

**MANAGEMENT ACTION PLAN ADDRESSING ICIM's COMPLIANCE REVIEW REPORT FOR
PROJECTS GENERADORA SAN MATEO S.A. AND GENERADORA SAN ANDRÉS S.A (MICI-CII-GU- 2018-0136)**

IDB Invest Management thanks ICIM for the collaborative work process in the development of the action plan addressing the compliance review Report for the Projects Generadora San Mateo and Generadora San Andres S.A (MICI -CII-GU-2018-0136).

IDB Invest welcomes the opportunity to present its action plan to the Board of Directors.

IDB Invest would like to note the following key points:

IDB Invest and the Borrowers in the Projects have signed settlement agreements on October 12th, 2021 in accordance with the debt settlement approved by the Board on September 14, 2021.¹ Therefore, IDB Invest is no longer financing the Projects Generadora San Mateo and Generadora San Andres S.A. As such, Management's action plan is addressing ICIM's ten institutional recommendations and Recommendation 29 (the only other recommendation applicable in case of exit).

IDB Invest recognizes the complex contextual risks present in the Project's region and the existence of communities' different viewpoints regarding developmental needs and the difficulties in achieving a peaceful dialogue. The IDB Group has supported the *Mesa de Dialogo* (that involved impartial third parties and observers) hoping that constructive measures would be achieved in strengthening social cohesion in Huehuetenango. Nevertheless, the situation remains conflictive. Management will strive to implement an exit and transition plans that avoid the escalation of such conflicts.

IDB Invest is committed to gender equality and will invest in an initiative that promotes financial inclusion and empowerment of women in the region. It will also conduct a gender risk assessment and mapping of services to support survivors of gender-based violence, indicating potential mitigation and strengthening measures that could be developed jointly by the private and the public sectors. By partnering with other international agencies in promoting capacity building initiatives on security and human rights protection in Guatemala, IDB Invest intends to emphasize the importance of preventing reprisals as a key element in achieving sustainable and peaceful development.

Lastly, Management wishes to communicate that the development of activities presented in this action plan must observe mobility restrictions imposed by the pandemic at country and local levels. A security assessment will need to confirm safety on the ground before IDB Invest personnel or consultants may enter the area. If public gathering restrictions or safety restrictions continue to exist in 2022, Management will inform the MICI and agree on a new calendar for some of the actions or adjust the format to virtual only.

Management remains at the Board's disposal for any further clarification deemed necessary.

¹ Document CII/PR-702-16, "Guatemala. Loans 696-GU and 696-1-GU for the project "Generadora San Mateo S.A. and Generadora San Andres S.A." approved pursuant to resolution CII/DE-40/13. Proposed debt settlement."

