



INTEGRATED SOCIAL MANAGEMENT PLAN FOR THE LA MATA/LA VENTOSA PROJECT

November 2009

Prepared by:

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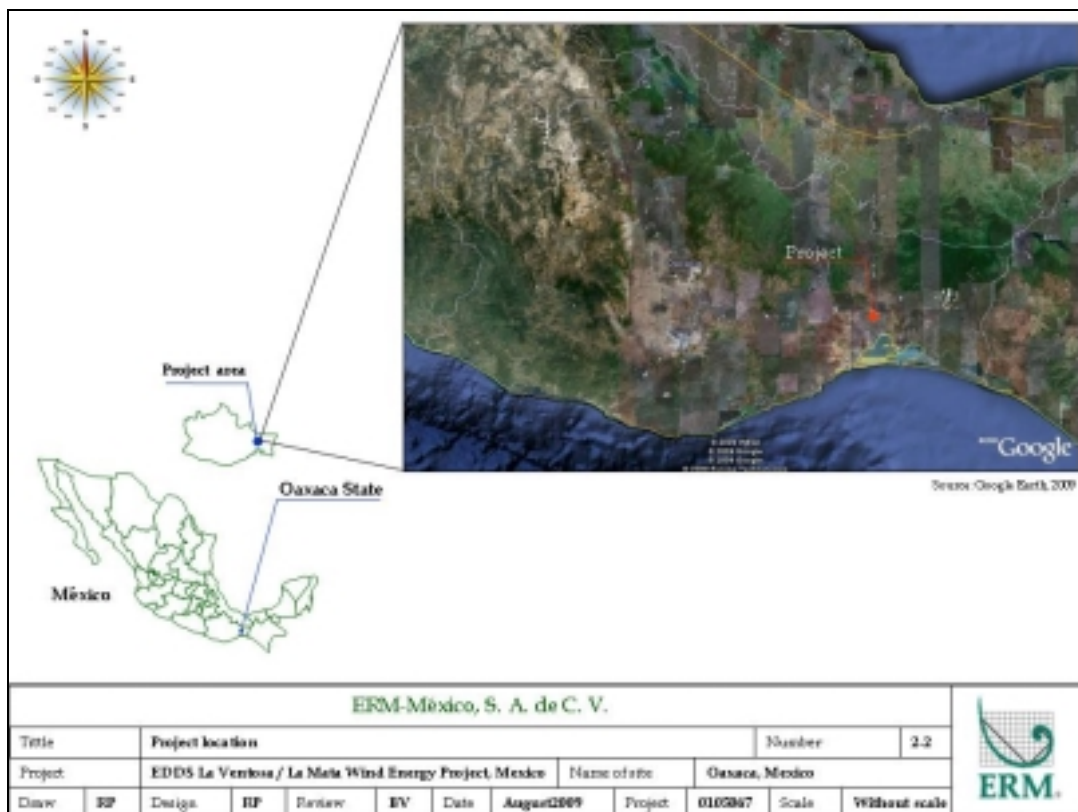
INTEGRATED SOCIAL MANAGEMENT PLAN

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1. INTRODUCTION AND OBJECTIVES

Eléctrica del Valle de México, S. de R.L. de C.V. (EVM) is a wind power company that is a subsidiary of Électricité de France (EDF) and is in the process of developing the La Mata / La Ventosa Project, which will have an installed production capacity of 67.5 MW from 27 wind generators (each with a 2,500 kW capacity). The 27 towers will be distributed as follows: 20 located in the ejido of La Mata and 7 located in the La Ventosa ejido. La Mata is part of the Asunción Ixtaltepec municipality and La Ventosa is in the Juchitán de Zaragoza municipality; both of which are found in the Isthmus of Tehuantepec within the State of Oaxaca, Mexico. The two-sectioned wind park will deliver electrical energy to the Comisión Federal de Electricidad (CFE) national grid network through an interconnection line, located at a substation. The overhead transmission line from the interconnection point to the CFE substation will be installed before the former distribution line is dismantled.

The project's total physical footprint directly impacts only 15.9 hectares (less than 0.5% of the total ejido land) and does not require physical displacement of people or cause negative impacts on the community's livelihoods since current agricultural activities will continue to take place in the parcel areas not utilized by the wind farm. Furthermore, the project will generate a steady and reliable source of income for many community members. Engagement with the directly involved communities has been built for over a decade with open and effective communication built on mutual trust.



The present Integrated Social Management Plan (ISMP) for the La Mata / La Ventosa Project is EVM's planning tool geared to manage its social impacts and risks and thus assure proper social performance and enhance benefits to local indigenous and non-indigenous communities. Given that the project's construction phase has nearly concluded, the commitments described in this ISMP focus on the project's operation phase. This document does provide, however, a summary of EVM's past actions relating to social management and builds upon them in describing future lines of action.

The sections of the ISMP are:

- Legal Framework
- Social Baseline Summary
- Social Impacts Summary
- Community Consultation, Communication, and Engagement Program
- Land Easement Program
- Grievance Redress Mechanism
- Social Investment Framework
- Monitoring, Evaluation, and Reporting Framework

1.1 EVM's Social Vision

EVM sees itself as a socially responsible company that seeks to match its sustainable social management performance with the environmental sustainability of the renewable energy resource it promotes. Building on over 15 years of conscientious engagement with individuals in the La Mata and La Ventosa communities, the project expects to continue having a personalized approach to addressing social issues and incorporate additional techniques based on international best practices.

In 2005, the EDF Group signed its first corporate social responsibility (CSR) agreement which applies to all companies and has a broad scope that includes the internal labor force, the supply chain, environmental concerns, and a "commitment to neighbourhood life". Thus, beyond the company-specific social vision, EVM has a corporate mandate to promote sustainable social development at the local level and a healthy atmosphere for social dialogue in its projects.

The social vision for the project, which permeates this ISMP, has a primary focus on the project's immediate area of interest (IAI), defined as the communities of La Mata and La Ventosa per se. This "good neighbor" approach assures that EVM's efforts are directed firstly toward the communities most affected by the project where the biggest opportunities for generating positive impacts are concentrated. However, in some respects, it is necessary to include the project's extended area of interest (EAI), which includes the municipal capitals of Asunción Ixtaltepec and Juchitán de Zaragoza.

The main reason for concentrating the project's social management efforts on the IAI is that the company's direct social impacts and risks could be characterized as chiefly localized. However, despite the fact that the La Ventosa / La Mata Project is relatively

small-scale, it is surrounded by other larger wind energy developments. In the end, the project contributes to cumulative effects in the region, which includes the EAI. For this reason, and to assure proper social performance at all relevant scales, EVM's programs, mechanism, and frameworks are applied at the proper socio-spatial extent.

