

**INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON DC**

IDB MANAGEMENT RESPONSE

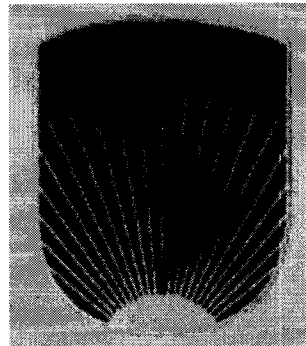
to the

Final Report of the Investigative Panel

regarding the

Independent Investigation of the

Termoeléctrica del Golfo (TEG) Project



April 14, 2003

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1. INTRODUCTION

In accordance with the Inter-American Development Bank (IDB) Independent Investigation Mechanism (IIM), this report presents the IDB Management's Response to the Final Report of the Investigative Panel (Panel) related to the Independent Investigation of the *Termoeléctrica del Golfo* Power Plant Project (TEG) that is being financed by the Bank. The Panel's investigation is related to the communication dated May 25, 2001 from some residents of the Municipality of *Tamuín, San Luis Potosí*, Mexico and the group *Rescate Ecológico de Tamuín, A.C. ("Rescate Ecológico")* (the "Claimant"), requesting an Independent Investigation of the TEG Project, and the IDB Management Response (dated January 10, 2002) to the Claimant's communication.

In relation to the Panel's Report, this IDB (or Bank) Management Response has been organized into the following two sections:

- Section 2 presents Bank Management responses to the Panel's conclusions, including specifically the Bank Management's opinion on the application of IDB Policy OP-102 to the TEG project.
- Section 3 presents Bank Management responses to the Panel's recommendations, including proposed Bank actions to address these recommendations. In addition, Bank Management proposes an additional recommendation related to the IIM.

The IDB Management Response also includes an Annex A, which presents some Bank Management clarifications to the Panel's report. Annex B presents a summary of information disclosure, public consultation and IDB actions related to the Claimant's concerns.

The IDB Management Response is focused on the conclusions and recommendations of the Panel and Bank Management does not agree nor respond to every interpretation or opinion expressed in the Panel's Report, in particular those in the Executive Summary and Sections I, II, and III.

This IDB Management Response should be considered in conjunction with the IDB Management Response related to the *Termoeléctrica del Golfo* (TEG) Project (ME-0218) with regard to the Request for an Independent Investigation Mechanism (dated January 10, 2002) and all of its annexes.

2. IDB MANAGEMENT RESPONSE TO PANEL CONCLUSIONS

The Bank Management has consistently expressed its support for the IIM, appreciates the Panel's efforts and investigation and welcomes the conclusions that:

- "The Bank Management has complied with IDB Policies OP-703 (Environment), OP-733 (Energy) and OP-733-1 (Electric Energy)".

- The PRI, as part of its environmental and social due-diligence, did analyze the environmental and social cumulative impacts associated with both the TEG and the TEP (*Termoeléctrica Peñoles*) power plant projects and the nearby cement plant in a technically competent and reasonably complete manor.
- “The environmental impact has been satisfactorily mitigated and normal operation of TEG and TEP will not have negative environmental effects in the short, medium or long term.”
- “The environmental controls for TEG and TEP for air pollution, protection of groundwater, water supplies, treatment of wastewater, noise control, management and final disposal of waste and other aspects reflect the state of the art in best available technologies”
- “The monitoring systems already established in TEG and TEP, including emissions from the chimneys, and control of groundwater and wastewater disposal are adequate and the requirements for calibration and operator training have been met.”
- “complaints related to an environmental and social management plan, contingency plan, compensation for damages, control of safety and health risks, and national development and employment were not found to be justified by the Panel”.
- “the complaints relating to compliance with Mexican law, the petroleum coke technology, the impact on the Choy and Tampan Rivers, and the environmental and social supervision of the project were not found to be justified by the Panel”.
- in relation to the complaints relating to the negative impact of the project on the Sierra del Abra de Tanchipa Nature Reserve, the project will not have a negative impact on the reserve.
- “The complainants do not meet the definition for being considered affected parties under the IIM, since they have not demonstrated that they have been truly affected or that there is a reasonable probability that they will be”.

These principal Panel conclusions are consistent with the Bank Management position as stated in the IDB Management Response to the Claimants (dated January 10, 2002), that: (1) the Bank followed its established policies and norms for the TEG Project; (2) the environmental, social and health and safety direct, indirect and cumulative impacts and risks of the TEG project have been identified and adequate measures have been developed and implemented to mitigate the impacts and risks; and (3) to the best of its knowledge after extensive due-diligence and monitoring efforts by the Bank, the TEG Project is in compliance with all applicable Mexican legal requirements.

A principal conclusion identified by the Panel’s Report is the Bank’s failure to include in Bank project documents (Loan Proposal and Environmental and Social Impact Report) reference or information regarding the TEP project (i.e., the adjoining power plant not being financed by the IDB), and thus:

1. the Bank failed to comply with IDB Policy OP-102 (Disclosure of Information) and PRI operational guidelines, and

2. there was a lack of transparency by the Bank with respect to the Complainants and the local community.

This conclusion appears to be the basis for the Panel's first recommendation in their report, for which Bank Management has proposed specific actions to address the recommendation (refer to Section 3.1 of this report for details).

Another conclusion of the Panel is related to the potential lack of positive impact of the project on local development, low-income groups, or standard of living. This conclusion appears to be the basis for the Panel's second recommendation in their report, for which Bank Management is in general agreement and has proposed specific actions to address the recommendation (refer to Section 3.2 of this report for details).

IDB Management responses to these conclusions are summarized below.

2.1 OP-102 and PRI Operating Procedures

Bank Management agrees with the Panel that reference to the TEP project should have been included in the relevant Bank project documents in an effort to maximize the comprehensiveness of Bank disclosure. Specifically, the Project Abstract and the Environmental and Social Impact Report that were made available to the public and the Loan Proposal which was presented to the Board of Executive Directors should have contemplated reference to the TEP project. While the Bank did in fact evaluate potential environmental and social impacts and risks of both projects, the decision not to include such information in the above mentioned documents was based upon: (1) the uncertainty regarding the TEP project, (2) a more narrow interpretation of what a "project" under OP-102 encompasses, and (3) due-diligence confirmation that impacts and risks related to TEP would be adequately mitigated.

In terms of compliance with PRI operational rules, the PRI guideline on Environmental and Social Aspects, mentioned by the Panel, was not developed until January 2000. Thus, compliance with this guideline is not applicable since this guideline was not in effect at the time of the Board of Directors approval of the TEG project on November 17, 1999.

2.2 Local Community Transparency

Bank Management does not agree with the Panel's conclusion that the lack of reference to TEP in Bank project documents resulted in a lack of transparency in the local community or that that it had any material effect on the Complainant's true issues with the TEG and TEP projects.

Information disclosure and consultation on the TEG and TEP projects was performed with the local population, including the Claimant, at various times and in various forms.

Bank Management believes this is consistent with the Panel's Report, which states "the Bank's promotion of the project, in general, either directly or through the Sponsors, through actions to inform the public was adequate". The information on the TEG and TEP projects made available includes various other types of information, not listed in the Panel's Report, both in written form or verbal (e.g., through meetings). Bank Management views this as an important aspect, since many of the forms of information disclosure focuses on forms that take into consideration the characteristics of the local population. For example, articles in local newspapers, presentations at Tamuin community meeting, presentation at public meeting on TEG project (performed by the TEG project sponsors at the request of IDB), and simplified summary brochures related to the project. In addition, various meetings and communications with the Claimant's by the project borrower and the IDB clarified the existence of the two separate projects, the relationship between the projects, and described information available on the environmental and social impacts. Annex B presents a summary of information disclosure, public consultation and IDB actions to respond to the Claimants concerns that was originally presented in the IDB Management Response to Claimant.