Recommendation	Proposed Actions	Delivery Date
<p>29 - In case of exit from the Projects, the Bank should make the necessary provisions to ensure a responsible exit from the Operations, taking into account the findings, conclusions, and recommendations of this report.</p> <p>29.1 - For this, a transition plan should be prepared, in consultation with the communities, guided by the principles to do no harm, transparency and responsibility. Among other measures, at a minimum, it should:</p> <p>29.1.1 Disclose and disseminate information on the Projects' environmental and social impacts and the prevention and mitigation measures adopted, in non-technical, culturally appropriate formats that can be easily understood by the affected communities.</p> <p>29.1.2 Include information on the benefits that the Projects would have brought for some communities.</p> <p>29.1.3 Incorporate in the disclosure, dissemination, or communication strategy a gender perspective to ensure that women are informed and able to participate.</p> <p>29.1.4 Provide information in languages and forms agreed with the communities, taking into account the needs of women and the elderly.</p> <p>29.1.5 Include, primarily, the information contained in assessments, studies, and measures taken with respect to archaeological heritage; the supplemental ESIA; and biodiversity assessments and action plans.</p>	<p>Convene a working group formed by IDBG social specialists and external consultants (including security and human rights specialists) to develop a transition plan through a collaborative process consulting leaders of affected communities. IDB Invest will guide the process considering principles of doing no harm, transparency and responsibility. The plan will incorporate gender and diversity good practice principles and provide for two-way communication in non-technical, culturally appropriate language. The plan will include:</p> <ul style="list-style-type: none"> a) Translation available in Chuj and Q'anjob'al languages b) Map of stakeholders to be invited to the meetings c) Plan of invitation dissemination that includes dates, places and times for the meetings d) Format of meetings and duration considering gender and culturally relevant aspects e) Presentation with a written summary of the impact studies (biodiversity, archeological and cultural heritage ESIAs and supplemental ESIA) and the benefits of the projects if they were to be implemented f) Formats for registering different views expressed in the meetings (to be shared with participants after the encounters). <p>Registration of attendance will be done in a way to preserve identity of participants. There will be careful use of language to avoid stigmatization and polarization. Dissemination of information will take into account confidentiality restrictions and the status of the Projects.</p> <p>As part of this process IDB Invest will structure an outreach strategy to communicate to communities that IDB Invest will no longer be financing the Projects (see also Action item 29.8).</p>	<p>Mobility restrictions imposed by the pandemic need to be observed at country and local levels. A security assessment will need to confirm safety on the ground before IDB Invest personnel or consultants may enter the area.</p> <p>IDB Invest will initiate the development of terms of reference during Q1 2022 and will start to mobilize the consultants in Q2 2022.</p> <p>Subject to mobility and security restrictions, the Plan would be finalized in Q3 2022 and implemented through Q4 2022 – Q1 2023.</p>

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29.2 - Evaluate the gender-differentiated impacts caused or exacerbated by the Projects' arrival in the communities. This assessment is separate from, and may supplement, the evaluation of the social management plan contemplated in the ESAP.	<p>29.2.1 Design the TORs for hiring an experienced consultant to implement a gender risk assessment.</p> <p>29.2.2 Fine tune the methodology with the consultant (questionnaire format, focal groups, interviews protocols, map of the stakeholders to be consulted, community communication, etc).</p> <p>29.2.3 Oversee the implementation of the execution of the gender risk assessment by the consultant</p> <p>29.2.4 The final report will include the result of the gender risk assessment and a list of existing entities and programs available to support survivors of Gender Based Violence</p> <p>29.2.5 Based on the results of the report, suggestions of mitigation measures to avoid gender differentiated impacts in infrastructure projects will be shared with communities, the Borrowers and other relevant stakeholders in the region.</p>	<p>29.2.1 – Q1 2022</p> <p>29.2.2 -Q2 2022</p> <p>29.2.3- When there are no mobility restrictions imposed by the pandemic and all security assessments indicate that it is safe to be in the region.</p> <p>29.2.4 – 40 business days after the draft report is presented to IDB Invest.</p> <p>If public gathering restrictions continue to exist in 2022, Management will inform the MICI and agree on a new calendar for actions 29.2 or adjust format to virtual only.</p>
29.3 - Carry out, in consultation with the communities in the area of influence of the Projects, a professional training and community empowerment project focused on the women of the communities.	<p>29.3.1-Liaise with an experienced local or regional entity and the IDB to develop a training and empowerment program that takes into consideration the perception of local women.</p> <p>29.3.2 Implement Program</p> <p>29.3.3 Monitor Program implementation</p> <p>29.3.4 Review and approve a report with results of the Program Implementation</p>	<p>29.3.1 – Q2 2022</p> <p>29.3.2 - When there are no mobility restrictions imposed by the pandemic and all security assessments indicate that it is safe to be in the region. Tentative starting date Q3 2022.</p> <p>If public gathering restrictions continue to exist in 2022, Management will inform the MICI and agree on a new calendar for actions 29.3 or adjust format to virtual only.</p> <p>29.3.2 –Ongoing for the duration of the Program implementation (estimated in 12 months)</p> <p>29.3.4 - 45 business days after the closing of the Program</p>
29.4- Advise the Projects on the implementation of a grievance mechanism adapted to the sociocultural context of the area, that includes a gender perspective, provides for the availability of Chuj and Q'anjob'al interpreters, and can continue to receive individual complaints from community members about Project impacts from the beginning of the	<p>29.4.1 Prepare technical advice on good practices for the implementation and monitoring of a grievance mechanism for the Projects.</p> <p>29.4.2 Send the technical advice to the Borrowers via registered correspondence.</p>	<p>29.4.1 – Q1 2022</p> <p>29.4.2 – Q2 2022</p>