1.2 ISMP Objectives¹

The ISMP for the La Ventosa / La Mata Project has the principal purpose of assuring that EVM's social performance throughout the life of the park is sustainable on the basis of best international practices and a culturally appropriate approach. Other general objectives of this management tool include the following:

1. Assure that the project strives to achieve full compliance with all applicable national and international standards relating to social development;
2. Provide the necessary elements for proper social risk management in order to promote value creation and the protection of interests for both EVM and the communities of La Mata and La Ventosa;
3. Minimize negative social impacts and maximize positive social impacts in the project area;
4. Always seek the prevention of any unwanted social effects, but present reparations in the event that some occur;
5. Promote a holistic approach to sustainable development in the area by building upon and finding synergies with responsible environmental performance;
6. Encourage the improvement of livelihoods for people in the project area while avoiding any economic displacement;
7. Spearhead and nurture the creation of participatory partnerships between EVM and stakeholders in the project area taking into account their culture;
8. Advance proper and continuous engagement between EVM and project stakeholders, making the project's medium, content, and approach to environmental and social management accessible, opportune and culturally appropriate;
9. Enhance community development opportunities for the indigenous and non-indigenous communities of La Mata and La Ventosa, taking strongly into account in all planning and interactions the special value of Zapotec language, culture, and

¹ This ISMP goes beyond the usual elements of an Indigenous Peoples Development Plan (IPDP) and is intended to cover indigenous and non-indigenous community members.

traditions in the region and ensuring fair and appropriate negotiation processes, compensation, and redress throughout the life of the project ; and

10. Maintain adequate project transparency through suitable supervision, assessment, and documentation processes.

Along with any other specific goals set forth in each of the sections of this ISMP, this collection of ten overall objectives will provide a common thread to EVM's social management efforts.

2. LEGAL FRAMEWORK

This section provides a summary of the legal requirements and guidelines within which the ISMP is to be implemented.

2.1 Mexican Normative Requirements

Mexico's top law of the land, the Political Constitution of the United Mexican States, includes in its Article 2 and its Article 26 rules about consulting populations that are to be potentially affected by a development project lead by the private sector and poised to receive federal authorization. Furthermore the Environmental Impact Assessment (EIA) evaluation process includes provisions for interested parties to request a public consultation prior to the publication of the EIA resolution.

Regarding land use, the Constitution's Article 27, further specified in the Agrarian Law, allow for ejido members to pass usufruct rights to third parties without giving up their property rights.

Table 2-1 *Relevant Mexican Authorities and Regulatory Agencies*

Authority / Agency	Roles and Responsibilities
Secretariat of Labor and Social Welfare	STPS is the Federal authority in charge of defending dignified labor and social usefulness rights of Mexican workers. As part of its objectives, it establishes Health and Safety actions every worker must abide to, depending on the kind of activity he/she performs.
Secretariat of the Agrarian Reform	SRA is the Federal authority in charge of overseeing the enforcement of rules relating to the ejido system.
National Commission for Indigenous Peoples Development	CDI is an independent organism from the Federal government in charge of planning, implementing and monitoring indigenous peoples development programs in Mexico, coordinating actions with state governors and researching and updating on social conditions.
Secretariat of Indigenous Affairs	SAI is the state authority in charge of securing compliance of the Law of Indigenous Communities and Peoples Rights in Oaxaca.

Table 2-2 *Relevant Mexican Laws and Regulations*

Applicable Law/ Regulation	Description
Law of Indigenous Communities and Peoples Development of the State of Oaxaca	The Law of Indigenous Rights of Oaxaca is a Rule of article 16 of the Political Constitution of the State of Oaxaca and indicates the minimum rights for existence, survival, dignity and welfare of indigenous communities and peoples which authorities must maintain and keep constant watch.
Federal Labor Law	Includes the general guidelines for private or individual owners in charge of workers in order to look after their labor rights.
Federal Agrarian Law	Regulates the ejido system and the possibility of passing on land-use rights in usufruct contracts to third parties.

2.2 International Normative Requirements

In addition to Mexican regulations, the project seeks to comply with applicable international standards and guidelines.

Table 2-3 *Relevant International Standards and Guidelines*

Applicable Requirement	Description
Inter-American Development Bank Operational Policies	
Indigenous Peoples	Calls for prioritizing indigenous concerns, maintain territorial and cultural integrity, and carry out adequate and constant communication.
Involuntary Resettlement	Calls for preventing involuntary physical displacement and economic disruption of inhabitants and properly mitigating any unavoidable displacement or disruption.
Disclosure of Information	Calls for clear disclosure of key information or documentation to the relevant parties involved.
Independent Investigation Mechanism	Calls for continuous investigation and monitoring to be performed during project life.
International Finance Corporation Performance Standards	
PS1 Social & Environmental Assessment and Management Systems	Calls for assessing social impacts and including them in a management system.
PS2 Labor and Working Conditions	Calls to manage health and safety concerns and consider fair treatment and equal opportunity for workers.
PS4 Community Health & Safety	Calls for proper management of community health and safety issues in order to prevent risks and impacts or act upon emergencies.
PS5 Land Acquisition and Involuntary Resettlement	Calls for fair, appropriate, and documented efforts in the acquisition or leasing of lands, preventing involuntary physical displacement and the economic disruption of inhabitants and properly mitigating any unavoidable displacement or disruption.
PS7 Indigenous Peoples	Calls for engaging this particular group with specific planning and culturally sensitive considerations.

2.3 Normative Requirements of Special Mention

Mexican legislation recently began requiring consultation with communities in new renewable energy projects. However, the project itself was initiated before the Renewable Energy Use and Energetic Transition Financing Law came into force, on November 28, 2008. Despite it not being mandatory for the project to comply with this law due to the lack of retroactivity, EVM will strive to comply with its objectives for this project going forward. The law outlines the following requirements in Article 21²:

Energy generation projects based on renewable energies with over 2.5 MW of capacity will:

- 1) Ensure local and regional community participation through meetings and public consultation convened by the municipal or community authorities. These meetings will seek agreement on project participation in social community development;*
- 2) Based on contracts, land ownership leasing can be paid at mutually agreed intervals with land owners, though never less than twice per year;*
- 3) Promote social development in the community where renewable energy based power generation projects are undertaken, following best international practices and complying with applicable sustainable rural development, environmental protection and agricultural rights regulations.*

The Law of Indigenous Communities and Peoples Rights of the State of Oaxaca, mandatory and applicable to the project, requires in its articles the following conditions³:

- *Art. 28: The State recognizes the existence of internal regulatory systems of indigenous communities and peoples regarding family relations, civil life, community organization and conflict solutions, which are current and in constant use.*
- *Art. 36: The State will keep constant communication with indigenous communities and peoples to assure their internal regulatory systems are adequately recognized and respected by people and institutions outside their own.*
- *Art. 53: Works and projects promoted by the State, organizations, or private investment which impacts on natural resources of indigenous communities must be discussed, analyzed, and previously agreed upon with the aforementioned communities.*
- *Art. 57: Indigenous communities will have the right to demand restoration and repair of ecological damage in their communities after State authorities convene upon the issue.*

3. SOCIAL BASELINE SUMMARY

This section provides an overview of key social data in the project area that will allow it to be executed with knowledge of the conditions in the region. The relevant project area of influence for this section will be the EAI.

²Translation by ERM.

³Translation by ERM.