Bank Management agrees with the concept that with any project there can always be more complete information could be provided. However Bank Management does not believe with the Panel's statement that more direct and repeated communications with the Claimant were necessary. The resolution of conflict or issues is not directly related to the quantity of meetings. For the TEG project, the IDB has had numerous communications with the Claimants in addition to those of the project companies and governmental officials concerning the Claimant's concerns. In addition, Bank Management would like to emphasize that the role of the IDB is not as the only direct interrogatory with local populations on issues, and that there are other project stakeholders who should be the primary contact. The role of the IDB should be more a facilitator to ensure proper forums for presentation of issues and concerns and to promote decisions by project stakeholders which are adequate, including, as applicable and when appropriate, taking necessary actions to ensure compliance with IDB policies and requirements.

Bank Management understands that the Panel agreed with the Bank in that the Claimant's concerns were not really related to the lack of information, as demonstrated by the fact that even after various parties (including the Mexican government, TEG and TEP project staff, Bank staff, and Panel members) presented the information on the projects, the Claimant did not change their concerns. In other words, the availability of various types of information to the Claimants that demonstrated there were no anticipated unmitigated environmental and social impacts from both TEG and TEP projects did not change their concerns or issues about the projects or their pursuit of the IIM. This demonstrates that lack of information was not an important factor in generating the Claimant's concerns.

2.3 Employment and economic and social development

In relation to complaints regarding the impact of the project on local or regional development, low-income groups and community life during the construction and

operating phases, Bank Management agrees that these issues are “relevant” in this project as well as any other project whether financed by the IDB or not. However, Bank Management does not agree with the apparent Panels inference that the TEG project does not include adequate programs or actions related to these issues. For example, as the Panel states “in the construction stage, the TEG + TEP project has had positive impacts, although most are temporary, on the standard of living in the project area”. These include construction employment and due to increased employment in companies providing goods and services to the project. In addition, TEG community development programs are being implemented and an environmental/social trust fund for Tamuín has been established.

The TEG community development program is based upon relationships with local schools, health institutions and other associations in the community. This includes contributions to a number of regular initiatives maintaining community involvement, such as contributions to local health service providers (i.e. Red Cross and clinics), donations for local schools in the form of educational materials and study trips, donation of trees to reforest streets and a plaza, contributions to recreational activities by sponsoring soccer teams in Tamuin, and enhancing the annual town fair, an important part of life in Tamuin.

The Environmental Trust Fund (*Fideicomiso Ambiental*) finances initiatives oriented towards improving Tamuin's infrastructure and contributing to the progress of the town. The community is highly involved as they are responsible for prioritizing how the funds are allocated. The Fund financed the recently constructed hospital in Tamuin, and other projects such as a new wastewater treatment plant are currently being evaluated. The TEG company is contributing 500,000 US Dollars to this fund. For specific projects, the fund is designed to pay fifty percent of the project cost, with the remaining cost paid by local and/or state Mexican government entities.

In relation to this Panel's Report regarding to this conclusion, Bank Management would like to clarify the following points:

- The Panel's statement that private sector infrastructure projects, frequently have the nature of an enclave (i.e., they are inserted into a community for reasons that nothing to do with community's demands or needs and have no immediate, significant and permanent positive impact on the standard of living) is a generalization, and should be used with caution in terms of developing any conclusions or recommendations.
- It is questionable whether, as the Panel suggests, that for IDB financed private sector projects to what degree and what form, an agreement should be reached between the IDB and the government of the country where the project is being carried out to deal with at least some of the unmet basic needs found in the project area.
- This concept of private sector companies fulfilling the role and/or responsibility of the public sector, while positive in the short term and for specific communities,

it does not address and resolve the fundamental problem – failure of governments to fulfill their obligations and responsibilities.

3. IDB MANAGEMENT RESPONSE TO PANEL RECOMMENDATIONS

The Panel makes only two recommendations related to its complete investigation of the issues identified in the Complaint's communications and the environmental, social and health and safety aspects of the TEG Project:

1. "Prior to a decision by the IDB to participate in an operation, all the components of a physical project, including those that are not financed by the IDB, should conform to the environmental and social policies, standards and procedures that govern the components financed by the IDB".
2. For IDB projects, and in particular infrastructure projects of an "enclave" nature that have no immediate, significant, and permanent positive impact on the standard of living, it is essential that they include a positive social programs agreed upon by the IDB and the national or local government.

Bank Management responses and comments related to these two recommendations are presented in the following two sub-sections.

3.1 Panel Recommendation 1. Uniform environmental policies and standards for integrated physical projects, including the components that the IDB does not finance

In terms of the Panel's first recommendation, Bank Management agrees with the concept that all direct, indirect and cumulative environmental and social impacts and risks from all Bank financed projects, public or private, must be fully assessed and will take all reasonable measures to ensure that these impacts are adequately mitigated. This would include impacts and risks from associated facilities, such as physically integrated facilities.

With respect to this recommendation, Bank Management notes that the Bank has already implemented the following actions since the original consideration and approval of the TEG project by the Board of Directors on November 17, 1999):

- As in the TEG project, confirmed by the Panel, PRI has also been evaluating potential environmental and social cumulative impacts and risks from associated facilities as part of its environmental and social due-diligence of other PRI projects. For example, the Vitro Cogeneration Power Project in Mexico in which impacts from the adjoining manufacturing facility were assessed; the Termobahia Power Plant Project in Brazil in which impacts from the associated refinery operation were considered; the Camisea Gas Transportation Project in Peru in which the impacts and risk from other associated facilities (upstream or gas

exploitation and distribution) are being evaluated; and the Termonorte Power Project in Brazil for which the IDB is evaluating impacts and risks from the associated facility (gas pipeline). For these, or other projects, in which PRI has encountered potential impacts and risks from associated facilities, PRI has developed and implemented the appropriate project-specific measures to mitigate these impacts and risks.

- In order to properly inform potential PRI borrowers of the need to assess all project direct, indirect and cumulative environmental and social impacts, PRI has developed and implemented various project guidance documents for potential borrowers. These include “PRI Environmental and Social Aspects” first released in January 2000 (after the TEG project approval by the IDB) and guidance for development of Environmental Impact Assessments and preparation of Environmental and Social Impact Briefs.

Bank Management believes the following actions could be considered, in the course of Bank established policy and procedure review process, in order to address the Panel’s first recommendation:

1. A proper assessment of all projects under consideration for Bank financing, in terms of the direct, indirect and cumulative environmental and social impacts and risk. This would include associated facilities, such as physically integrated projects. For associated facilities, all reasonable measures should be taken to ensure that appropriate measures exist to ensure the adequate mitigation of these environmental and social impacts and risks. Flexibility should be maintained in terms of the type and form of mitigation measures to be used for associated facilities, to address project specific conditions.
2. Clear and specific direction to all relevant Bank staff that all direct, indirect and cumulative environmental and social impacts from Bank financed project should be assessed and mitigated, as necessary. This should specifically include the appropriate consideration of associated facilities as part of the IDB project analysis/due-diligence. This should also include the appropriate disclosure of impacts related to associated facilities in Bank documents that are required by the IDB to be released to the public.
3. The development of specific guidance to help project teams in properly evaluating and mitigating indirect and cumulative impacts and risks, especially those resulting from associated facilities or other components/projects that are related to Bank projects, but not specifically financed by the IDB.
4. The need for borrowers to disclose any relevant information related to project associated facilities or future projects that are under consideration.

3.2 Panel Recommendation 2. Local development component and assistance for low-income groups in PRI (IDB) projects

In terms of the Panel’s second recommendation, Bank Management fully agrees and supports the concept that all Bank projects should attempt to foster sustainable economic

development and poverty reduction at the local level in those projects that may not always have extensive direct benefits to the local population. This is true regardless of whether the project is infrastructure or not, whether public or private, or whether the project is located in a low income area or not.