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Project until IDB Invest's exit. To this end, also advise them on the possibility of bringing in an independent third party.		
29.5 Design an exit strategy and a transition plan with the aim to prevent, at all times, the escalation of social conflicts and the risk of any form of reprisals. To this effect, the participation of the communities in the different stages is essential, and it would be advisable to employ and deploy a team of security and human rights specialists to advise on the design of the plan and monitor its implementation.	29.5.1 Hire a team of consultants, with expertise in human rights and security to implement the plan developed for action item 29.1	<p>29.5 Mobility restrictions imposed by the pandemic need to be observed at country and local levels. A security assessment will need to confirm safety on the ground before IDB Invest personnel or consultants may enter the area.</p> <p>IDB Invest will hire and mobilize the consultants in Q2 2022.</p> <p>The Plan would be finalized in Q3 2022 and implemented through Q4 2022 – Q1 2023.</p> <p>If public gathering restrictions continue to exist, Management will inform the MICI and agree on a new calendar for actions 29.5 or adjust format to virtual only.</p>
29.6 - Advise and train relevant stakeholders, from the public and private sectors in San Mateo Ixtatán and Guatemala, on the relevant safeguards on security and human rights, particularly those related to infrastructure projects, and emphasizing the protection against reprisals.	<p>29.6.1 – Develop, in coordination with international human rights entities, a capacity building event on safeguards applicable to security and human rights applicable to infrastructure projects in Guatemala emphasizing the protection against reprisals.</p> <p>29.6.2 - Map and invite relevant stakeholders from the public and private sectors in Guatemala</p> <p>29.6.3 - Implement the capacity building event and document attendance</p>	<p>Mobility and public gathering restrictions imposed by the pandemic need to be observed at a country and local levels.</p> <p>29.6.1 – Q4 2022</p> <p>29.6.2 – Q1 2023</p> <p>29.6.3 – Q2 2023</p> <p>If public gathering restrictions continue to exist, Management will inform the MICI and agree on a new calendar for actions 29.6 or adjust format to virtual only.</p>
29.7 – In the event of the Projects are not built, advise and provide assistance to the Client on restoring physical spaces affected by the construction of the Projects or associated facilities, taking into particular consideration the potential environmental impacts and to the cultural heritage of the communities, in compliance with the applicable legal system.	<p>29.7.1 - Prepare technical advice for closing the Projects as well as cultural heritage restoration taking into consideration the Environmental and Social Impact Assessment of the Projects and relevant IDB Invest policies.</p> <p>29.7.2- Send the technical advice to the Borrowers via registered correspondence.</p> <p>29.7.3 Upon the cancellation or expiration of the environmental license, disclose the content of the technical advice to communities and to the Local Environmental Agency.</p>	<p>29.7.1 - Develop terms of reference and identify consultant -Q2 2022</p> <p>Mobility restrictions imposed by the pandemic need to be observed at country and local levels. A security assessment will need to confirm safety on the ground before IDB Invest personnel or consultants may enter the area</p> <p>29.7.2– Develop report with recommendations and send to Borrowers 30 business days after the cancellation or expiration of the environmental</p>