3.1 Communities, Population, and Demographics

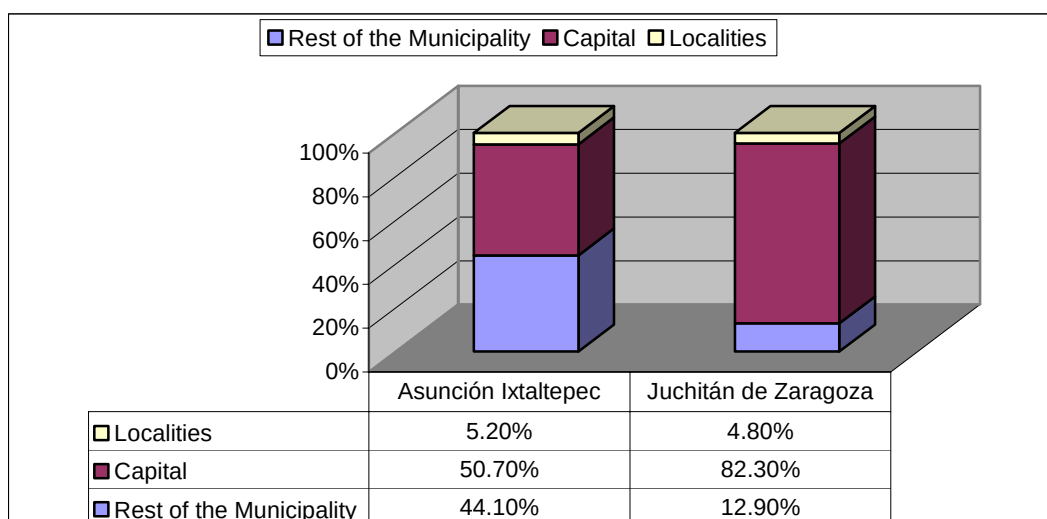
Population distribution is largely concentrated in the political and economic centers that serve as the municipal capitals, accounting for more than half of the overall municipal population. These local capitals are identified with the same name as their respective municipalities: Asunción Ixtaltepec, where the La Mata ejido is located, and Juchitán de Zaragoza, where the La Ventosa ejido is located. The following chart shows the population distribution among these centers and the Project-specific localities.

Table 3-1 Population Distribution

Location	Men	Women	Total	Growth Rate 2000-2005
Asunción Ixtaltepec (municipality)	7 190	7 248	14 438	0.22
La Mata	412	347	760	-
Juchitán de Zaragoza (municipality)	41 826	44 043	85 869	1.59
La Ventosa	2 053	2 148	4 201	-

Source: INEGI Segundo conteo de población 2005.

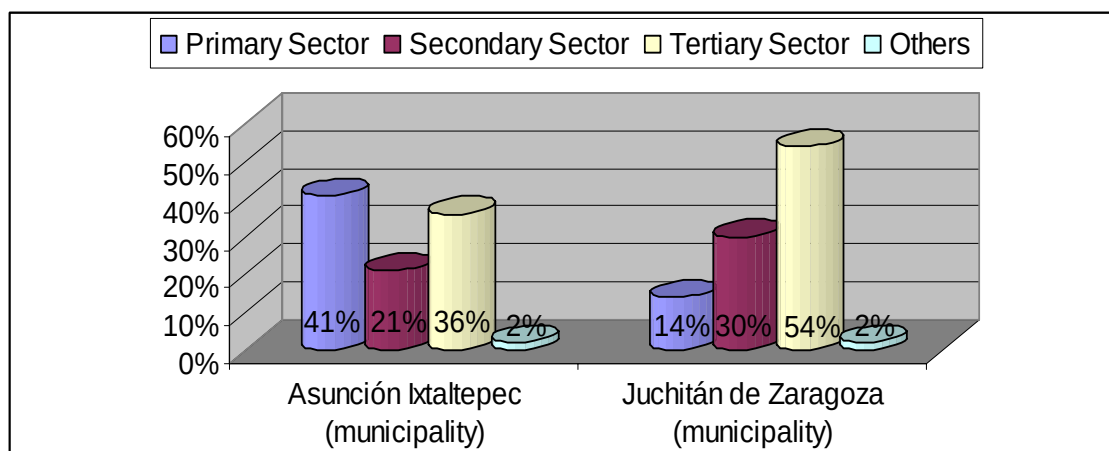
Figure 3-1 Population Distribution



3.2 Economic Activity and Livelihoods

The majority of the economically active rural population in both municipalities works in agriculture, although specific information regarding localities was limited. The following table shows the distribution of activities and sectors.

Figure 3-2 Economic Sectors



Agricultural activities are a priority in the Asunción de Ixtaltepec municipality, while service and commerce activities are the most relevant in Juchitán de Zaragoza.

Household organization in the project's IAI and EAI are fairly similar in proportion, having mostly male-supported households in the La Mata and La Ventosa communities, as well as in both municipalities. It is important to mention, however, that almost 25% of households in Juchitán de Zaragoza are primarily supported by women.

Table 3-2 Households

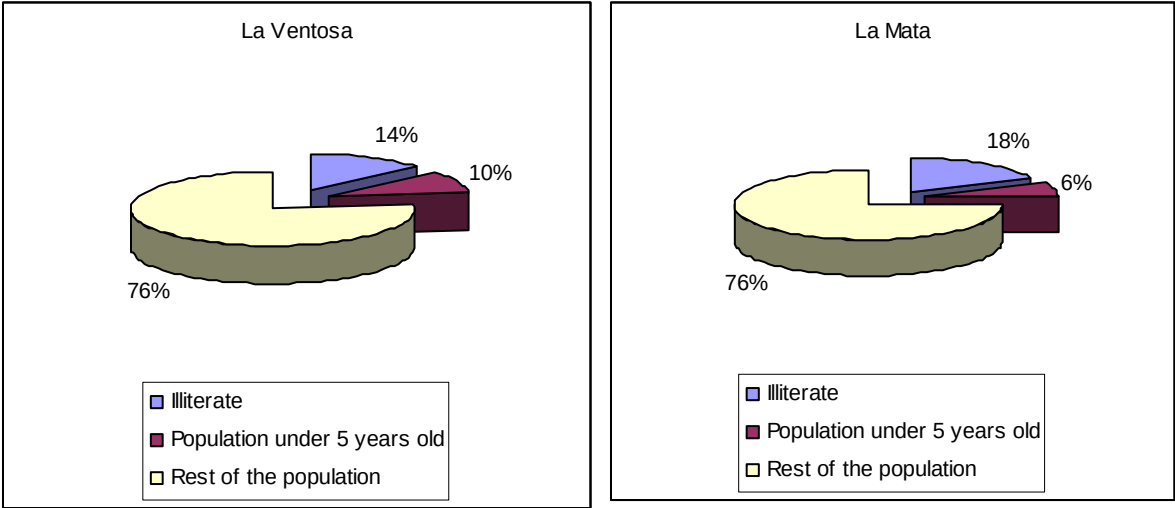
Location	Private Households	Occupants	Proportion Supported by Men	Proportion Supported by Women
Asunción Ixtaltepec (municipality)	3 946	14 431	80.5%	19.41%
La Mata	242	760	82.2%	17.7%
Juchitán de Zaragoza (municipality)	19 080	85 523	75.6%	24.3%
La Ventosa	985	4 201	81.7%	18.2%

Source: INEGI Segundo Censo de Población, 2005. Anuario Estadístico de Oaxaca, 2008.

3.3 Education

The population in the Project area is mostly literate with only 131 residents of La Mata and 559 residents of La Ventosa never having completed basic education. These numbers however account for 17.2% and 13.3% (respectively) of the population in these localities, even as population under 5 years old is excluded from the statistics, as shown in the following figure:

Figure 3-3 Literacy



3.4 Public Infrastructure and Services

Housing with electric energy, water supply, and drainage services in La Mata and La Ventosa make up 92.1% and 84.5% of the total, respectively. At the municipal level, additional public services include the following:

Table 3-3 Public Services

Location	Drinking Water	Public Lighting	Urban Drainage	Garbage Collection	Public Safety	Paved Streets
Asunción Ixtaltepec (municipality)	68%	94%	3%	60%	30%	70%
Juchitán de Zaragoza (municipality)	90%	80%	70%	80%	60%	90%

Source: Municipalities Encyclopedia of the State of Oaxaca, Mexican Government.