With respect to this recommendation, the Bank has already implemented the following actions since the original consideration and approval of the TEG project by the IDB:

- As the Panel states in its Report, PRI does promote within the projects it finances positive project-associated benefits. PRI has developed and implemented guidance for potential borrowers entitled “Environmental and Social Aspects” first released in January 2000 (after the due-diligence and all Bank approvals of the TEG project), which states this concept as a fundamental principles for private sector projects without a government guarantee. The project positive benefits and impacts relate not only to those direct project benefits (e.g., increased employment, economic development, etc.), but also to the implementation of specific project programs (components) that will provide positive environmental and social benefits.
- The TEG Project developed an Environmental Trust Fund (Fideicomiso Ambiental) to finance initiatives oriented towards improving Tamuin's infrastructure and contributing to the progress of the town. The community is highly involved as they are responsible for prioritizing how the funds are allocated. The Fund financed the recently constructed hospital in Tamuin, and other projects such as a new wastewater treatment plant are currently being evaluated. The TEG project company is contributing 500,000 US Dollars to this fund. For specific projects, the fund is designed to pay fifty percent of the project cost, with the remaining cost paid by local and/or state Mexican government entities.
- Various other PRI projects also have implemented community development and environmental and social programs. For example, the Consorcio del Este, the concessionaire for the Montevideo - Punta del Este Toll Road in Uruguay has supported various local social actions, including educational programs for needy children via “Crianças Unidas”, medical, food and educational programs via “Maria Del Pillar”, and contributions to the Maldonado Municipal Hospital. The Energía Mayakan Pipeline Project in Mexico, in which the company's social responsibility have include assistance to the local social capacity and infrastructure in the areas of health, education, and poverty reduction.
- PRI has developed specific guidance to help project borrowers in the development and implementation of programs to support local community development and positive environmental and social benefits. This guidance, entitled “Community Investment Programs: A Guideline for Enhancing the Environmental and Social Benefits of Infrastructure Projects”, was developed in 2001.

Bank Management believes the following actions could be considered, in the course of Bank established policy and procedure review process, in order to address the Panel's second recommendation:

1. The promotion in Bank financed projects, especially those that may not have significant long-term direct local benefits, positive actions or programs related to local economic and community development especially in terms of poverty reduction and social and environmental improvements. In this context, a clear distinction must be maintained between mitigating negative impacts to the local community due to a Bank financed project and that of company/entity environmental and social responsibility, community development and philanthropy. This should also include promoting positive environmental and social projects in the public and private infrastructure projects financed by the Bank. For private sector projects, the Bank regional and private sector departments could work together with governments to develop and implement positive environmental and social programs, under the responsibility of the government, for local communities where the private sector projects are located.
2. The development of mechanisms to promote the implementation of positive social and environmental programs and sustainable economic and community development associated with Bank financed projects, in particular those projects that may not always have extensive direct benefits to the local population. This could include: (i) identification of specific methods of “incentives”, especially financial, to increase project borrowers commitment to implement such programs/actions; and (ii) demonstrating the direct and indirect benefits to private companies and governmental entities associated with them implementing such programs/actions.
3. The evaluation of synergies between Bank projects in the region in order to promote better regional and local sustainable development.
4. The development and promotion of mechanisms to facilitate the return of project generated benefits (e.g., tax revenues, concession and royalty payments, etc.) to the local communities where the project is located

3.3 Bank Management Additional Recommendation. IDB review and update of IIM Policy

In addition to the two specific recommendations of the Panel, and based upon the results of this IIM investigation of the TEG project, the Bank Management proposes the following recommendation related to the IIM:

1. Bank Management, via the recently established inter-department working group, should provide input to the Board of Executive Directors regarding potential modifications to the existing IDB IIM Policy. This should be based upon lessons learned with this experience, and to the extent appropriate, the experience and systems of other Multilateral Financial Institutions (e.g., World Bank, Asian Development Bank, International Finance Corporation, European Bank for Reconstruction and Development) and the considerations of IDB stakeholders. This review should include input from specific IDB departments (e.g., PRI, Regions, EXR, Legal and SDS). In addition, it should consider an issue of the

Panel's Report, in terms of whether an IIM panel should provide an opinion or conclusion as to project compliance with in-country environmental regulatory requirements.

ANNEX A

IDB MANAGEMENT CLARIFICATIONS TO PANEL REPORT

This Annex presents Bank Management clarifications to miscellaneous statements in the Panel's report. These comments and clarifications should be considered in addition, to those presented in the main section of the IDB Management Response document and the IDB Management Response related to the *Termoeléctrica del Golfo* (TEG) Project (ME-0218) with regard to the Request for an Independent Investigation Mechanism (dated January 10, 2002) and all of its annexes.

- Due to the highly technical nature of the document “IDB Management Response related to the *Termoeléctrica del Golfo* (TEG) Project (ME-0218) with regard to the Request for an Independent Investigation Mechanism”, dated January 10, 2002, the original version in English version should be considered the authoritative version.
- **[Paragraph omitted].**
- The environmental, social and health and safety plans and procedures for the operational phase of the project have been defined in various documents, including the Environmental Impact Assessment for the project, the Mexican environmental permits/authorizations for the project, the IDB Environmental and Social Impact Report for the project, and the environmental and social provisions in the Common Agreement for the project. The only pending documentation, for which draft versions have been prepared, are the final version in form and substance acceptable to the IDB of the operational phase Environmental and Social Management Plan, Health and Safety Plan, and Contingency Plan. These plans are detailed operational documents consist with conceptual and design requirements listed in the previous mentioned documents.
- The TEG Environmental and Social Due-Diligence Report prepared by URS Consultants did not include any information related to TEP since the original scope of work (dated February 1999) did not include this analysis and thus was not included in the report.
- The proposal for PRI to participate in the TEP project financing did not occur until early in 2000, after all IDB approvals of the TEG project.
- The PRI Environmental and Social Aspects document, which states the fundamental principles related to environmental, social, health and safety aspects of PRI projects, was first developed in January 2000 after all of the IDB approvals for the TEG project.
- There is no official entity or project entitled “Tamuin thermoelectric project” or “TET”.
- In relation to social impacts during construction, the IDB was concerned about potential social impacts that could occur and thus was the basis for the development and implementation of the social action plan as stated to the Panel. Bank Management is not presently aware of any specific, documented social problems due to project construction that have not been adequately mitigated. **[Sentence omitted].**

- In terms of the population of Tamuin becoming aware of the TEG project, the TEG project EIA was made available in 1998 and various communications to the local population about the project occurred in February and March 1999, including the public meeting on the project held in March 1999. This public meeting was of a decision-making nature and representative, given that 250 people attended the meeting the project design changed based upon comments received (location of water supply withdrawal). See Annex B for complete list of information disclosure and public consultation activities.
- For PRI projects, the project design, approval and administration is handled by PRI and no specific responsibilities in this regard are assigned to the Bank's Country Office.
- The determination of whether the EIS (EIA) should be of the mode "specific" rather than "general", it is strictly that of the Mexican government under Mexican law. The IDB does not have such a distinction and does not have the authority to require such of a borrower (public or private).
- The IDB did not partially finance the TEP project.
- Common facilities are required for the operation of the TEG and TEP projects. The TEG project financed by the IDB includes the common facilities required for the operation of both projects and therefore are subject to the IDB's environmental, social and health and safety requirements. As such, IDB requirements will apply to water treatment and discharge, fuel and ash management, waste management. In addition, the IDB requirements included in the Common Agreement regulates environmental conditions surrounding the Project such as ambient air quality, noise and ground water quality. Compliance with these conditions requires that the both plants are to be operated following similar environmental standards. The Bases of Collaboration are only a re-statement of existing Mexican legal project requirements (both TEG and TEP), which includes project design aspects that were included in the project EIAs.

ANNEX B

SUMMARY OF INFORMATION DISCLOSURE, PUBLIC CONSULTATION AND IDB ACTIONS RELATED TO THE CLAIMANT'S CONCERNS

This annex presents a summary of information disclosure, public consultation and IDB actions related to the Claimants concerns. This information was originally presented in the IDB Management Response related to the *Termoeléctrica del Golfo* (TEG) Project (ME-0218) with regard to the Request for an Independent Investigation Mechanism (dated January 10, 2002).

Information Disclosure and Public Consultation

The IDB since its initial discussions with TEG about the possibility of financing (e.g., before signing of a Mandate Letter) stressed the need for adequate information disclosure and public consultation throughout all phases of the project (pre-approval, construction and operation). The Bank required, and continues to do so, TEG to promote the disclosure of information and the consultation with the Project stakeholders in a transparent manner.

