian fisherfolk in US courts left an indelible mark on all DFIs. The accountability and remedy sought by fisherfolk failed completely when IFC dismissed the findings of the CAO, as it had done in many earlier complaints. However, in this case, communities decided to sue the IFC, taking their demands to the US District Court for the District of Columbia — something previously deemed impossible. In 2019, after the Supreme Court ruling in the *Jam v. IFC* case, IFC and the World Bank had to come to terms with a decision that quashed the perception that immunity from litigation was absolute. Consequently, the claim of being immune to legal liability for noncompliance at IFC and throughout DFIs was finally put to rest while also leading to a series of divestments and decisions that appeared to be merely reactive at this time.

In the Alto Maipo case, the CAO's diminished role was compounded by the fact that IFC would be exiting the project in 2018, limiting the scope of the CAO's compliance investigation considerably. Despite the opportunity to hold financiers accountable, compliance investigations at both the MICI and CAO were narrow in scope, leading to weak recommendations and management action plans (MAPs) that failed to address core environmental and social harms. The **MICI's legal exclusion clause**⁴⁰ further limited the investigation, excluding key issues — such as water access and availability — that were subject to ongoing litigation in Chile.⁴¹ The result was an impaired CAO and a restricted MICI process, ultimately failing to deliver meaningful redress for affected communities.

In the Cajón del Maipo, a warning sign marks unstable terrain — a literal and symbolic boundary. As communities faced mounting risks, their complaints to the MICI and CAO revealed how institutional barriers and narrow investigations left the most critical harms off-limits.

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The Legal Battle Over Alto Maipo: A Timeline of Complaints and Accountability

Key



Event is part of complaint process at the Independent Consultation and Investigation Mechanism (MICI) of the IDB or has direct bearing on the case.



Event is part of complaint process at the Office of the Compliance Advisor/Ombudsman (CAO) of IFC or has direct bearing on the case.



Event pertains to the IDB's actions and operations within the Alto Maipo project or to policy decisions and institutional shifts during this period.



Event pertains to IFC's actions and operations within the Alto Maipo project or to policy decisions and institutional shifts during this period.

October 2013

IDB Board Approves Loan for Alto Maipo SpA, a Subsidiary of AES Gener, SA

IFC Board Approves Loan for Alto Maipo SpA, a Subsidiary of AES Gener, SA

2014

Construction Begins

September 2015

Ecosistemas and CCNAM Advocacy Mission to Washington, DC
Chilean leaders travel to Washington, DC to meet with IDB management, the MICI, and the CAO. CIEL hosts the group, joins meetings, and begins collaborating on strategies and possible case filing.

January 2017



Complaint Filed at the MICI
Ecosistemas and CCNAM, with CIEL, file complaint at the MICI offices.



Complaint Filed at the CAO
Ecosistemas and CCNAM, with CIEL, file complaint at the CAO offices.

March 2017



Refinancing the Alto Maipo Loan
IFC and IDB restructure loan to Alto Maipo SpA due to \$2.5 billion cost increase projections.ⁱ



CAO Complaint
Declared Admissible

April 2017



MICI and CAO Joint Mission
to Santiago and the Cajon del Maipo

May 2017



MICI Complaint
Declared Admissible

October 2017



CAO Publishes
Evaluation Report

May 2018



IFC Exit
IFC withdraws its investment from the project.

Budha Ismail Jam, et al v. International Finance Corporation (Jam v. IFC)
US Supreme Court grants certiorari, thus agreeing to hear the *Jam v. IFC* case.

June 2018



IDB Board Finally Approves Compliance Verification Phase
The MICI is allowed to move forward with its investigation more than a year after the case was filed.

August 2018



Complainants Learn of IFC Divestment from CAO.

December 2018



MICI and CAO Joint Investigation Mission to the Cajon del Maipo

February 2019



Jam. v. IFC Ruling
US Supreme Court rules that the World Bank does not have absolute immunity from litigation.

June 2019



Review of IFC/MIGA Accountability System
After growing tensions surrounding the *Jam* case and calls for accountability on numerous unresolved community complaints, the Boards of the IFC and MIGA request an external review of the entire environmental and social accountability system at IFC and MIGA, as well as the CAO's Role and Effectiveness.

Major Changes at IFC After Jam v. IFC Ruling
The IFC CEO announces structural and operational changes to strengthen Environmental and Social Governance at IFC, including integrating ESG Advice and Solutions with Operations and creating a new E&S Policy and Risk department reporting directly to the CEO.

April 2020



New IDB Invest Environmental and Social Sustainability Policy Approved by IDB Board
After CIEL and partner advocacy around Alto Maipo and other emblematic cases, the policy contains sections on contextual risk, zero tolerance on reprisals, and stronger language on access to information and Indigenous rights.

June 2020

MICI

The MICI Publishes Compliance Verification Report and Board Requests a Management Action Plan (MAP)

August 2020

IFC

Publication of the External Review of IFC/MIGA E&S Accountability, Including the CAO's Role and Effectiveness Report and Recommendations. Review recommends the creation of an IFC/MIGA framework for Remedial Action and the establishment of the principle that IFC/MIGA contribution to harm triggers an obligation for their contribution to remedy.ⁱⁱ

September 2020

IDB

New IDB Environmental and Social Policy Framework Approved by IDB Board After CIEL and partner advocacy around Alto Maipo and other emblematic cases, the policy contains a commitment to respect the rights of access to information, participation, and justice regarding environmental issues, referencing the Escazú Agreement, including sections on contextual risk and zero tolerance on reprisals, among others.

