

Translation
(Original in Spanish)

**INTER-AMERICAN DEVELOPMENT BANK (IDB)
INDEPENDENT INVESTIGATION MECHANISM (IIM)
TERMOELÉCTRICO DEL GOLFO PROJECT (TEG)
TAMUÍN, SAN LUIS DE POTOSÍ, MEXICO**

FINAL REPORT OF THE INVESTIGATION PANEL

ADDENDUM

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Washington, D.C., 29 May 2003

Nature of the present clarification

The Chairman of the IIM Investigation Panel for the TEG project delivered the Panel's final report to the Board of Executive Directors of the Inter-American Development Bank on 16 May 2003. The President of the Bank received a copy of the written report on 21 February 2003. During the presentation, clarification was requested on various aspects of the report, and the Chairman offered to prepare an addendum, clarifying the following points:

1. Monitoring during construction

In the final report (page 9) *"The Panel concludes that IDB monitoring during construction was performed conscientiously and was partially successful in its attempts to solve some of the social problems created by construction of the thermoelectric plant, [sentence partially omitted]."*

[Paragraphs omitted].

2. Concerning the "enclave" concept.

In the final report, the Panel states (page13) *"In this context, the TEG + TEP project is an 'enclave' project, i.e. it is inserted in a community for reasons that have nothing to do with the community's demands or needs and it has no immediate, significant and permanent positive impact on its standard of living. The project might have potential significant impacts with respect to the increase in the energy supply in Tamuín. It is striking, however, that no document produced by the Bank or the owner companies makes sufficient reference to this possibility"*.

In this paragraph, the Panel clarifies that the term, "enclave project", is not derogatory, nor does it imply at all that such projects have a negative impact on the local communities concerned. According to the definition contained in the report, enclave projects are projects carried out in a community for reasons having nothing to do with the community's demands or needs and, at the same time, have no positive impacts that are *simultaneously* immediate, significant, and permanent. In the present case, the TEG project was clearly not undertaken to satisfy the Tamuín community's needs or demands. Moreover, although the project certainly had a positive impact on employment, the effect was not particularly significant (1.3% of the economically active population). Lastly, any benefits that might derive from the electrical interconnection will be significant, but they are mediate and potential only, not real.

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