Listed below is a chronological summary of information disclosure and public consultation activities that have been implemented associated with the TEG Project, many of which were direct requirements of the IDB and thus demonstrating the effect of IDB involvement in the TEG Project. Table 1 presents a more complete chronology of information disclosure and public participation activities. Annex 13 of the IDB Management Response to the Claimant provides copies of supporting documentation related to these activities.

- In September 1998, in accordance with article 34 of the General Law on Ecological Equilibrium and Environment Protection (LGEEPA), the Project Sponsors published notices in three popular newspapers, one with national coverage and two with local coverage (State of San Luis *Potosí*) informing the community about the Proposed Project and the availability of the EIA in *Tamuín* for review and comments (see Annex 13 of IDB Management Response to the Claimant for selected copies of announcements). In addition, the Project Sponsors made available the entire Project EIA and its executive summary on the Internet. The intent of these actions was to share the project information with the local communities regarding the project benefits and environmental benefits and impacts.
- In October 1998, in accordance with article 34 of the LGEEPA, the former Ministry of Environmental, Natural Resources and Fisheries (SEMARNAP) published the request for Authorization on Environmental Impact in its Ecological Gazette. INE published the request for authorization in Gazette No. 46/1998 and made available the EIA for review at the INE Information Center in Mexico City.

Apparently, since no formal requests of additional information or concerns were expressed in *Tamuín* or in Mexico City, the Ministry did not require any additional public consultation measure.

- On February 5, 1999 and February 20, 1999, meetings were held in *Tamuín* between TEG representatives and various governmental authorities, including SEMARNAP, State environmental agency, *Tamuín* mayor and council members in order to discuss the TEG project (see Annex 13 of IDB Management Response to the Claimant for copy of February 5 meeting minutes and copies of two articles published in local newspapers reporting of the meetings).
- In February 1999, the IDB made available to the public the TEG Project Environmental and Social Impact Brief (ESIB).
- At the request of IDB, on March 6, 10 and 12, 1999, TEG published articles in local newspapers notifying the local public that a public meeting will be held and the EIA is available for review (see Annex 13 of IDB Management Response to the Claimant for copies of announcements).
- Per the IDB's requirement, a public hearing was conducted in *Tamuín* on March 15, 1999 in accordance with multilateral guidelines and practices¹. Approximately 250 individuals attended the meeting, including representatives of the federal and state environmental agencies, the TEG project company and the community of *Tamuín*. At this meeting, the *Tamuín* community expressed its concern regarding the selection of the *Rio Choy* as the water source for the project. As a result, the Project was modified and the *Rio Tampaón* was selected as the new source of water for the Project. This March 15, 1999 public hearing was not required by the Mexican regulations and was organized because of IDB's requirement on the Project Sponsors. This a good example of how the IDB fostered an effective and timely participation of the population in the decision-making process.
- In early April 1999, the IDB made available the TEG Project EIA available to the public at Bank's Headquarters and Bank's representation office in Mexico City.
- From April 26 to 30, 1999, the IDB performed its environmental and social due-diligence site visit and discuss the project environmental and social aspects with various stakeholders.
- In March and April 1999, the TEG project company developed and distributed simplified documentation regarding the project (see Annex 13 of IDB Management Response to the Claimant for examples). TEG opened a project office in *Tamuín* to receive comments and observations from the community.
- From March to July 1999, TEG representatives conducted a series of meetings with various entities, including technical professionals *Tamuín*, Ecology Commission of the State of *San Luis Potosí* Congress, and the State of *San Luis Potosí* Governor.
- In November 1999, the IDB made available to the public the TEG Project Environmental and Social Impact Report (ESIR) which demonstrates the

¹ The public hearing was conducted in accordance with the IFC Good Practice Manual on Doing Better Business Through Effective Public Consultation and Disclosure, in particular Annex A Summary of IFC Requirements for Public Consultation and Information Disclosure.

feasibility of Bank financing for the project by summarizing the project, legal and institutional aspects, environmental and social conditions, environmental and social impacts, environmental and social mitigation and monitoring measures, and Bank recommendations.

- During the last quarter of 2000, the TEG company and the energy off-takers promoted the creation of a Trust (“*Fideicomiso*”) to support the development of projects in *Tamuín*. The Trust is managed through a committee formed by the citizens (“*Comité Ciudadano*”) under the supervision of the Mayor of *Tamuín*. The participation of the community is fundamental, as the committee will decide and authorize any expenditure of the Trust.
- In December 2000, the TEG company organized a visit to the NISCO power plant in Lake Charles, Louisiana, USA. Federal and State Senators, *Diputados*, SEMARNAP, INE the *Tamuín* Municipality and two members from *Rescate Ecológico* participated in the site visit. The NISCO plant has been using petroleum coke since the middle of the nineties using the same Circulating Fluidized Bed (CFB) technology as that selected for the TEG Project. NISCO personnel presented a detailed explanation on the operation of the Plant and the environmental mitigation and monitoring measures that they follow.
- Subsequent to the signing of the TEG Project Common Agreement in March 2000, and as of December 2001, the following "planned" monitoring actions (i.e., those scheduled at the time of execution of the Project Common Agreement), had been completed:
 - the IDB Environmental and Social Monitoring Consultant has performed three site visits to monitor environmental, social and health and safety aspects (June 2000, January 2001, and November 2001);
 - the TEG company has submitted six Environmental and Social Compliance Reports (ESCR);
 - the IDB Environmental and Social Monitoring Consultant has made office reviews of Project performance related to monitor environmental, social and health and safety aspects coincident with the six ESCR.

In relation to the Bank Policy on Disclosure of Information (OP-102), which defines various requirements related to public disclosure of project information, the following four documents were disclosed to the public:

1. the Project Abstract was disclosed through the Bank’s web page on March 22, 1999,
2. the Environmental Impact Assessment (EIA) was first made available locally in Mexico and in *Tamuín* in September and October 1998 and subsequently in the Bank’s headquarters in Washington DC and the Bank’s representation office in Mexico City in April 1999, prior to the Bank's due-diligence mission on April 26 to 30, 1999;
3. the Environmental and Social Impact Brief (ESIB) was disclosed via the Bank’s web page in February 1999; and
4. the Environmental and Social Impact Report (ESIR) was disclosed via the Bank’s web page in October 1999 and continues available on-line at IDB’s website.

IDB Actions related to Claimant Concerns

The Bank, in response to the initial concerns raised by the Claimant in the communication dated August 2000 (but not actually received by the IDB until October 17, 2000), has taken a series of specific actions to help promote a resolution to the issues and concerns raised by the Claimant related to the TEG and TEP projects through participation related activities. Listed below is a summary of some key public consultative actions that have been implemented in an attempt to resolve concerns and issues (see Table 2 for a more complete chronology of events).