October 2020

MICI

IDB Board Approves MAP
Joint IDB-IDB Invest MAP created to address MICI recommendations.

April 2021

IDB

OVE's Evaluation of the MICI Published
OVE uses Alto Maipo in reasoning for several recommendations, including the repeal of the legal exclusion clause.

CAO

Indirect IFC Stake in Alto Maipo Identified
Complainants learn that IFC retains an equity investment in Itaú Corpbanca, a financial intermediary. Itaú Corpbanca, in turn, has an active investment in Alto Maipo.

July 2021



Repeal of Legal Exclusion Clause
in MICI Policy Takes Effect



New CAO Policy
Takes Effect

September 2021



CAO Compliance Investigation
Report with MAP Published

November 2021

Cyber Espionage of CCNAM Spokesperson
and Activists Revealed

AES Corp Subsidiary Alto Maipo SpA Files for Bankruptcy in Delaware Citing Climate
Change as a Factor for Financial Problems

February 2022



IDB Divests from the
Alto Maipo Project

November 2022



MICI Publishes MAP
Monitoring and Case Closure Report

January 2023

Maipo River No Longer Flows into the Oceanⁱⁱⁱ

Chilean Government Files Charges Against Alto Maipo for Environmental Violations
Environmental regulator claims violations for failure to build required
infrastructure and shirking environmental obligations.^{iv}

May 2023



CAO Omnibus Monitoring Report Published^v

CAO decides to continue monitoring three systemic-level actions from IFC's MAP after closing project-level actions even though complainants assert that actions did not resolve project impacts.^{vi}

October 4, 2024



IFC Approach to Responsible Exit Published

After years of CIEL and partner advocacy around Alto Maipo and other emblematic cases, IFC Board establishes guidance for exiting projects without exacerbating harm and affording remediation measures.

April 3, 2025



IFC/MIGA Remedial Action Framework is Approved

The Boards of Directors of IFC and MIGA approve the Remedial Action Framework for implementation on an interim basis, marking a historic policy shift to ensure accountability and remedy for communities harmed by development finance projects.

Note: The timeline has been developed based on the information contained in and supporting the complaints filed before the MICI and the CAO.

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- ii. World Bank Review Team, External Review of IFC/MIGA E&S Accountability, Including CAO's Role and Effectiveness (World Bank, 2020), 60, <https://pubdocs.worldbank.org/en/578881597160949764/External-Review-of-IFC-MIGA-ES-Accountability-disclosure.pdf>.
- iii. "Río Maipo: Otro río que no llega al mar," Ladera Sur, opinión, February 14, 2023, <https://laderasur.com/articulo/opinion-rio-maipo-otro-rio-que-no-llega-al-mar>; Maria del Mar Parra, "Río Maipo: la delicada situación del río que ya no logra llegar al mar," El Desconcierto, January 28, 2023, <https://eldesconcierto.cl/2023/01/28/rio-maipo-la-delicada-situacion-del-rio-que-ya-no-logra-llegar-al-mar>; "The Abuse of the Maipo River Watershed that No Longer Reaches the Sea, Patagon Journal, April 30, 2023, https://www.patagonjournal.com/index.php?option=com_content&view=article&id=4457%3Ael-abuso-de-la-cuenca-del-rio-maipo-que-ya-no-llega-a-la-mar.
- iv. "Chilean Regulator Charges AES Power Plant with Environmental Violations," Reuters, January 26, 2023, <https://www.reuters.com/business/energy/chilean-regulator-charges-aes-power-plant-with-environmental-violations-2023-01-26>.
- v. CAO, Compliance Monitoring: Omnibus Case Report: Q4, 2023 (CAO, 2023), https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Omnibus%20Monitoring%20Report%20May%202023_0.pdf.
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Legal Challenge Before the MICI and CAO: The Push to Hold Investors and Developers Accountable

In January 2017, CCNAM and Ecosistemas, with the support of CIEL, filed two complaints, one before the MICI and one before the CAO, highlighting the violations of IDB and IFC policies by the financial institutions and developers of the Alto Maipo project. The complaints⁴² exposed failures in environmental and social impact assessments, particularly regarding water security, climate change, and local livelihoods. They also raised serious concerns about transparency, inadequate public participation, and the project's long-term socio-environmental consequences.

A core issue was the project's failure to assess its full hydrological impact — affecting not only the Maipo River basin but also Santiago's drinking water supply. The cumulative effects of climate change were ignored in the Environmental Impact Study⁴³ despite being the central zone of Chile's record eight consecutive years of drought⁴⁴ and increasing desertification, which had already led to a 37 percent reduction in river flow.⁴⁵ Additionally, the project lacked transparency, with critical construction, energy production, and environmental impact data withheld from public access.

“ The complaint also exposed how affected communities were systematically **excluded from decision-making**.



The complaint also exposed how affected communities were **systematically excluded from decision-making**. Residents faced significant barriers in accessing clear and official information about the project's expected electricity production, destination, environmental and social impacts, construction timelines, and total investment. Despite thousands of public comments⁴⁶ submitted during the environmental assessment process, key concerns — including threats to water availability, tourism, and agriculture — were largely ignored. Local water user associations⁴⁷ (*canalistas*⁴⁸) and other key stakeholders were never consulted, cutting off vital knowledge and input from those directly affected. Instead, the conflict culminated in court, where financial settlements were used to silence opposition,⁴⁹ reinforcing patterns of corporate impunity.