3.5 Health Conditions and Facilities

Health data indicate that the Project region lacks proper access to healthcare and health infrastructure. Main causes of death include heart conditions, closely followed by metabolic diseases such as diabetes, and cancer/tumors. Most residents in the Project area do not have government-covered healthcare, as shown in the table below.

Table 3-4 Healthcare Coverage

Location	Population not entitled to health services	Population entitled to health services	IMSS	ISSTE	Other Federal Healthcare Programs
Asunción Ixtaltepec (capital city)	4 027	2 393	917	1 445	31

La Mata	615	102	87	15	0
Juchitán de Zaragoza (capital city)	46 938	20 678	11 818	8 442	418
La Ventosa	3 338	788	474	255	59

Notes:

IMSS: Mexican Social Security Institute

ISSSTE: Mexican Social Security Institute for Government Workers

Population entitled to health services includes other federal institutes (besides IMSS and ISSSTE): PEMEX (Mexican Petroleum), SEDENA (Secretariat of National Defense), and SEMAR (Secretariat of the Navy).

Source: Statistical Yearbook of Oaxaca, INEGI 2008. Segundo Censo de Población INEGI, 2005.

As the table indicates, a majority of the local population is not entitled to public health services, a reflection of self-employment or employment in the informal economy. However, federal health programs are intended to attend to the non-entitled population as well; but infrastructure and professionals are assigned based on the official need, which creates for a mismatch between healthcare supply and demand.

Medical units refer to several types of permanent and mobile clinics. Field reconnaissance in the two localities of interest revealed that each has one (1) IMSS clinic with a visiting (non-permanent) staff. Municipal statistics are shown in the following table:

Table 3-5 Medical Units

Location	Medical Units	Nursing Homes	Local Health Technicians
Asunción Ixtaltepec (municipality)	7 Total (3 IMSS, 4 SSO)	1	1
Juchitán de Zaragoza* (municipality)	16 Total (1 IMSS, 1 ISSTE, 1 PEMEX and 13 SSO)	8	8
Total	23	9	9

Notes:

- A local health technician refers to people from the communities who are well-known and respected and trained to offer basic health services, not official medical staff.

- The Municipalities Encyclopedia of the State of Oaxaca offers a second set of information regarding the health infrastructure in Juchitán de Zaragoza, where a substantial number of IMSS clinics and health centers are added, yet the basic data from the Health Service of Oaxaca is kept for congruence.

Source: Servicios de Salud de Oaxaca, Dirección de Planeación y Desarrollo; Departamento de Estadística y Evaluación.

3.6 Land Use and Tenure

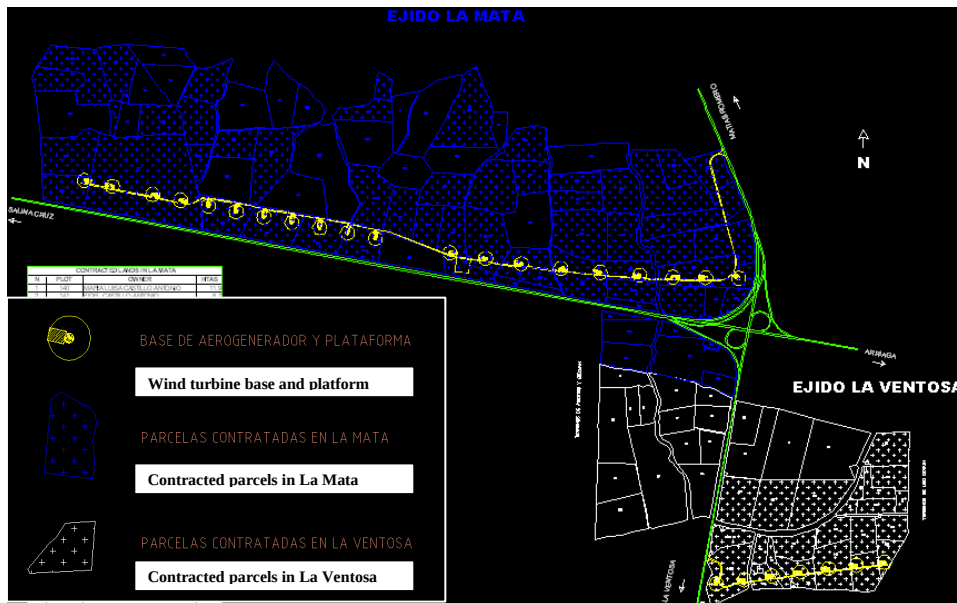
The ejido system is the predominant land tenure system in the project area, as well as in many other regions of Mexico. It allows for large extensions of land to be communally owned by a group of local inhabitants that must make decisions on land-use collectively while maintaining individual control of specific parcels. This system has developed into a politically significant figure as it emerged in the last century as one of the main results of the Mexican Revolution, which largely focused on land distribution and ownership, for both indigenous and non-indigenous communities alike. As previously mentioned, land use is primarily agricultural, with cattle-raising activities being the most common.

According to Article 27 of the Constitution, ejidos are considered communal property and cannot be sold like private property. However, ejido members have individual titles for their parcels and may negotiate passing usufruct rights to third parties in the private sector as long as the entire ejido assembly, or internal governing body, is in agreement with the deal.

La Ventosa occupies a total area of 5,904 hectares divided in 3,730 hectares of individual parcels and 2,174 hectares of communal use area, of which 90 hectares are part of the project's areas currently under development. La Mata occupies a total area of 3,039 hectares divided in 2,339 hectares of individual parcels and 700 hectares of communal use area, of which 290 hectares are part of the project's areas currently under development.

The following map shows parcels in La Mata (blue) and La Ventosa (white) with the proposed wind turbines.

Figure 3-4 Parcel and Project Map



Source: Project location drawing from interconnection agreement.

3.7 Indigenous Peoples

Indigenous groups have a very important presence in the project area, accounting for almost 60% of the overall population in Juchitán de Zaragoza and over 45% of the overall population in Asunción Ixtaltepec. The most abundant indigenous group in the Isthmus of Tehuantepec is the Zapotec.