- Upon receipt by Bank Management on October 17, 2000 of the Claimants first communication (dated August 11, 2000), immediately taking actions to encourage the dialogue among the TEG project stakeholders;
- A meeting was held on November 17, 2000 among various stakeholders (e.g., members of TEG, members of *Tamuín* community, and Mexican authorities) to discuss concerns of local citizens to develop a better understanding of the status and issues of concern and develop an action plan. At the request of the IDB, the IDB Environmental and Social Monitoring Consultant attended the meeting.
- Starting in January 2001, and as a result of the November and subsequent December meeting, public participation activities were conducted by the TEG company and stakeholders through the organization of a series of monthly working sessions with the community ("*Mesas de Trabajo*"). The objective of these working sessions have been to discuss in detail, the specific topics of concern associated with the Project as expressed by the community. The working sessions are coordinated by TEG with the participation of specialists and/or the areas of the company associated to that specific concern as well as related authorities. The working sessions covered the following six topics: Water impacts and works, *Sierra de Abra Tanchipa* Reserve, Air Emissions, Social Impacts and Project Compliance and Permitting. The meetings consisted of a presentation on the topic, followed by a discussion among the attendees and the TEG company. Participation on the working sessions varied in accordance with the topic. On average, the working sessions had an attendance of approximately 20 individuals and reportedly, *Rescate Ecológico* attended all of the sessions. The company conducted eight working sessions during the first half of 2001.
- In December 2000, the TEG company implemented an information center in a Kiosk in *Tamuín*. The Kiosk has available for public consultation, the environmental, social and health and safety project related information associated to the TEG and TEP Projects and a full time project employee attends the module and provides general information on the project. Technical and more specific comments are collected and directed to the Project specialists for response. The module is located in front of the City Hall in the center of *Tamuín*.
- The IDB staff performed a site visit and specifically meet with members of the Claimant on January 26, 2001. The focus of the meeting, which was initiated by the IDB, was for the IDB to fully understand the concerns and issues of the

Claimant, describe the Bank's process and actions that had been implemented, and describe the various sources of information readily available to the local population describing the TEG and TEP project and associated the environmental and social aspects. The role of the IDB in this case, as other IDB projects, is to help promote dialogue and resolution directly among the project stakeholders. The IDB attempted to help the Claimant address their concerns by informing them of information that was readily available to them that provided answers and information related to their concerns. In particular, this included the Project Environmental Impact Assessment and Risk Study plus numerous other studies and documents that were available in the local community. In addition during the meeting, the Bank made reference to the importance of local citizens working with the TEG project company (e.g., via "*Mesas de Trabajo*", etc.) to discuss the issues and to attempt to find acceptable solutions. In this regard, the Bank was attempting to help resolve outstanding issues and conflicts by prompting the local stakeholders to work together to ensure a more complete and accurate understanding of the Project and to resolve concerns.

- The Bank provided a follow-up written response to the Claimant (dated February 16, 2001), which in summary, responded to the principal issues raised by the Claimant. The Bank's intent of the Bank's February 16, 2001 letter, as is common practice for the IDB, was to provide a response to the principal issues raised by the Claimant, and not necessarily a detailed representation of already available information (e.g., EIA, Risk Study, etc.) or those specific issues being dealt with in detail in other local stakeholder forums (e.g., *Mesas de Trabajo*). Thus, the issues raised were categorized by the IDB and a specific response to each category was provided. As was mentioned to the Claimant during the January 2001 meeting, IDB's focus at that time was to inform the Claimant of the locally available information which responded to many of their issues and to promote their participation in the *Mesas de Trabajo*, which had been specifically designed with their participation in order to provide a local forum for project stakeholders to address concerns and issues.
- Based on a recommendation from the Bank, the TEG project company appointed a local liaison officer in early 2001. Functions and responsibilities include coordination with stakeholders, organizing the logistics for the meetings, and acting as a liaison between the Sponsor and the community. As part of this role, the officer interacts with the community coordinating the response to any concerns.
- On March 9, 2001, the Bank staff performed another site visit to monitor the status of actions being taken to address the Claimant's concerns and issues and to meet with the Claimant; however the Claimant was unwilling to meet.
- In March and June 2001, TEG at the request of IDB and others develop simple documents to respond to typical questions, concerns and miss-conceptions related to TEG and TEP (see Annex 14 for examples).
- Since April 2001 a pamphlet ("*Termonoticias*") has been published by the TEG company and distributed within *Tamuín* and surrounding areas. The objective of the pamphlet is to inform the community on the different actions taken by the

TEG company and the status of the works and associated activities. The pamphlets are distributed monthly. Annex 14 includes copies of *Termonoticias*.

- In July 2001, the IDB staff made a special site visit to specifically meet with members of the Claimant in order to address the status of activities and to respond to their pending concerns and issues.
- During the second half of 2001, the TEG company, as requested by the community, organized visits to the site. *Tamuín* locals, schools and universities have visited the site and have been provided information on the Project.
- The IDB contracted in July 2001 *Lexcorp Abogados*, a Mexican law firm specializing in environmental matters, to assess the compliance of the TEG Project with Mexican environmental requirements and to evaluate the potential merit of the environmentally-related appeals, injunctions and nullification proceedings filed against the Project. As part of *Lexcorp Abogados* review, several meetings and discussions were conducted with the General Attorneys Office for the Protection of the Environment (“*Procuraduría Federal de Protección Ambiental*” or “PROFEPA”) and the Ministry of the Environment and Natural Resources (“*Secretaría de Medio Ambiente y Recursos Naturales*” or “SEMARNAT”), with the participation of IDB staff. No specific non-compliances were identified.
- As a result of the concerns regarding irregularities on the permitting process raised by *Rescate Ecológico*, the State government and SEMARNAT, the federal environmental agency conducted a detailed review on the TEG and TEP projects. As a result, the Federal, State and Municipal governments formalized an agreement on August 16, 2001 (“*Bases de Colaboración*”) ratifying the TEG company commitment to comply with all the requirements imposed by the former SEMARNAP to ensure the protection of the environment. This document was developed with the participation of the local, State and Federal authorities taking into account the concerns of the community. The document summarizes the responsibilities of each of the involved agencies. Annex 6 includes the *Bases for Collaboration*.
- The IDB staff performed a site visit to monitor environmental, social and health and safety aspects of the project on September 18-21, 2001, and discussions with the Claimant were held.

Table 1
Chronology of information disclosure and public participation related events
associated with the *Termoeléctrica del Golfo* Project

Date	Event	Summary
September 1998	Disclosure of information on the Project as required by the Mexican regulations	Notices published in three newspapers informing the public about the proposed TEG Project and the availability of the EIA in <i>Tamuín</i> for review. See Annex 13 for example notice.
October 31, 1998	Environmental Impact Assessment (EIA) made available locally to the public	EIA made available to public, per Mexican requirements
February 5, 1999 and February 20, 1999	Meetings between TEG representatives and various governmental authorities (including SEMARNAP, INE, State environmental agency, <i>Tamuín</i> mayor and council members)	Discussion about project and potential issues. See Annex 13 for minutes of February 5 meeting and copies of newspaper articles summarizing meetings
February 1999	ESIB made available to the public via Bank's Public Information Center (PIC)	ESIB disclosed in accordance with, and as required by the IDB policy on disclosure of information
March 6, 10 and 12, 1999	Notices to public of public hearing on TEG Project	Notices are published three times in different newspapers informing the public about the upcoming public hearing and the EIA availability. See Annex 13 for examples.
March 15, 1999	Public Hearing in <i>Tamuín</i> per IDB request.	The objective of the meeting was to inform the community about the Project and its environmental and social aspects. Several community members expressed concern about the use of the <i>Río Choy</i> as the water source for the Project.
April 1999	Disclosure of EIA at IDB Headquarters and in IDB Mexican Representative Office	EIA disclosed in accordance with, and as required by the IDB policy on disclosure of information
April 26-30, 1999	Environmental and Social Due Diligence Site Visit	URS and IDB staff conducts the first site visit to the site. Meetings with several stakeholders including local authorities are conducted with the TEG company.
March - April 1999	Additional summary brochures on TEG Project distributed to public	TEG developed various brochures, in simple language and format, to help public understand the project. See Annex 13 for examples.
May 12, 1999	The TEG company informed the INE that they would modify the source of water.	Addressing the concerns expressed during the public hearing, the project was modified and the water would be withdrawn from the <i>Tampaón</i> River instead of the <i>Río Choy</i> .