Another critical failure of the project was its disregard for **biodiversity protection and responsible resource management**. The Upper Maipo River Basin, a unique high-altitude ecosystem, contains four priority biodiversity conservation sites spanning 126,662 hectares⁵⁰ — areas designated for their ecological importance. Yet, the same authorities who established such protections approved the Alto Maipo project despite its severe environmental and social impacts. The project endangered fragile glacial ecosystems, diverted water more than 100 kilometers downstream,⁵¹ and proceeded without hydrogeological studies. Key habitats for species such as the torrent duck (*Merganetta armata*) and the Andean condor (*Vultur gryphus*) were overlooked, while the extensive use of explosives in tunnel construction accelerated glacier degradation,⁵² further destabilizing the region. Independent estimates warned that tributary flows could be reduced by 60 to 90 percent,⁵³ exacerbating Chile's escalating water crisis and threatening long-term ecological resilience. By failing to reconcile the project's approval with Chile's own environmental protections and international legal obligations concerning biodiversity, water security, and climate adaptation, both the project developers and responsible authorities disregarded fundamental environmental law principles, including the precautionary and preventive principles enshrined in international and domestic frameworks.

The Alto Maipo Hydroelectric Project introduced severe and inadequately assessed social, economic, and environmental risks to the communities of Cajón del Maipo. Explosions, noise, vibrations, traffic, and pollution jeopardized public health and safety,⁵⁴ while the influx of nearly 3,800 external workers contributed to rising crime, gender-based violence, and social tensions.⁵⁵ The project also disregarded the socioeconomic fabric of Cajón del Maipo, where tourism, outdoor sports, and traditional activities sustain the majority of livelihoods,⁵⁶ placing these long-term economic drivers at risk for short-term, speculative financial gain. This case exemplifies the broader phenomenon of sacrifice zones, where corporate and financial actors, supported by DFIs, push projects forward despite clear evidence of social harm and environmental degradation, in contravention of both international human rights law and environmental justice standards.

By filing these landmark complaints, communities sought accountability for the environmental and human rights violations that financial institutions and their clients contributed to, urging the MICI and CAO to intervene. However, in the case at the MICI, the mechanism's legal exclusion clause severely restricted the investigation, excluding key issues under litigation in Chile. This weakened the scope of the compliance review, ultimately failing to deliver justice to affected communities. A similar situation occurred at the CAO due to IFC's exit from the project, which limited the scope of its compliance investigation.

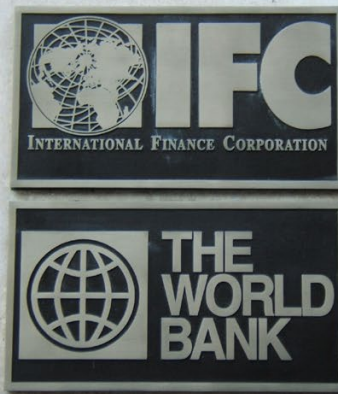
“ This case exemplifies the broader phenomenon of sacrifice zones, where corporate and financial actors, supported by DFIs, push projects forward despite **clear evidence of social harm and environmental degradation**, in contravention of both international human rights law and environmental justice standards.

Corporate Surveillance and Environmental Defenders' Rights Violations in Alto Maipo

Between February and August 2020, AES Andes — the Chilean subsidiary of US-based AES Corporation — contracted \$3 million in “cyber-intelligence” services to monitor and infiltrate environmental defenders and community leaders opposing the Alto Maipo Hydroelectric Project. As revealed in an investigative report by Interferencia in November 2021,⁵⁷ these services included real-time monitoring of social media activity, infiltration of WhatsApp groups, and the collection of personal data — including addresses, phone numbers, identification numbers, family information, and political affiliations. Activists such as Marcela Mella Ortiz, CCNAM spokesperson, and her family — including her minor daughters — were targeted.⁵⁸

These revelations are particularly alarming given the entrenched patterns of persecution, harassment, and criminalization faced by environmental and human rights defenders across Latin America. In many cases, defenders' family members — including minors — are deliberately targeted with threats, intimidation, and invasive surveillance to coerce defenders into abandoning their work protecting land, water, and communities. The cyberespionage directed at Alto Maipo's critics is not an isolated incident but part of a well-documented regional trend of corporate and State-backed reprisals against those who speak out against harmful development projects. Notably, such conduct directly contravenes the principles and obligations enshrined in the **Escazú Agreement**,⁵⁹ the first legally binding regional treaty that explicitly recognizes the right to defend the environment and mandates State protection for environmental defenders. These incidents underscore the urgent need for robust, enforceable protections under Escazú to prevent the escalating cycle of intimidation and violence targeting those who stand in defense of human rights and the environment in the most dangerous region in the world. The corporate espionage tactics employed in the Alto Maipo case represent a chilling violation of these emerging regional legal norms and existing human rights standards, including IFC and IDB zero-tolerance retaliation policies.

In response, 27 members of Chile's Constitutional Convention condemned the surveillance, calling on AES Andes to publicly explain its actions,⁶⁰ while the mayor of San José de Maipo expressed solidarity with the affected defenders and demanded that AES Andes immediately cease such practices.⁶¹ There is an urgent need for corporate accountability frameworks that explicitly prohibit the use of surveillance to suppress opposition to environmentally harmful projects, particularly those funded or supported by DFIs.