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		license has been requested by the Borrowers 29.7.3 – 60 business days after the cancellation or expiration of the environmental license is requested by the Borrowers
29.8 - Inform the communities of the Bank's exit from the Projects in a broad, transparent, and neutral manner. As part of this measure, the Bank should advise the Client on communication with stakeholders, so that the language and terms used to refer to individuals or organizations opposed to the Projects do not lead to stigmatization, do not attribute responsibility to them, and, to the extent possible, reduce polarization.	29.8. In the same information dissemination activities around environmental and social impact studies (action item 29.1) it will be disclosed that IDB Invest will no longer be financing the Projects. Please refer to item 29.1 for detail	29.8 Mobility restrictions imposed by the pandemic need to be observed at country and local levels. A security assessment will need to confirm safety on the ground before IDB Invest personnel or consultants may enter the area. IDB Invest will mobilize the consultants in Q2 2022. The Plan would be finalized in Q3 2022 and implemented through Q4 2022 – Q1 2023. Please refer to item 29.1 for detail.
Recommendation 2		
Strengthen IDB Invest's environmental and social safeguards unit in the area of indigenous peoples to ensure that its staff understand and are able to apply the requirements of the ROP on indigenous peoples (PIPs) present. This should include: 1. Strengthen and expand IDB Invest's roster of local independent experts to include subject matter specialists. 2. Train IDB Invest's team of environmental and social specialists to recognize and identify factors, elements, and indicators that should trigger the need for technical and systematic assessments on the indigenous identification of affected communities. 3. Report to the Board of Executive Directors annually on the implementation of and compliance with the PIPs, using indicators that allow for adequate monitoring.	2.1. Expand the roster of local independent consultants to include experts in the application of Performance Standard 7 (Indigenous Peoples) in Latin American and Caribbean countries.	2.1 Identify and engage local consultants and develop a roster – to be deployed as needed. Q1 2022
	2.2 Develop and implement capacity building activities for environmental and social specialists in IDB Invest to recognize and identify factors, elements, and indicators that should trigger the need for technical and systematic assessments on the indigenous identification of affected communities.	2.2 Ongoing until 2022
	2.3.1 Develop internal systems to identify projects that	2.3.1 IDB Invest has developed a system to

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	<p>impact indigenous peoples</p> <p>2.3.2 Develop indicators to monitor compliance with the requirements established in the sustainability policy regarding indigenous peoples</p> <p>2.3.3 Develop the format of the reporting to the Board considering indicators that can be measured and monitored</p> <p>2.3.4 Periodically report to the Board of Directors</p>	<p>track projects that impact indigenous peoples which is fully operational since January 2021.</p> <p>2.3.2 Develop a set of indicators for Q4 2022</p> <p>2.3.3 Develop standard content for reporting to the Board. Q4 2022</p> <p>2.3.4 Initiate regular reporting during Q1 2023</p>
Recommendation 3	<p>3.1 Engage with the IDBG's group indigenous specialists on a regular basis to discuss projects that might impact indigenous populations and gather their timely input for due diligence of new projects.</p>	<p>3.1 Starting in Q2 2022 until 2023</p>
Recommendation 7	<p>7.1 During 2021 IDB Staff has continued to expand its capacity building efforts on gender risk management including training sessions for more than 360 IDB Invest staff.</p> <p>Continue to offer capacity building to environmental and social specialists in gender safeguard requirements and applicable standards as well as requirements applicable to vulnerable groups according to IDB Invest's sustainability policy.</p>	<p>7.1 Ongoing throughout 2022</p>
Recommendation 8	<p>8.1 The new IDB Invest Sustainability Policy states that IDB Invest is committed to promoting gender equality and diversity and requires its clients to identify and address gender-related risks in IDB Invest-supported investments, including by avoiding gender-based exclusion, gender-based violence, sexual exploitation, human trafficking and sexually transmitted diseases. It requests that the client defines and puts in place specific measures to prevent and address these risks. Compliance with the IDB Invest Sustainability Policy is required in legal agreements.</p> <p>8.2 Continue to operationalize the Management Grievance Mechanism – MGM, by which communities can inform IDB Invest</p>	<p>8.1 Completed.</p> <p>8.2. MGM active since 2021. Procedure developed by Q2 2022</p>