November 1999	ESIR made available locally to the public via the Bank's PIC	ESIR disclosed in accordance with, and as required by the IDB policy on information disclosure.
May 12, 2000	The owner sponsored a part of the <i>Tamuín</i> Community Fair during the week of May 12, 2001	In preparation of the Fair, the Owner rebuilt the main entrance gate and painted the ticket boots.
June 20, 2000	URS (IDB Environmental and Social Monitoring Consultant) visited the site and met with TEG and various stakeholders.	First IDB environmental and social monitoring site visit (after execution of legal documents in March 2000)
June 21, 2000	TEG representatives meet with the Mayor (Prof. Enrique Cruz) and about 20 local citizens.	The purpose of this meeting was to discuss the water supply pipeline construction. Also attached are several pieces of correspondence regarding the permitting process for the construction of the water supply pipeline with the conclusion that the permitting is complete and meets applicable requirements
August 2000	Numerous signs and billboards appeared in <i>Tamuín</i> related to the Project.	Signs and billboards are both in support and in protest against the Project
September 1, 2000	TEG and CEMEX representatives held a public meeting with local media and residents of <i>Tamuín</i>	Public meeting addressing power generation/technology, fuel, water usage, etc and an extensive questions and answer session
September 1, 2000	TEG and CEMEX representatives meet with 60 <i>Tamuín</i> elementary students and teachers of <i>Tamuín</i>	Presentation on the Project
September 1, 2000	TEG and CEMEX representatives meet with 11 members of <i>Tamuín's</i> potable water board (DAPAT)	Discussion on water usage, routing, impact on water supply and quality, potential community benefits, etc
September 2, 2000	TEG and CEMEX participates in the meeting entitled " <i>Foro Informativo con el Consejo Político - TEG</i> "	Presentation on the Project on a meeting sponsored by the PRI political party.
September 2, 2000	TEG and CEMEX meet with approximately 70 members of the <i>Frente Cívico Tamuínense</i> , local group supporting the project	Presentation on the Project on a meeting sponsored by the PRI political party.
September 6, 2000	The IDB informed about concerns regarding the pipeline installation in downtown <i>Tamuín</i> (via IDB environmental and social monitoring activities) and request the sponsors to meet with Mayor and citizens and resolve issues.	The Bank encouraged the Sponsors to hold frequent meetings with the Mayor and concerned citizens during the construction of the conveyance lines. The Company in close coordination with CEMEX and Peñoles conducted several informative meetings devoted to explain the permitting process, the ESMP and procedures to mitigate the environmental impacts of the project.
September 12, 2000	Meeting with the Water National Commission (<i>Comisión Nacional del Agua</i> or CNA)	Video presentation on water usage, costs, systems in Mexico, etc
September 22, 2000	<i>Rescate Ecológico</i> attempted to stage a protest at the Project site.	The group marched through <i>Tamuín</i> with the purpose of forming a blockade of the access road to the Project. However the group disbanded approximately 5-km prior to reaching the Project site.

October 13, 2000	Meeting with TEG, government representatives, local residents and <i>Rescate Ecológico</i> .	Presentation and discussion on the Project
Late October and early November 2000	The IDB and TEG held multiple conference calls, where IDB requested additional information from TEG to better understand the alleged concerns and issues raise by the Claimant.	The calls were the result of (1) issues identified by IDB as part of is monitoring activities and (2) the issues and concerns of the Claimant, being some residents of <i>Tamuín</i> and <i>Rescate Ecológico</i> , whom presented issues and requested for an independent investigation by the IDB in a letter date August 11, 2000, but was not received by IDB project staff until October 17, 2000.
November 12, 2000	<i>Rescate Ecológico</i> demonstration in <i>Tamuín</i>	Protest of about 600 people marching through the principal streets in <i>Tamuín</i> expressing concerns against the Project.
November 13, 2000	TEG meets with congressman Gallegos to provide requested information	Emmanuel Rincón, the Project environmental specialist, provides Gallegos a complete and detail explanation and supportive documentation of the procedure followed to obtain the environmental permits.
November 17, 2000	A local <i>diputado</i> organized a meeting in <i>Tamuín</i> San Luis Potosí to discuss concerns and access to information regarding the project with the community authorities, social stakeholders and the sponsors. The IDB Environmental and Social Monitoring Consultant attends the meeting also.	The Sponsor agreed to conduct a series of meetings called " <i>Mesas de Trabajo</i> " to respond to the concerns of the community expressed on various topics. Ineffective communication between the company and the community was identified as a part of the problem with the community.
November and December 2000	During November and December, the Bank conducted multiple conference calls with the TEG to monitor the actions being taken related to <i>Rescate Ecológico</i> 's complaints against the project and to discuss additional actions to be taken by TEG.	TEG strengthens communication activities including: (1) Public Meetings involving local, state authorities and residents (Oct 13, Nov 17); (2) Site visit with Senators, authorities and representatives of the community to an operational coke plant in Louisiana (Dec 1); A public relations firm monitored the perception of the community (Dec); (3) The establishment of working groups (" <i>Mesas de Trabajo</i> ") to discuss specific issues associated with the project; (4) Creation of a Trust (Dec 13); and (5) Installation of an Information Kiosk in the center of <i>Tamuín</i> (Dec 14).
December 1, 2000	Meeting with <i>Rescate Ecológico</i> and representatives of the community to coordinate dates and identify the topics for the " <i>Mesas de Trabajo</i> ".	A series of monthly working sessions intended to cover the following six topics: <ul style="list-style-type: none"> • Water impacts and works, • <i>Sierra de Abra Tanchipa</i> Reserve, • Air Emissions, • Social Impacts and • Project Compliance and Permitting.
December 10, 2000	Presentation of information to six Congressmen in Houston.	Information on the Project and similar Projects in the US

December 11, 2000	Visit to the Power Plant of NISCO in Lake Charles, LA.	The NISCO plant has been burning Petcoke since the mid nineties. Federal and State Senators, <i>Diputados</i> , representatives of SEMARNAT INE, <i>Tamuín</i> Municipality and <i>Rescate Ecológico</i> attended the site visit.
December 13, 2000	Signing ceremony with the Sponsor and CEMEX representatives for the creation of the local Trust Fund.	The Trust will provide assistance to the Municipality of <i>Tamuín</i> .
December 14, 2000	Installation of an Information Module in the center of <i>Tamuín</i> .	The TEG company opens a center (Kiosk) to make available to the local public various environmental and social project related information.
January 18, 2001	IDB requests to meet with Claimant on January 26, 2001 in <i>Tamuín</i>	
January 25, 2001	First meeting of the working group (" <i>Mesas de Trabajo</i> " with <i>Rescate Ecológico de Tamuín</i> .	Topics and a proposed schedule are further defined
January 25 and 26, 2001	The IDB and its Environmental and Social Monitoring Consultant perform an "unplanned" (i.e., not originally scheduled as part of the monitoring of the project) to specifically investigate the concerns of the local citizens and to evaluate actions being taken by TEG (and others) to respond and try to resolve these issues.	The team visited the site, meet with various TEG staff, mayor of <i>Tamuín</i> , municipal and state environmental authorities and with representatives of the community, including <i>Rescate Ecológico</i> . Authorities reported that the project is in material compliance with national regulations and the specific environmental authorization conditions.
January 26, 2001	Meeting with INE, PROFEPA and CNA in <i>Ciudad Valles</i> to create a inter-institutional committee to review future claims from <i>Rescate Ecológico</i>	The Committee would be integrated by the different federal, state and local authorities and not the TEG company
January 26, 2001	IDB met with representatives of Claimant.	The IDB made a presentation on the Bank's environmental and social assessment procedures for projects and listened to concerns and issues of Claimant.
February 9 2001	Second <i>Mesa de Trabajo</i> in <i>Tamuín</i> regarding the Sierra Tanchipa Reserve	Presentation of the mitigation measures by an environmental consultant for the Project
February 15, 2001	TEG meets in Mexico City with representatives of the news Magazine " <i>Proceso</i> " to discuss a proposed article on the Project	The Sponsor provides information on the Project
February 16, 2001	The Bank sent letter responding to Claimants concerns.	The communication attempted to address the main concerns (i.e., categorized issues) of the Claimant in a direct manner without re-iterating information already available and/or addressing in detail issues being dealt by the local processes (e.g., <i>Mesas de Trabajo</i>). The communication stressed the Bank's assessment of the project and recommended to continue working closely with the company. See Annex 17 for copy.