Despite their development mandates, IFC and the IDB used legal loopholes to limit accountability. In the Alto Maipo case, the MICI's exclusion clause shielded key issues from review — leaving affected communities without redress.
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The MICI Investigation: Legal Loopholes Undermine Accountability

The Alto Maipo case stands as a stark example of how procedural loopholes can systematically undermine the purpose of independent accountability mechanisms, leaving affected communities without redress and enabling ongoing impunity for DFIs. The MICI's 2020 investigation report⁶² found that the IDB repeatedly breached its operational policies due to inadequate due diligence, oversight, and monitoring of its client, AES Gener's operations. Specifically, the MICI identified failures to properly assess gender-differentiated impacts arising from the influx of thousands of external construction workers,⁶³ evaluate how the project would affect recreational uses of the river (despite tourism being a primary economic driver of the region),⁶⁴ and consider impacts on the traditional activities of mule drivers.⁶⁵ Furthermore, the IDB failed to ensure meaningful consultation with affected communities, further weakening the project's social license and exacerbating community distrust. Despite these findings, the MICI's investigation suffered from critical omissions, primarily due to the application of the legal exclusion clause, as detailed in the section below.

While the MICI's recommendations included important language recognizing the need for remedial action and responsible exit guidelines, these acknowledgments were ultimately hollow. Ironically, the actions recommended within the IDB-approved Management Action (MAP) Plan were constrained precisely because the scope of the MICI's investigation had already excluded the very environmental and social harms that had triggered the complaint. Ultimately, the complainants decided not to engage as part of the MAP implementation and monitoring process, as they deemed the actions had absolutely no bearing on the environmental and social harms resulting from the project. Yet, one crucial MICI recommendation did render policy changes in the short term. The IDB called for the creation of a zero-tolerance gender-based violence policy⁶⁶ with structural measures, including training for bank staff and, most importantly, assurance that policy becomes a part of contractual conditions for operations approved by the IDB.

Although the MICI also called for the IDB to operationalize its **zero-tolerance commitment on reprisals**,⁶⁷ develop **concrete guidance on responsible exit**,⁶⁸ and **remedy its compliance process**⁶⁹ as a core outcome, none of these forward-looking reforms could compensate for the MICI's failure to investigate and resolve the most pressing harms inflicted on Cajón del Maipo communities and ecosystems. While we acknowledge that the Board and Management of the IDB are currently discussing how to create their own remedy and responsible exit frameworks, taking IFC's lead and their own failures into account, new measures and systems will have the most impact on future complainants and communities seeking accountability and remedy.



The MICI Legal Exclusion Clause

The Alto Maipo case exposed profound flaws in the IDB's accountability framework, particularly through the application of the legal exclusion clause set forth in IDB policy, which established the MICI in 2010.⁷⁰ This clause barred the MICI from considering issues under judicial or arbitral review in Chile, effectively excluding critical matters such as resettlement, economic displacement, public consultation failures, and the project's impacts on water access and environmental integrity from the investigation.⁷¹

At the time the complaint was submitted, two judicial proceedings related to the Alto Maipo project were ongoing in Chile and initiated by third parties. After reviewing publicly available documentation on these cases, the MICI determined that it would exclude from its investigation:

- Impacts on the sedimentation regime of the Maipo River⁷²
- Impacts related to the water rights of third parties⁷³

This exclusion effectively shielded the IDB Group from being held accountable for key aspects of the IDB's own environmental and social policies, leaving it safe from scrutiny and severely curtailing the MICI's ability to assess the Bank's compliance or recommend meaningful actions to achieve any type of remedy.

By shielding these essential issues from independent review, the clause enabled systemic accountability gaps, leaving affected communities without redress regarding crucial environmental impacts and rendering the resulting Action Plan⁷⁴ — the principal outcome of the complaint process — fundamentally inadequate.⁷⁵

Following sustained advocacy from communities and civil society organizations and based on findings from the IDB's Office of Evaluation and Oversight (OVE) in its 2021 report on the MICI,⁷⁶ the Alto Maipo case ultimately served as a catalyst for institutional reform recommending the clause be repealed. Consequently, the IDB Board of Executive Directors repealed the legal exclusion clause, eliminating a longstanding barrier to accountability that same year.⁷⁷ While this reform is a crucial step toward strengthening the MICI's effectiveness for future cases, it offers no remedy for the irreparable harm suffered by Chilean communities affected by Alto Maipo — underscoring the urgent need for retroactive accountability and effective redress processes when institutional failures and noncompliance are exposed.

From Direct Lender to Silent Partner: IFC's Continued Stake in Alto Maipo

The Alto Maipo project's financial history exemplifies the systemic opacity surrounding development finance, particularly where refinancing, financial intermediary investments, and divestment decisions are involved. Due to escalating cost overruns and severe engineering challenges, Alto Maipo's developers were forced to renegotiate their financing arrangements in 2016, ultimately securing loan restructures and additional funding from IFC and the IDB in 2017.⁷⁸ The refinancing agreements, far from signaling caution, reaffirmed institutional support and the illusion of viability for a project plagued by environmental, social, and technical risks.