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associated with a Bank-financed operation. These processes should be conducted by trained personnel, should not rely exclusively on information provided by the Client, and should pay special attention to information provided by alleged victims, international organizations, and civil society organizations that specialize in gender and human rights issues.	about concerns or complaints (including of gender based violence), develop an internal procedure to address allegations of gender based violence against project affected people in IDB Invest financed operations.	
Recommendation 17 Develop a good practice handbook for implementing the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in IDB Invest financed operations.	17.1 Develop an internal guidance note for social and environmental officers applying the Voluntary Principles on Security and Human Rights (VPSHR) and applicable safeguards for the use of security forces in Bank-financed operations. 17.2 Offer capacity building to all environmental and social specialists in IDB Invest regarding the content of the guidance note described on item 17.1	17.1 Q3 2022 17.1 Q4 2022
Recommendation 18 Strengthen the knowledge and capacities of IDB Invest's social specialists on insecurity, conflict, and violence in the Project context, including the requirements of PS4, the International Finance Corporation's Good Practice Handbook on the Use of Security Forces, the VPSHR, and other protocols for implementing PS4 requirements in violent and volatile contexts in which IDB Invest operates, as well as mechanisms for managing conflicts between clients and communities.	18.1 Continue to offer capacity building to environmental and social specialists in on insecurity, conflict, and violence in the Project context, including the requirements of PS4, the International Finance Corporation's Good Practice Handbook on the Use of Security Forces, the VPSHR, and other protocols for implementing PS4 according to IDB Invest's sustainability policy. 18.2 Continue to operationalize the Management Grievance Mechanism MGM, by which communities can inform IDB Invest about concerns or complaints (including those of reprisals) and engage in processes, led by IDB Invest, of resolution with Clients.	18.1 - Q4 2022 18.2 Ongoing throughout 2022
Recommendation 19 Include mechanisms or tools for monitoring violence associated with Bank financed Projects in existing environmental and social review and supervision protocols	19.1 Develop a tool for tracking violence in Latin America and the Caribbean that contributes to an enhanced contextual risk assessment of IDB Invest financed projects during origination and supervision.	19.1. Q4 2022
Recommendation 20 Develop and deliver a training program on the guidelines on addressing risks of reprisals in the context of IDB Invest development Projects. This program should:	20. Implement capacity building events on addressing risks of reprisals in the context of IDB Invest development projects with the assistance of experts in the Latin America and Caribbean region.	20.1. Q4 2022

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<p>1. Train IDB Invest's environmental and social specialists on the issue of reprisals in development Projects in Latin America and the Caribbean.</p> <p>2. Be designed and delivered with the advice of people with contextual knowledge and experience related to the issue of reprisals in Latin America and the Caribbean.</p>		
<p>Recommendation 21</p> <p>Submit an implementation plan for IDB Invest's reprisals guidelines, including the presentation of periodic reports to the Board of Executive Directors, providing an account of the strategy, objectives, indicators, and outcomes, so their effectiveness can be monitored and measured, and adjustments made where appropriate.</p>	<p>21.1 Develop an internal procedure to address allegations of reprisals based on the Good Practice Note on addressing the risks of retaliation against project stakeholders published by IDB Invest and IFC.</p> <p>21.2 Provide training to IDB Invest staff on the new internal procedure</p> <p>21.3 Operationalize the procedure to address allegations of reprisals</p> <p>21.4 Develop the format of the reporting to the Board considering indicators that can be measured and monitored.</p>	<p>21.1 Q2 2022</p> <p>21.2 Q3-Q4 2022</p> <p>21.3 Q4 2022 onwards</p> <p>21.4 Initiate regular reporting during Q1 2023</p>
<p>Recommendation 27</p> <p>MICI recommends that IDB Invest establish a procedure (if one does not exist) to allow Projects to be reclassified after the screening/classification phase, when circumstances are identified that elevate the risks and impacts of the Projects to those described for category A.</p>	<p>The Environmental and Social Operational Manual establishes that a change of categorization is allowed at any moment before the transaction is presented to the Board of Directors or Management for approval.</p> <p>Internal supervision monitoring system allows for projects to be flagged as high risk if new risks are identified after approval.</p> <p>27.1 An update to the Environmental and Social Operational Manual will highlight that when circumstances are identified that elevate the risks and impacts of the project after approval, the internal supervision classification of the project should be altered to a higher one. Updating the Environmental and Social Operational Manual will reflect the current procedure in place in the IDB Invest IT project management system to track high risk projects in the portfolio during supervision.</p>	<p>27.1 Q3 2022</p>