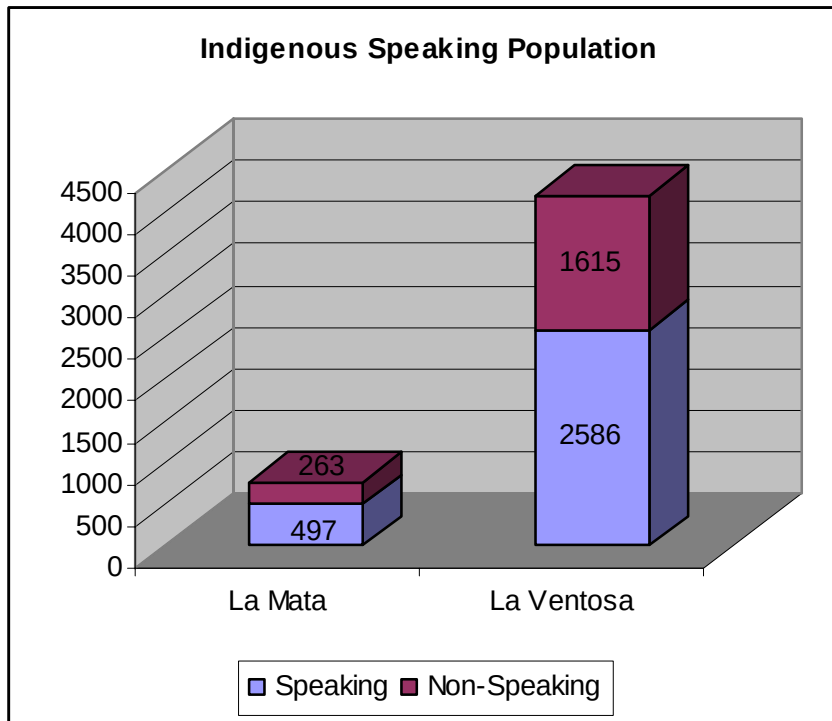
The following map shows the location of the Project within the region's ethnic group predominance zones.



Source: Government of Oaxaca, Culture and Indigenous Groups Location.

Indigenous languages are vastly preserved in the area and considered to be one of the richest cultural components related to the indigenous population. For the most part, individuals who speak an indigenous language also speak Spanish; but the socially-accepted situations in which to speak one or the other dictate that there is a tacit expectation of indigenous language usage among members of the same community and whenever new trust-based relationships are sought.

As presented in the figure below and based on official statistics, the two localities within the project's area have a majority of the population that speaks an indigenous language (very predominantly Zapotec, according to information reported and observed in the field). According to accounts from residents of the La Ventosa and La Mata ejidos, those community members that do not speak Zapotec belong to either the younger generations or migrated from outside communities (particularly in La Ventosa).



Source: INEGI

Being the predominant indigenous population in the project's IAI and EAI, Zapotec culture also greatly influences social dynamics and traditions in Juchitán de Zaragoza where most of its population speaks or understands the indigenous language.

Using language as an indicator of the strength with which the indigenous influence marks society, it is important to note that, according to official statistics, 93.4% and 94.4% of the population in La Mata and La Ventosa, respectively, live in a household led by either a man or woman who speaks an indigenous language.

3.8 Cultural Heritage

According to the National Archeology and History Institute (INAH), there are no major identified or potential archaeological sites or artifacts in the project area.

Asunción de Ixtaltepec has an old parish as a cultural attraction, as well as a museum called "The House of the People". The most tourist-attractive sites in the municipality are directly inherited from colonial architecture in the town center. As for Juchitán de Zaragoza, "Saint Vicente Ferrer Temple" is considered the most important historical monument in the municipality, reportedly built during the XIX century. None of these sites of cultural or historic significance are within the IAI.

4. SOCIAL IMPACTS SUMMARY

Although this ISMP focuses on the operation of the La Mata / La Ventosa Project, it is important to mention that prior to the beginning of the construction phase the authorized EIA included discussion of some potential negative social impacts and their mitigation. The management that EVM has given to the project's social context so far has been successful in that no major impacts have arisen or conflicts erupted.

Resettlement was not required, and even economic displacement is not a concern because all project parcels can continue to be used for other productive activities. Similarly, no cultural heritage sites or artifacts were found in these previously disturbed lands. According to experts in the Zapotec worldview, the modification of the landscape for the construction of a wind power park does not, in and of itself, go against traditional beliefs. As long as the continued management of the Zapotec component is done in a culturally appropriate manner, this issue should not be the source of social conflict.

It is expected that the operation phase will be equally free of serious negative social impacts and contribute to optimizing positive potential impacts. The principal potential social impacts from project operation are briefly described in the following table:

Table 4-1 *Project's Principal Social Impacts*

Impact	Management
Potential for conflict generation if negotiated payments do not flow as expected throughout the life of the project.	<u>Negative Impact:</u> Contracts stipulate that the payment will be made monthly and not be subject to variables such as total power generation. Payments will be accompanied by constant, informed, and culturally-appropriate stakeholder engagement.
Parcel-related affectations, such as obstructed drainage (potential flooding), that may impact productive activities.	<u>Negative Impact:</u> The design of the maintenance roads reduces interference with natural runoff and compaction is limited by total platform size. In the event of a grievance related to the parcels adjacent to the project, it will be crucial to follow-up on it and provide proper resolution.
Issues regarding access to the project sites, including potential tensions stemming from security concerns.	<u>Negative Impact:</u> Access points to the project sites are clearly marked and will count with security personnel; however the project cannot restrict all access to the ejido parcels and avoiding tensions will require good engagement and monitoring.
Even though the contribution of this project to a cumulative effect would be minimal in the context of the immediate region, there is the possibility of stress for local inhabitants caused by temporary migration from other communities in the wider region.	<u>Negative Impact:</u> The project will not require worker camps. Long-term employment will be prioritized as locally as possible, subject to any technical experience limitations. Additional long-term employment opportunities for locals can be promoted through community investment.
Increments in vehicular traffic and dust generation during material, equipment, machinery, and personnel transport despite this being a minimal effect during the operation stage.	<u>Negative Impact:</u> Transportation routes will be diversified to the extent possible to reduce vehicular transit loads in specific roads. Also, traffic will be avoided by

	planning transit schedules and avoiding peak hours where feasible.
Hiring of local labor during operation activities will help generate permanent jobs in the region and a market for technical skill-building.	<u>Positive Impact:</u> To be reinforced by well-targeted community investment.
Increased economic activity from local consumption of goods and services, including materials and fuel, or hospitality; as well as renting of machinery, equipment, and vehicles.	<u>Positive Impact:</u> To be accompanied by good engagement and grievance redress.
Revenue from the use of directly-involved parcels in the Project ejidos will improve livelihoods without causing an economic displacement (traditional agricultural and cattle-raising activities may continue around the installed wind turbines).	<u>Positive Impact:</u> To be ensured through continued usufruct compliance that is fair and transparent.
Local infrastructure development and maintenance is expected during the operations phase, providing communities with improved transport and communications potential.	<u>Positive Impact:</u> To be better-understood through engagement and reinforced by well-targeted community investment.
The site selection process was done using studies to determine the most adequate wind resource locations in the ejidos, therefore adding land use value to the parcels involved.	<u>Positive Impact:</u> To be acknowledged in future land-use right discussions and during monitoring activities.

5. COMMUNITY CONSULTATION, COMMUNICATION, AND ENGAGEMENT PROGRAM

Given that all initial consultation, communication, and engagement interactions have already taken place in the project, this section begins with a brief history of such efforts on the part of EVM, as well as a timeline that contributes to understanding the dimensions of past efforts. Building on this strong base, the section then describes what the future consultation, communication, and engagement policies will be and outlines a specific action plan based on project stakeholders.

The overarching objective of the Community Consultation, Communication, and Engagement Program (CCCEP) is to maintain the social license to operate that EVM has been working to obtain for over 15 years. Preserving community buy-in requires that interactions take place in the right spirit, with the right information, and through the right modes.

5.1 Summary of Past Interactions

Initial project development efforts commenced in 1991 with a precursor to EVM called ENTEC (a partnership of USA and Mexico-based investors), exploring the potential for wind power generation in the area. Early engagement with local municipal authorities and the communities of La Mata and La Ventosa began in 1993, obtaining a positive response after a series of 6 bimonthly informational meetings with ejido members and community representatives. These meetings used Zapotec language translators and sought to explain potential plans regarding the development of projects based on the renewable energy in question, the reason why the area was ideal, and answer as many of the inquiries that arose as the lack of project specifics could allow.