However, in a move that caught communities and accountability advocates off guard, IFC abruptly sold its outstanding loan balance and formally exited the project in 2018 — curtailing its exposure just as the project's most severe impacts materialized.⁷⁹ IFC's premature exit functioned as a procedural loophole, limiting the scope of the CAO compliance investigation, which only covered IFC's actions up to May 2018.⁸⁰ By divorcing itself from direct financial involvement, IFC effectively shielded itself from ongoing accountability obligations despite its foundational role in underwriting and legitimizing the project. As a result, IFC sidestepped its responsibility, leaving critical findings of noncompliance by the CAO unresolved and communities without access to effective remedy.⁸¹

IFC's divestment, however, did not sever its financial entanglement with the project. When the CAO issued its Compliance Investigation Report in June 2021, the IFC still maintained equity investments in Itaú Corpbanca,⁸² a private-sector financier that continued to support Alto Maipo's construction. Moreover, IFC maintained a financial relationship with AES Corporation, the project's parent company.⁸³ This complex web of financial intermediaries obscured IFC's enduring role in enabling the Alto Maipo project, while project-affected communities were left unaware of IFC's ongoing influence through indirect financing. This deliberate fragmentation of financial accountability — facilitated through divestment strategies and intermediary investments — exemplifies how DFIs can use corporate restructuring to evade direct responsibility for project-related harms, leaving affected communities with no clear path to redress.

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Institutional Failures and Legal Breaches: Findings from the CAO Investigation

The CAO's September 2021 compliance investigation report into the Alto Maipo Hydroelectric Project revealed systematic failures by IFC to ensure adherence to its own Performance Standards⁸⁴ and Access to Information Policy.⁸⁵ The investigation found that IFC's adaptive management — particularly in a technically complex and environmentally sensitive project — led to significant lapses in oversight and failure to identify and mitigate environmental and social risks, resulting in noncompliance with IFC's Sustainability Framework. A core finding of the CAO was **IFC's failure to ensure affected communities had timely access to accurate project information**, significantly hindering their ability to participate in the project's development and mitigation processes meaningfully. Specifically, the CAO concluded that IFC violated its own 2012 Access to Information Policy⁸⁶ by relying on environmental and social assessments and supervision documents that were never disclosed to the public, depriving communities of critical information necessary to defend their rights and interests.

The CAO further identified that IFC failed to ensure adequate baseline studies and environmental modeling to assess the project's impacts on groundwater and glacier melt infiltration prior to construction.⁸⁷ Despite known weaknesses in baseline models, IFC allowed construction to proceed, relying instead on adaptive management techniques that proved insufficient to address impacts from tunnel flooding, potential groundwater contamination, and adverse effects on downstream ecosystems. The CAO also found that IFC failed to secure appropriate assessments of Alto Maipo's impacts on recreational river uses,⁸⁸ undermining compliance with Performance Standard 6⁸⁹ on biodiversity conservation. In terms of pollution, the CAO concluded that IFC failed to ensure adequate monitoring of air and noise pollution during project supervision,⁹⁰ resulting in noncompliance with both Performance Standard 3⁹¹ and the World Bank Group's Environmental, Health and Safety Guidelines.⁹²

Despite these extensive findings of noncompliance, IFC's MAP⁹³ issued in response to the CAO report provided no meaningful remedy to the affected communities. While acknowledging lessons learned, IFC's reliance on narrowly framed commitments — coupled with its early exit from the project — exemplifies the persistent accountability gap when DFIs disengage from harmful projects without establishing enforceable frameworks for remedy and responsible exit.

Bankruptcy and the Legal Aftermath of Alto Maipo

In November 2021, Alto Maipo Delaware LLC and Alto Maipo SpA — Chilean subsidiaries of US-based AES Corporation — filed for Chapter 11 bankruptcy protection in the US Bankruptcy Court for the District of Delaware.⁹⁴ This filing marked a pivotal legal development in the protracted controversy surrounding the Alto Maipo Hydroelectric Project, which had faced financial instability, environmental opposition, and societal conflict since its inception.

The bankruptcy proceedings resulted in AES Corporation relinquishing control over Alto Maipo, significantly altering the project's governance and financing structure. According to the company, the primary driver of this insolvency was the dramatic decrease in regional hydrology over the past decade — a trend long predicted by community groups and environmental experts, who repeatedly warned of the project's unsustainable reliance on diminishing water flows amid accelerating climate change impacts.⁹⁵

For over a decade, residents of Cajón del Maipo and members of CCNAM consistently raised concerns over the project's diversion of the Maipo River and its tributaries, which not only jeopardized agricultural and ecological stability but also compromised water access for downstream communities. These warnings were amplified in public hearings before other international financial institutions that invested in the project, including the OPIC,⁹⁶ now the DFC,⁹⁷ where affected communities highlighted the project's risks in the context of historic drought and ongoing climate change impacts.⁹⁸

The bankruptcy, while shielding AES and its subsidiaries from certain financial liabilities, has left critical questions unanswered about who will ultimately bear responsibility for the environmental and social harms caused by Alto Maipo. This legal limbo underscores the importance of ensuring that DFIs — including those that funded Alto Maipo — implement robust accountability and remedy frameworks, particularly in high-risk projects involving essential water sources.