February 23, 2001	Cancellation of the Third Mesa de Trabajo	Mesa de Trabajo cancelled at the request of <i>Rescate Ecológico de Tamuín</i> .
March 5, 2001	Meeting with the media	TEG and their environmental and social consultants meet with the reporter Javier Solorzano in Mexico City
March 7, 2001	Third "Mesas de Trabajo" to review the water works	Various representatives of different local organizations, authorities and <i>Rescate Ecológico</i> attended the water works meeting.
March 9, 2001	Bank staff perform an environmental and social monitoring site visit, including attempting to meet with Claimant.	The visit included review of TEG actions taken to IDB recommendations visit to project site, and meetings with representatives of the community (Bank staff attempted to meet with Claimant but the Claimant declined). Actions implemented by the company included: incorporation of former CEMEX environmental and social advisors into TDS organizational structure to assist with community relationships; evaluation of an alternative route for the Braulio Romero pipeline, for which construction has become a major issue for <i>Rescate Ecológico</i> ; and TEG contracting a full-time person to coordinate local communication and social affairs.
March 26, 2001	Support to the community	The TEG company sponsors an academic trip of the "Tecnológico Agropecuario de Tamuín" to visit the pyramids of <i>El Tajín</i> in Veracruz.
March 30, 2001	Site visit conducted by two "Diputados Federales" from the Commission of Energy.	Inspection of the Project site
Mach 30, 2001	Fourth Mesa de Trabajo	Mesa de Trabajo at the <i>Tamuín</i> Municipal Hall with the presence of the Mayor of <i>Tamuín</i> and two <i>Diputados</i> .
March to June	TEG distributes document responding to common asked questions and concerns	TEG prepared two documents and provided to various persons to help answer some common questions (and mis-conceptions) about the project. See Annex 14 for examples.
April 3, 2001	Meeting with representatives of the "Ejido Las Palmas"	Review certain points of concerns
April 2001	<i>Termino Noticias</i> leaflet Number 1	The leaflet " <i>Termino Noticias</i> " (<i>Thermonews</i>) is published and distributed in and around <i>Tamuín</i> . See Annex 14 for copy.
April 25, 2001	Meeting with the Red Cross in <i>Tamuín</i>	Presentation of the activities of the Red Cross in <i>Tamuín</i> to the Project subcontractors at the site offices. This presentation allowed the Red Cross to receive donation from some of the Project participants
April 27, 2001	Fifth Mesa de Trabajo	Presentation and discussion on the progress of the waterworks at the pumping stations and the Reserve Sierra de Abra Tanchipa
May 10, 2001	Donation to the <i>Feria de Tamuín</i> 2001	Donation of 30,000 pesos (3,000 ESD)
May 11, 2001	Sixth Mesa de Trabajo	Presentation by INE, CNA, and PROFEPA of the permitting process for the environmental and water permits

May 14, 2001	Site visit <i>Diputados</i> and assessors from the Commission for the Environment	A presentation of the project and a tour of the site were offered followed by a session of questions and answers
May 15, 2001	Visit of a delegation of the State of SLP lead by the Governor Fernando Silva Nieto	A presentation of the Project and a tour of the site were offered followed by a session of questions and answers
May 15, 2001	Opening ceremony for the "Feria de Tamuín 2001"	The <i>Feria</i> was inaugurated with parade of the different equipment (3 pick-ups, 1 refuse truck, road repair vehicles) bought by the Municipality using TEG construction permit fees. A model of a turbine and generator were exhibited in the <i>Feria</i> , with the distribution by the TEG company of different gifts to visitors.
May 24, 2001	First guided tour of the site for the general public.	Also people from outside <i>Tamuín</i> participated in the visit. A total of 35 persons attended this tour as bus was provided to transport the visitors back and forth to the center of <i>Tamuín</i> .
May 25, 2001	Seventh "Mesa de Trabajo"	Along the discussion on the "Mesa de Trabajo", a second guided tour to the site was conducted.
May 25, 2001	Visit of a member of the "Cámara de Diputados" and the Secretary of the Commission of Energy.	A presentation of the Project and a tour of the site were conducted. The diputado also met with the Mayor of <i>Tamuín</i> and <i>Rescate Ecológico</i> .
May 29, 2001	Eight "Mesa de Trabajo"	Attendance about 20 persons including INE representatives and the State Governor environmental consultant.
May 2001	<i>Termino Noticias</i> leaflet Number 2	The leaflet " <i>Termino Noticias</i> " (Thermonews) is published and distributed in and around <i>Tamuín</i> . See Annex 14 for copy.
June 11, 2001	Meeting with "Diputados"	Review the Project and the different perspectives of getting support.
June 16, 2001	Third guided tour of the site	Tour for <i>Tamuín</i> inhabitants
June 20, 2001	The TEG company meets with neighbors of the Bravo street.	Presentation on the water pipeline works.
June 22, 2001	Signature of a Trust ("Fideicomiso") with INAH for the archeological center of Tantoc	<i>Rescate Ecológico</i> protested the act. The Governor met with <i>Rescate Ecológico</i> and as a result a decision is made to stop the waterworks in <i>Tamuín</i> .
June 2001	<i>Termino Noticias</i> # 3	Publication and distribution to the local population of <i>Termino Noticias</i> . See Annex 14 for copy.
July 5, 2001	Fourth guided tour of the site	25 visitors from <i>Ciudad Valles</i> commerce chamber ("CANACO")
July 13, 2001	Fifth guided tour of the site	Tour for <i>Tamuín</i> inhabitants
July 18, 2001	IDB meeting with Claimant.	Based upon the Claimants second correspondence reflecting concerns and issues, the IDB met with approximately 50 individuals linked to <i>Rescate Ecológico</i> in a question and answer session in <i>Tamuín</i> . TEG Project B-Loan Lenders representatives attended the meeting. The IDB attempted to answer specifically their concerns, again describe to them the available information, and

			to promote the concept with them of working with other project stakeholders to resolve issues.
July 2001		<i>Termo Noticias</i> leaflet Number 4	The leaflet " <i>Termo Noticias</i> " (Thermonews) is published and distributed in and around <i>Tamulín</i> . See Annex 14 for copy.
August 3, 2001		Sixth guided tour of the site	
August 16, 2001		The environmental authority and the TEG company signs the agreement entitled " <i>Bases de Colaboración</i> "	The Federal, State and Municipal governments formalized an agreement on ratifying its commitment to comply with all the requirements imposed by the former SEMARNAP to protect the environment.
August 24, 2001		Seventh guided tour of the site	
August 28 and 29, 2001		Visit to the Power Plant of NISCO in Lake Charles, LA.	The NISCO plant has been burning Petcoke since the mid nineties. Congressmen and the Secretary of Economy attended the site visit.
August 2001		<i>Termo Noticias</i> leaflet Number 5	The leaflet " <i>Termo Noticias</i> " (Thermonews) is published and distributed in and around <i>Tamulín</i> . See Annex 14 for copy.
September 18 to 21, 2001		IDB environmental and social monitoring site visit	IDB staff performs a site visit to assess social aspects of project.
November 14 and 15, 2001		IDB environmental and social monitoring site visit	IDB Environmental and Social Monitoring Consultant performs schedule monitoring activities.

Table 2
Chronology of Events Associated with Claimants Communications (Concerns)

Date	Event	Summary
June 20, 2000	URS (IDB Environmental and Social Monitoring Consultant) perform monitoring site visits.	Public concerns about the water pipeline are being expressed.
August 2000	Numerous signs and billboards appeared in <i>Tamuin</i> related to the Project.	Signs and billboards are both in support and in protest against the Project
August 11, 2000	Date of first communication from Claimant (some residents of <i>Tamuin</i> and <i>Rescate Ecológico</i>)	Communication requests independent investigation by IDB of TEG project.
September 1, 2000	Sponsor and CEMEX representatives held a public meeting with local media and residents of <i>Tamuin</i>	Public meeting addressing power generation/technology, fuel, water usage, etc and an extensive questions and answer session
September 2, 2000	Sponsor and CEMEX meet with approximately 70 members of the <i>Frente Civico Tamuinense</i> , local group supporting the project	Presentation on the Project on a meeting sponsored by the PRI political party.
September 5, 2000	PROFEPA site visit and audit of compliance with requirements of the INE permit	Review of the conditions imposed on INE's environmental impact authorization
September 2000	The IDB provides TEG recommendations related to public concerns.	The Bank recommended to TEG to hold frequent meetings with the Mayor and concerned citizens during the construction of the conveyance lines.
October 17, 2000	The IDB received the Claimant communication dated August 11, 2000.	The ESU held multiple conference calls and requested additional information from the sponsors to better understand the alleged complaints. The communication presents a background of the project and gives proof of the alleged omissions of the Bank.
Late October and early November 2000	The IDB and TEG held several conference calls, where IDB requested additional information from TEG to better understand the alleged concerns and issues raised by TEG.	The calls were the results of (1) issues identified by IDB monitoring of project and (2) Claimant's communication.
November 17, 2000	A local <i>diputado</i> organized a meeting in <i>Tamuin</i> San Luis Potosi to discuss concerns and access to information regarding the project with the community authorities, social stakeholders and the sponsors. At request of IDB, the IDB	The Sponsor agreed to conduct a series of meetings called " <i>Mesas de Trabajo</i> " to respond to the concerns of the community expressed on various topics. Ineffective communication between the company and the community was identified as a part of the problem with the community.