In 1994, the first base usufruct contract was reviewed by federal authorities in the context of the Agrarian Law and later presented to the two communities after a series of local assemblies and meetings to discuss its content, ending with a general assembly to sign the contracts with the presence of municipal and federal authorities.

Community engagement progressed in 1995 with a Community Support Action Plan which addressed requests for immediate assistance with issues such as maintenance of educational infrastructure (window repair, materials donation, among others), land acquisition support for cultural infrastructure, water supply piping, and small immediate monetary support.

Also in 1995, project development went through a sudden rush as state government authorities showed interest in working with ENTEC as their energy supplier, along with other wind energy projects in La Venta, which greatly incentivized social acceptance and increased expectations and willingness for the project to finally begin. The following two years featured a series of local meetings and disclosure activities with communities and authorities in preparation for project take-off. However, a similarly sudden lack of interest from the state government caused the project to pause indefinitely. In 1997 ENTEC had financial problems and closed, leaving the signed ejido contracts in the hands of the Mexican partners who created another company called DEPROE. The new company was seeking external investment, which did not arrive until 2001. From 1997 to 2001, engagement activities were reduced almost completely.

Siif-Energies (known today as EDF-Energies Nouvelles) joined the project in 2001 and community engagement activities resumed with local meetings held to explain the project pause. Local ejido members were not pleased by the project delay, citing other booming wind energy projects in the area, and showed resistance to continuing with the previous land use contracts held with ENTEC, requesting that Energía del Istmo (an EVM affiliate, part of EDF) guarantee immediate development in 2003. New contracts had to be signed replacing ENTEC with Energía del Istmo.

In 2002, the federal authorities under the Agrarian Law approved the new base contract scheme, although a major setback was presented. Previous collective usufruct contracts considered a common land use in the ejido, and now it was determined that individual parcel contracts would be required (following the legal reforms of 1994) and a long-standing parcel certification process was started for both ejidos. This implied that engagement in the project would have to become even more individualized.

Although La Ventosa had already been certified by the Agrarian Rights Certification Program (PROCEDE) in 1997, La Mata obtained certification in 2004 after a series of meetings with the primary objective of discussing with owners the benefits of registering in the national program. Simultaneously, EVM worked on acquiring land use change and construction permits through the municipal authorities. Ejido representatives, with EVM's support, successfully negotiated with municipal authorities to redirect part of the payment for the permits to development needs in the communities.

In 2004 when parcel certification procedures and contract signing concluded, bimonthly meetings were reestablished. These were held in ejido councils and occasionally in households. In 2007 ejido representatives requested that meetings were put on hiatus until the project was ready to initiate construction, given that there was a feeling that the meetings were becoming repetitive in the information discussed. After other wind projects in the region began operations in 2008, La Mata and La Ventosa representatives discussed the possibility of cancelling contracts if the project was not immediately started; which pushed EVM to commence construction in early 2009.

In conclusion, there have been three major stages of engagement that coincide with the project development milestones. There has been a long history of constant meetings with the ejidos, with participation from both municipal and federal authorities. Before each of the two sets of contracts was signed, ejido members were invited to information and contract-signing meetings by official means of communication. However, the documentation of these interactions has not been consistently maintained and registered.

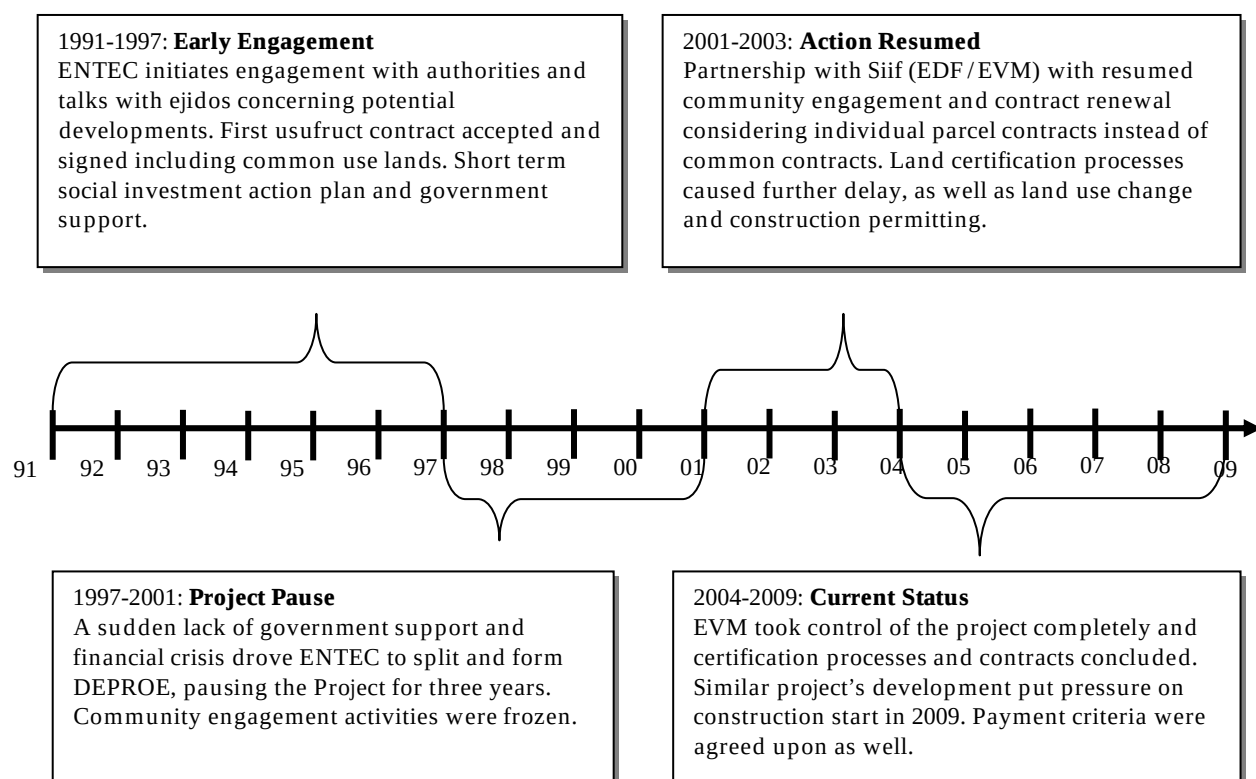
Below is a summary of representative documents:

- February 18, 1994 – Consultation session with ejido representatives. Meeting invitations were provided on February 9, 1994 for all ejido members.
- July 3, 1994 – First usufruct contract with ENTEC (transferred to Energía del Istmo in October 24, 2000).
- March 22, 2002 – Ejido commissary and vigilance council are elected and accepted.
- May 30, 2002 – Information disclosure session with ejido members regarding the benefits of usufruct contracts.
- June 2002 - July 2003 – Renewal of usufruct contract with Energía del Istmo.
- October-November 2008 – Agreement between municipal governments and EVM for land use license and construction permits.



Photo of EVM's offices in Juchitán.

Figure 5-1 Past Engagement Timeline



5.2 Future Engagement

Building on its rich history of engagement and the relationships created through the years, EVM will continue to seek the free, prior, and informed consultation of communities in the project area and will facilitate their participation on key discussions, such as those relating to issues like the implementation of mitigation measures.