In El Alfafal, a high perimeter wall separates residents from the Alto Maipo construction site. Promises of relocation and compensation were left unfulfilled, leaving community to face the project's negative legacy.
© Carla García Zendejas



Walking Away from Harm: The IDB's Exit and Failure to Ensure Remedy

The IDB's early exit from the Alto Maipo project in 2022 effectively foreclosed any meaningful opportunity for the Bank to ensure that environmental and social harms resulting from the project would be remediated. Despite well-documented violations and community grievances, the IDB's departure left affected communities without any clear path to remedy through the Bank's existing processes. For years, CIEL has witnessed a trend at DFIs, deciding to leave problematic projects amid accountability processes. For this reason, CIEL and community partners have continued to advocate at the IDB, IFC, and other development banks to create procedures and policies to inform and involve communities and ensure that decisions about exiting such projects are taken responsibly. The MICI reiterated this recommendation in its final monitoring report by emphasizing the need for the IDB Group to develop and implement guidelines regarding the different ways the Bank can exit a project while ensuring that the decisions to exit are based on the principles of responsibility and doing good beyond doing no harm.

Ultimately, the IDB's premature exit, absent any structured framework to safeguard against ongoing harms, exemplifies the wider **accountability and remedy gap in development finance** where financial institutions divest from high-risk projects without ensuring adequate safeguards or remedial actions for project-affected people.

The Alto Maipo case demonstrated the fact that the IDB needs to urgently develop and implement policies to provide remedy to communities harmed by its projects. The MICI recognized this need in its final monitoring report, emphasizing that actions taken in response to accountability mechanisms' findings should serve to repair harm when necessary.

The MICI's final monitoring report underscored the urgent need for the IDB Group to establish comprehensive responsible exit guidelines,⁹⁹ requiring that exit decisions be guided not only by financial considerations but also by principles of accountability, responsibility, and positive community outcomes. This reflects a broader pattern seen across DFIs, where exits from controversial projects are often undertaken without community consultation or a clear process to secure remedy for ongoing harms. In response to sustained advocacy from civil society — including CIEL and its partners — IFC has since published its long-awaited Approach to Responsible Exit,¹⁰⁰ with the Alto Maipo case serving as a critical example of why such policies are necessary. This represents a historic step for IFC, acknowledging its obligation to address environmental and social harms before withdrawing from projects it has financed. However, how IFC will implement its Responsible Exit policy remains unclear. CIEL and its partners will continue to press IFC to ensure this policy translates into concrete actions that prevent communities from being left worse off — turning commitments into reality.

“ The Alto Maipo case demonstrated the fact that the IDB needs to urgently develop and implement policies to provide remedy to communities harmed by its projects.



Catalyzing Reform: Reshaping DFI Accountability

The Alto Maipo Hydroelectric Project catalyzed important systemic reforms within IFC, the IDB, and other DFIs. It established the urgent need for DFIs to recognize that “do no harm” is insufficient where serious environmental and social harms have already occurred.

CIEL and its partners played a pivotal role in translating these lessons into concrete policy reforms at both the private and public lending arms of the IDB Group. When IDB Invest and the IDB finally approved their new environmental and social policies¹⁰¹ in 2020 and 2021, respectively, they incorporated key reforms directly informed by Alto Maipo and other cases CIEL has supported.

The Alto Maipo case has also contributed to broader accountability reforms beyond IFC. From 2019 to 2020, the entire environmental and social accountability system of IFC, MIGA, and the CAO underwent an external review. CIEL, partner organizations, and complainants provided practical case expertise and detailed recommendations informed by years of direct support for project-affected communities. These insights were not only shaped by CIEL's advocacy but also by the direct experiences of complainants and numerous civil society partners who were interviewed and actively contributed. Drawing from extensive experience accompanying communities in Nicaragua, Colombia, and Panama — along with insights from Chilean partners¹⁰² — this collective expertise served as a powerful argument for reform.¹⁰³ Implementing the external review's recommendations created the momentum for structural, policy, and operational reforms at IFC in the following years. This and ongoing advocacy by civil society organizations directly shaped the creation of IFC's Approach to Responsible Exit and, ultimately, the Remedial Action Framework. CIEL and its partners continue to engage with the IDB, IFC, and other DFIs to ensure these frameworks translate into meaningful protection and remedies in practice — not merely aspirational policy commitments.



The Maipo Valley endures. True accountability means protecting places like this and the communities who call them home.
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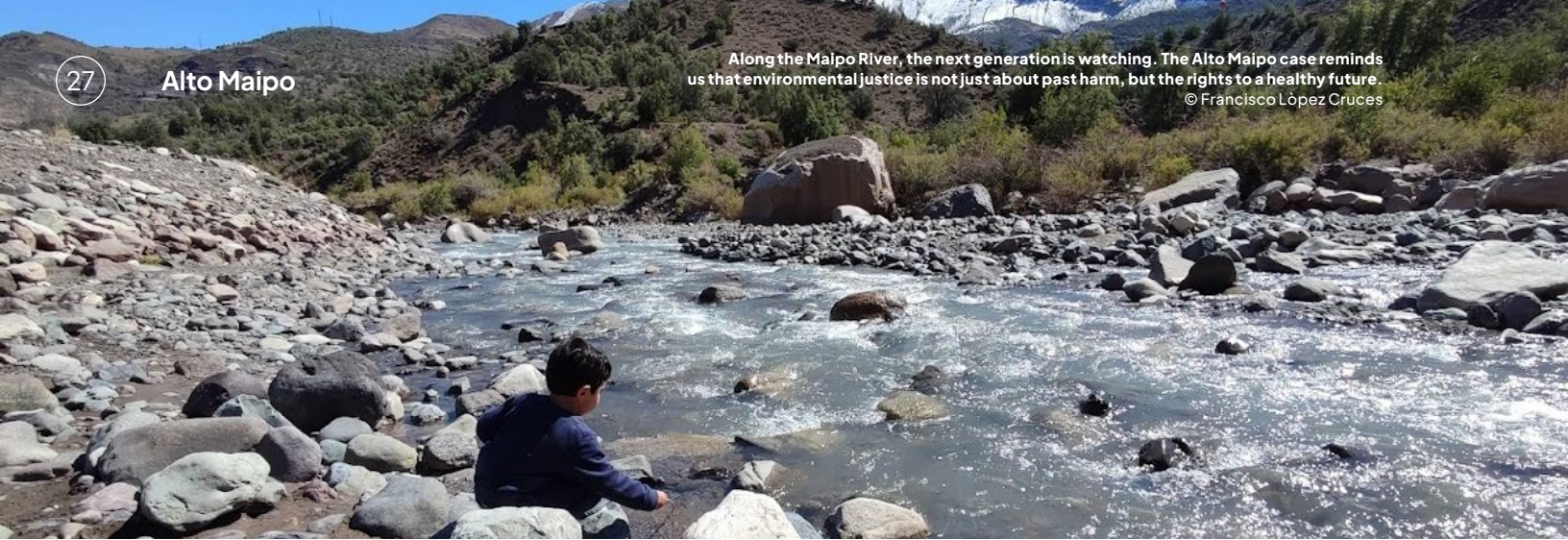
Conclusion: Strengthening Accountability in Development Finance