	Environmental and Social Monitoring Consultant attends the meeting.	
December 1, 2000	Meeting with <i>Rescate Ecológico</i> and representatives of the community to coordinate dates and identify the topics for the "Mesas de Trabajo".	A series of monthly working sessions intended to cover the following six topics: <ul style="list-style-type: none"> • Water impacts and works, • Sierra de Abra Tanchipa Reserve, • Air Emissions, • Social Impacts and • Project Compliance and Permitting.
December 11, 2000	<i>Rescate Ecológico</i> submits a communication dated December 11, 2000 addressed to the IDB Representative in the Mexico City Office.	The communication is based in the August 11, 2000 communication but includes additional reports/information from the Sierra de Abra Tanchipa
December 15, 2000	The IDB Coordinator of the Independent Mechanism responds to the Claimant denying the request for an IIM.	The request was denied since the Claimant had not demonstrated efforts to work with Bank Management to resolve the issues. The IDB TEG project team plans to meet with the Claimant.
January 18, 2001	IDB requests a meeting with the Claimant on January 26, 2001 in <i>Tamuín</i>	
January 25, 2001	First meeting of the working group ("Mesas de Trabajo" with <i>Rescate Ecológico de Tamuín</i>).	Topics and a proposed schedule are further defined
January 25 and 26, 2001	The IDB and URS (IDB Environmental and Social Monitoring Consultant) perform an unplanned (i.e., not originally scheduled as part of project monitoring) to specifically investigate the concerns of the local citizens.	The team visited the project site, met with various TEG staff, mayor of <i>Tamuín</i> , municipal and state environmental authorities and with representatives of the community, including <i>Rescate Ecológico</i> . Authorities reported that the project is in material compliance with national regulations and the specific environmental authorization conditions.
January 26, 2001	Meeting with INE, PROFEPA, and CNA in <i>Ciudad Valles</i> to create a inter-institutional committee to review future claims from <i>Rescate Ecológico</i> . The IDB attended this meeting.	The Committee would be integrated by the different federal, state and local authorities and not the TEG company
January 26, 2001	Bank staff met with Claimant (residents of <i>Tamuín</i> and representatives of <i>Rescate Ecológico</i>)	The ESU made a presentation on the Bank's environmental and social assessment procedures for projects and listened to concerns and issues of Claimant. The Claimant submitted a written document with questions related to Bank policy and procedures and TEG project issues.
February 9 2001	Mesa de Trabajo in <i>Tamuín</i> regarding the Sierra Tanchipa Reserve	Presentation of the mitigation measures by an environmental consultant for the Project
February 14, 2001	The Bank provided TEG specific recommended actions to help resolve issues with Claimant.	The relevant principal recommendations included (1) a more direct and active participation of the Company in the activities with the local population, (2) to implement more strong concervative and proactive efforts to respond and resolve community issues, and (3) monthly status reports via conference calls.

February 15, 2001	The Sponsor meets in Mexico City with representatives of the news Magazine "Proceso" to discuss a proposed article on the Project	The Sponsor provides information on the Project
February 15, 2001	Preliminary meeting with SEMARNAT in Ciudad Valles	Review the status of approval of removing tress at the river bank
February 16, 2001	The Bank responded to Claimants concerns (e.g., those raised in January 2001 meeting and first communication).	The communication attempted to address the main concerns (i.e., categorized issues) of the Claimant in a direct manner without re-iterating information already available and/or addressing in detail issues being dealt with by local processes (e.g., Mesas de Trabajo). The communication stressed the Bank's assessment of the project complied with Bank policies and procedures and for the group to continue to work closely with TEG.
February 23, 2001	Cancellation of the Mesa de Trabajo	Mesa de Trabajo cancelled at the request of Rescate Ecológico de Tamuín.
March 7, 2001	"Mesas de Trabajo" to review the water works	Various representatives of different local organizations, authorities and Rescate Ecológico attended the water works meeting.
March 9, 2001	The IDB perform an environmental social monitoring site visit, including attempting to meet with Claimant.	The visit included review of TEG actions taken to IDB recommendations, visit to project site, and meetings with representatives of the community (Bank staff attempted to meet with Claimant but the Claimant declined). Actions implemented by the company included: Incorporation of former CEMEX environmental and social advisors into TDS organizational structure; Evaluation of an alternative route for the Braulio Romero pipeline, for which construction has become a major issue for Rescate Ecológico; Construction of a temporary camp (capacity for 300 workers); and TEG contracting a full-time person to coordinate communication and social affairs.
March 30, 2001	Fourth Mesa de Trabajo	Mesa de Trabajo at the Tamuín Municipal Hall with the presence of the Mayor of Tamuín and two Diputados.
April 27, 2001	Fifth Mesa de Trabajo	Presentation and discussion on the progress of the waterworks at the pumping stations and the Reserve Sierra de Abra Tanchipa
May 11, 2001	Sixth Mesa de Trabajo	Presentation by INE, CNA, and PROFEPA of the permitting process for the environmental and water permits
May 25, 2001	Seventh "Mesa de Trabajo"	Along the discussion on the "Mesa de Trabajo", a second guided tour to the site was conducted.
May 25, 2001	Date of Claimant's 2 nd communication requesting an independent investigation of TEG Project.	
June 19, 2001	The IDB received the Claimants May 25 2001 communication.	
Late June 2001	The IDB project team develops approach to attempt to resolve issues.	The IDB project team plans to meet with the Claimant. The IDB team contracts a Mexican environmental law firm (Lexcorp), specializing in environmental matters, to review legal issues raised by Claimant and to review TEG Project compliance with Mexican legal requirements.
July 17, 2001	IDB staff meet with various Mexican governmental officials in Mexico City to discuss TEG Project	The IDB and Lexcorp attorney met with PROFEPA and SEMARNAT. The IDB and Lexcorp review the basis of the legal claims filed against the TEG project.

	compliance and community issues	review the basis of the legal claims filed against the TEG project.
July 18 - 19, 2001	IDB perform site visit to meet with Claimant and assess project status	Visit to the Project area, meetings with Mayor and staff.
July 18, 2001	IDB meeting with Claimant in <i>Tamuín</i>	The IDB met with approximately 50 individuals linked to <i>Rescate Ecológico</i> in a question and answer session in <i>Tamuín</i> . Project B Lenders representatives attended the meeting. The IDB answered the questions and concerns presented, again describing to them available information which provides some support documentation, and promoted the concept that they need to work with other project stakeholders to resolve issues.
September 20, 2001	IDB staff meets with President of <i>Rescate Ecológico</i>	The informal meeting discussed the status of <i>Rescate Ecológico</i> opinions of the TEG project and it was stated that the group was continuing its efforts against the project.
August - December 2001	IDB continues to monitor situation.	While several efforts had been made to provide responses to the technical issues raised by the Claimant (e.g., by the TEG company, the IDB, and even the Mexican governmental authorities), members of <i>Rescate Ecológico</i> are still in opposition to the TEG and TEP projects.