The project will orient engagement with relevant stakeholders to facilitate further understanding of the effectiveness of this ISMP and overall social performance. The focus shall be on broader stakeholder relations related to the project and its presence in the area as well as stakeholder relations specifically associated to the social investment initiatives.

The project should particularly focus on engaging with three types of stakeholders related to the implementation of this ISMP:

- Communities;
- Potential implementation partners; and
- Authorities.

The principal objectives of the engagement efforts will include:

- Continuously building and nurturing positive relations;

- Involving communities and partners in the next phase of social investment planning;
- Refining and updating the understanding of local expectations to continue adjusting appropriate engagement priorities and strategies for each stakeholder group;
- Developing a communications program; and
- Establishing partnerships for implementation.

To ensure the EVM remains up-to-date regarding the dynamic situation on the ground, the stakeholder identification, characterization, and mapping will be updated regularly throughout the life of the project.

The primary engagement strategies for the project will include:

Targeted Engagement: Involvement of communities and other stakeholders who are important to the final feasibility assessment and implementation of social investment initiatives, including potential implementing organizations.

Information Dissemination: Mechanisms will be developed to ensure that stakeholders in the area of interest know about the project and its social management activities.

Focus on Women and Indigenous People: Engagement will focus specifically on women to determine which investment initiatives would bring most benefits to them as heads of household and, by extension, to a large segment of the population. Special attention will also be paid to the particular vulnerability of indigenous people's language and traditions.

Partnership Building: The project should consider the establishment of partnerships with existing government authorities that can contribute facilities or infrastructure needed to implement potential investments (e.g. education) and with other organizations that can support the process of capacity building, training, etc.

Concerning future engagement instances, the following channels will be employed:

- Optional community meetings (both ejido and non-ejido members) on an as-requested basis, utilizing Zapotec oral translation and scheduled considering maximum availability of groups with less representation, including women;
- Publicizing of information updates regarding environmental and social issues via newsletters, radio, and other media—in both Spanish and Zapotec at least once a year;
- Direct interaction between project representatives and community members in a language and gender-appropriate manner when personally visiting communities on a monthly basis;
- Periodic participation in ejido assembly and community council meetings when invited or when there is a particular issue to discuss;
- Online publication of internal and external reports relating to environmental and social issues;

- Formal complaints and claims mechanism (deliverable to EVM's office, mailbox, representatives, etc., and accompanied by a conflict resolution mechanism that will be strongly tied to the Grievance Redress Mechanism); and
- Actions or programs to include the project's extended area of interest (Asunción Ixtaltepec and Juchitán de Zaragoza municipal capital's).



Photo of parcels being used for cattle grazing next to a project platform.

6. LAND EASEMENT PROGRAM

In this section, an overview of the factors that came into play during the negotiation of the usufruct contracts, starting with the ejido structure, is provided; along with the land-use footprint of the project and the process by which the payment criteria was determined. Finally, the section describes what the land easement policies will be for future expansions, if any.

It is important to make special mention of the fact that the La Mata / La Ventosa Project involves absolutely no land purchasing—the project hectares of all involved parcels are essentially leased long term. The parcels where the substation is located received an alternate payment schedule but were not sold, the land-use rights were transferred for the maximum allowance of 30 years. There are no legal requirements from CFE or any other instance for any project land, including the space used to construct the substation, to be bought. The ejido system and the wishes of ejido assemblies are respected in this way.

Also worth noting, the usufruct negotiations in both ejidos were completely free in the sense that members decided whether or not they were interested in having their parcels participate in the project. Any ejido member that preferred not to be involved in the project took their parcel out of the picture, resulting in redrawing of the project polygons in some cases.

The main objective of the Land Easement Program (LEP) is to ensure that land-use compliance for the entire life of the project are as fair, equitable, and open as they have been to date; even surpassing previous performance through additional monitoring and documentation.

6.1 Ejido Structure

Land use, distribution, and ownership in Mexico are organized based on the ejido system, which has its roots after the Mexican Revolution and set in the Constitution. The ejido system truly took form, however, in the 1930's and mainly consists of communal possession and use of rural land, directly assigned to the workers of the land. The ejido is therefore community-held land with autonomous administration for production. Ejidos have a defined governing body made up of a general assembly, a commissary, and a vigilance council. The ejido has two types of land, one being communal and held jointly by all of the members of the ejido (this is where the public services and residences are located), and the other made up of individual parcels that are held by each member of the ejido or "ejidatario". This structure is key for understanding social and rural organization in Mexico.

It is important to note that the ejido and the community are not necessarily the same social system, as ejidatarios may live outside the community and not all residents of the community necessarily form part of the ejido. Also, not all ejidos are necessarily indigenous.

According to Article 27 of the Constitution, the Federal Mexican government is the ultimate owner of all natural resources in the country, allowing for different forms of property rights for private and communal land. Changing communal land to private land is a very complex process that makes it close to impossible in practice. However, since 1994, ejidatarios have individual property titles for their parcels (rather than collective titles), a measure meant to enhance production by making partnership with the private sector more feasible.

The Secretariat of the Agrarian Reform addresses any conflicts related to land ownership or use and is also in charge of protecting the legal rights of ejidatarios. The Mexican government is no longer obliged to distribute land after having distributed all that were available in the country. Ejidos represent over 52% of the entire national territory.

Despite their mutual proximity, the ejidos involved in the project have somewhat different characteristics. La Mata, where the majority of the project is being developed, is a smaller, more rural community where the majority of residents has always lived in the population center and knows or even has family relations with each other. Most people in La Mata communicate internally in Zapotec and the ejido assembly is rather tied to the community council here.



Photo of a typical streetscape in La Mata

La Ventosa has a more robust history working with wind energy developers and the project plays a smaller role in comparison to those of other companies. It is larger, more urban community where many residents have recently immigrated. Here Zapotec is not as widely used as Spanish and the community council is more separate from the ejido assembly given the larger number of non-ejido members in the population center.



Photo of a typical streetscape in La Ventosa

6.2 Project Footprint

Both the ejidos of La Mata and La Ventosa are administered through the structure mentioned above and therefore require all processes to be approved by its representatives. Despite the fact that the project will be implemented within a limited number of parcels, acceptance from the entire ejido was needed in order to proceed.

The table below puts the project's footprint in perspective. La Mata, a smaller ejido than La Ventosa, has a much stronger project presence with 33% of its total land involved in some capacity with the project, either in the current development polygon (which is only directly impacted by the construction of project structures in a small degree) or prospected for potential future development. The project's total presence in La Ventosa is of 19% using the same aggregated measure of land involvement. Also La Ventosa shows a much stronger presence of other wind energy companies than La Mata.

Table 6-1 **Summary of Land Areas**

Ejido	Total Area	Communal Use Area	Parceled Area	Area Currently Under Development by Project	Area for Potential Future Project Expansion	Area Involved in Other Projects	Area Affected by Physical Structures	Percentage of Total Area Involved in the Project
La Mata	3039 ha	700 ha	2339 ha	290 ha	710 ha	350 ha	12.5 ha	33%
La Ventosa	4011 ha	2424 ha	1587 ha	90 ha	670 ha	790 ha	3.4 ha	19%

As can be seen from the table above and as mentioned before, La Ventosa occupies a total area of 4,011 hectares divided in 1,587 hectares of individual parcels and 2,424 hectares of communal use area, of which 90 hectares are part of the polygon marking the project's area currently under development. La Mata occupies a total area of 3,039 hectares divided in 2,339 hectares of individual parcels and 700 hectares of communal use area, of which 290 hectares are part of the polygon marking the project's area currently under development.