The Alto Maipo case serves as a sobering reminder of the profound and often irreversible harm that poorly conceived and inadequately regulated development projects can inflict on communities and ecosystems. The project also exposed how DFIs directly contribute to those harms, not only through flawed project financing but also through inadequate oversight and fragmented accountability processes.

Despite early warnings from communities and documented environmental risks — including threats to the drinking water supply for millions, destruction of critical ecosystems, and the displacement of local populations — neither the project developer nor the financing institutions took adequate action to mitigate these impacts. Instead, flawed environmental and social assessments, compounded by DFIs' hands-off approach, allowed the project to proceed unchecked. When communities turned to the accountability mechanisms of both IFC and the IDB, the very systems meant to deliver accountability failed them.

The MICI's application of its now-repealed legal exclusion clause arbitrarily excluded critical environmental and social issues from review, gutting the complaint's scope. The CAO, weakened by internal pressures and the chilling effect of the *Jam v. IFC* lawsuit, failed to step into the leadership role communities hoped for. As a result, IAM processes dragged on for years, producing procedural outputs divorced from the actual harms communities endure to this day.

After years of advocacy, Alto Maipo became a pivotal case pushing DFIs — particularly IFC and the IDB — to begin acknowledging their responsibility to provide remedy when their financing causes harm. However, these acknowledgments must now translate into robust, enforceable frameworks that **ensure Remedy and Responsible Exist are not afterthoughts but legal obligations from the moment financing is approved, not as relative measures after harms have occurred.** Implementing these new policies will undoubtedly present challenges, but putting them into practice — and, critically, learning from what remedy actually requires for affected communities — is the only path to ensuring that remedy is integrated into decision-making at every stage of the project cycle. This proactive approach is essential to prevent the kind of systemic failures witnessed in Alto Maipo, where fragmented oversight and delayed accountability left communities with irreparable harm and no meaningful path to justice.



Key Legal and Advocacy Lessons from Alto Maipo

1.

Communities Need Information to Prevent Irreparable Harm, and DFIs Must Have a Mandate to Remedy that Harm

One of Alto Maipo's starkest lessons is that access to redress, even when successful, may come too late. By the time complaints were filed, construction was well underway, and some environmental degradation — such as the damage to glaciers and water systems — was irreversible. Early engagement is essential to ensure that DFIs and accountability systems can still influence project design, approval, and implementation to avoid harm rather than simply documenting it after the fact. This is only possible if project-affected communities are fully informed of the role a DFI has in a project from the beginning and when these communities have been consulted and involved throughout the project cycle. Without transparency about development finance, the right to remedy will continue to elude those harmed.

2.

Affected Communities Should Not Be Experiments

The simultaneous filing of complaints at both the MICI and CAO was intended to maximize accountability, but Alto Maipo demonstrated that, even with inter-IAM coordination, parallel processes can lead to fragmentation and reduced impact. The complexity of the Alto Maipo case proved an opportunity for IAMs to ignore key environmental issues and prolong the process for six years, leaving complainants empty-handed after investing their time, effort, and goodwill. CIEL advises communities to carefully assess whether engaging simultaneously with multiple mechanisms could strengthen or undermine their efforts in seeking effective remedy.

3.

Mandates and Practice Must Evolve to Meet the Times and Reach International Standards

In Alto Maipo, communities sought remedy for direct harm, but the IAM processes were constrained to evaluating whether DFIs complied with internal policies. This disconnect left communities without meaningful relief, even when procedural violations and noncompliance were found. Now, referencing international principles related to business and human rights that are being embedded into DFI frameworks, new policies at the CAO¹⁰⁴ and other IAMs include mandates for recommending remedial actions for project-affected people who have experienced harm. The accountability systems, operations, and culture system will not change overnight, but knowledge of these new mandates is crucial for communities contemplating using them in their struggles.

4.

Management Action Plans at DFIs Must Evolve, but So Must Institutional Culture

In the past, DFI management's response to IAM findings was usually a source of contention, forcing project-affected communities to seek justice and remedy in highly politicized environments. New and upcoming remedial frameworks and responsible exit mandates can pave the way for MAPs that provide effective and time-bound remedy for communities; however, this can only occur if entire institutions are conscious of this evolution in ways that reflect on all DFI operations.

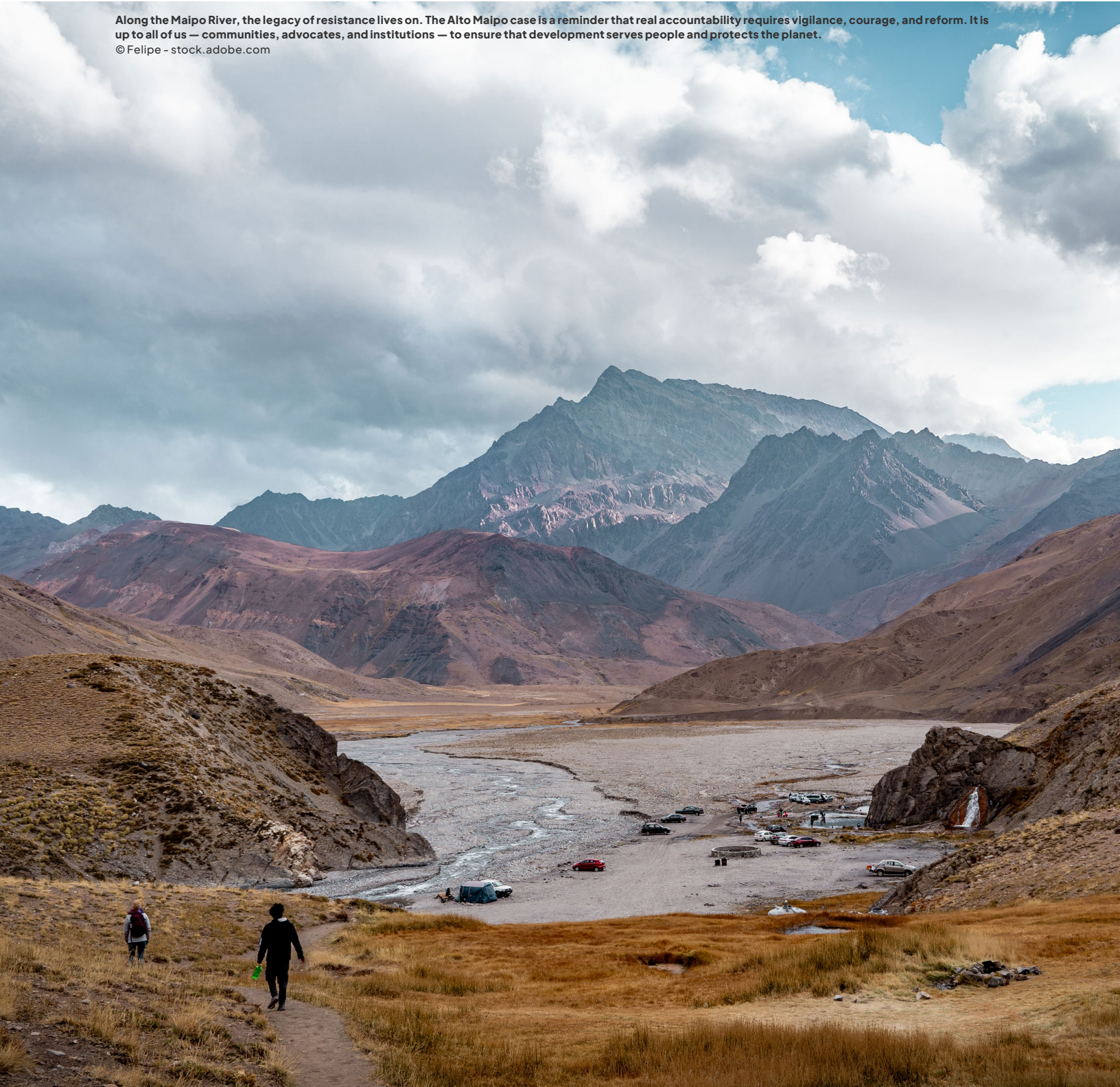
5.

Accountability Requires Multiple Legal Avenues Beyond IAMs

Alto Maipo underscores the importance of pursuing broad legal strategies that may or may not include the use of IAMs. Partners from CCNAM and Ecosistemas in Chile used domestic environmental litigation and advocacy well before collaboration with CIEL to support their IAM complaints. Additionally, requests CIEL filed at international human rights agencies and human rights treaty bodies on behalf of Chilean partners produced important results for their domestic advocacy.¹⁰⁵ All these should be considered complementary tools in challenging DFI-financed projects. There is no single path to remedy, particularly when IAM independence is undermined by internal pressures, limited policies, or political interference.

The irreparable damage inflicted by the Alto Maipo project — on the fragile Maipo watershed, the communities displaced and divided, and the human rights to water, health, and a healthy environment — should serve as a warning to both DFIs and the legal community. Development finance cannot continue externalizing environmental and human rights costs onto communities while shielding itself from processes seeking accountability and remedy from harm. Effective accountability requires remedy frameworks with binding and time-bound obligations, genuine enforcement, and a central role for affected communities in shaping the outcomes that affect their lives.

Along the Maipo River, the legacy of resistance lives on. The Alto Maipo case is a reminder that real accountability requires vigilance, courage, and reform. It is up to all of us — communities, advocates, and institutions — to ensure that development serves people and protects the planet.
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Alto Maipo:

A Fight for Justice, A Legacy of Harm



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