Photo of the parceled area in La Mata

It is important to make special note of the fact that that the project polygons that make up the area currently under development in La Mata and La Ventosa will not be directly impacted by construction in their majority. These considerably smaller areas (12.5 hectares and 3.4 hectares, respectively) are shown in the second-to-last column in the table. The polygons (shown in the figures below) represent an estimated buffer for the wind farm but do not reflect the actual land used to install the structures. Each generator tower has a base diameter of 4 meters and is separated from the next one by twice the diameter of the rotor (89 meters). Altogether, the land actually affected by the project structures is detailed in the table below:

Table 6-2 ***Directly Affected Land***

Structures	La Mata	La Ventosa
Platforms	3.6 ha	1.3 ha
Roads and Access Points	7.9 ha	2.1 ha
Substation	1 ha	-
Total	12.5 ha	3.4 ha

A total of only 15.9 hectares will be directly impacted by the construction associated with the project structures. This represents only 0.23% of the total land for both ejidos (7050 hectares). The 12.5 hectares of La Mata represent 0.4% of the 3039 hectares total and the 3.4 hectares of La Ventosa represent 0.08% of the 4011 hectares total.

The platforms will include the basal area for the generators and a space to accommodate any necessary maintenance activities. The roads and access points are only as wide as needed to accommodate the vehicles and machinery that could be required during operation.



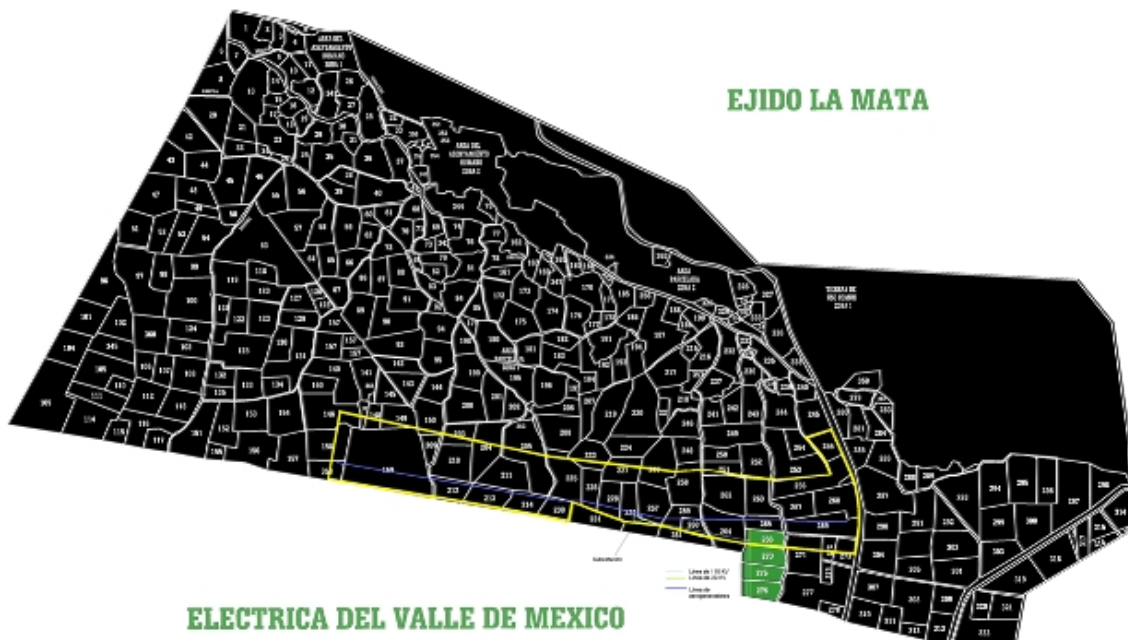
Photo of the platform footprint

The substation, located in La Mata, is relatively compact and also surrounded by agricultural uses.



Photo of the substation footprint

It is important to note that the project does not contemplate any communal land area, as the current or prospected development lands are all parceled. The maps below show the entire ejido areas of La Mata and La Ventosa with the current development polygon outlined in yellow.



Source: EVM



Source: EVM

6.3 Criteria for Payment

Payment criteria was agreed upon by the two ejido assemblies in both contract signing occasions, in 1994 and 2002, where 100% of assisting ejidatarios signed unanimously in favor of the contract clauses, including those relating to payment.

The development polygons were drawn based on a 5 hectare surface per installed MW approximation. However, these polygons are considerably larger than the actual area that will be taken up by the installation of generators and related services. Initial payment proposals were based on power generation and considered a larger remuneration to land where the generators were to be installed. This initial proposal was discussed with both ejidos and concerns arose about the distribution of payments under this scheme where not all land surfaces would be generating power. The preferred counter-proposal from the ejidatarios was to distribute payment equally among all hectares within the project polygon, regardless of whether they would include an actual generator. This was the proposal agreed upon, which set a fixed yearly payment per hectare to the entire development polygon to be paid every month.

Meetings were held with ejidatarios in La Ventosa every two weeks during part of 2002 in order to discuss the clauses of the contracts. La Mata went through a somewhat slower process and meetings were held every three weeks for three months to discuss the contracts prior to signing. The final amount to be paid per month per hectare to the

ejidatarios with parcels in the development polygons was the same in both ejidos. This amount is many times higher than what ejidatarios may receive per hectare from productive agriculture and cattle raising activities.

The process through which payment was negotiated for the land occupied by the substation was slightly different. The one hectare area is in two parcels and thus the negotiation took place with two ejidatarios. Given the scale, the usufruct payment was to be determined per square meter per year. Once an amount was settled, it was multiplied by the 30 years time during which the land-use rights may be leased. The resulting amount was disbursed proportionally to the two owners.

The total number of signed agreements is 37 for La Mata and 24 for La Ventosa. Principal rights and obligations under each agreement include the following:

- The ejidatario grants usufruct rights through contracts over parceled lands so their wind potential may be exploited and used for electric energy generation;
- The ejidatario expressly agrees to not prevent the carrying out of usufruct activities and commits to avoid personal or third party constructions to be performed or any kind of action that might interfere with the normal activities held in the lands referred in the contract;
- The ejidatario will have the right to continue using the parceled land not directly affected by the project for agricultural activities as long as these do not interfere with the usufruct right transferred in contracts;
- The project developer is obliged to periodically inform the ejidatario about updates relating to their parceled lands as a result from the use of the usufruct rights; and
- All contracts have a life span of 30 years from signing, after which the project developer will return the land to the ejidatario along with all built communication and transportation infrastructure. Life span can also be extended by common agreement from both parties.

An initial payment was offered after usufruct contracts were signed, followed by yearly payments prior to operation that are calculated by hectares. After the project begins its activities, monthly payments will ensue. There are no specifications in the contracts concerning compensation for fences, wells, trees or any other kind of existing structure or resource, although ejidatarios may ask for retribution in the event of any damages to their parcels.

6.4 Expansion

Given that EVM continues to maintain the option of developing parcels in both La Mata and La Ventosa at a future time, it is important to mention that any negotiations done with ejidatarios in the future for the installation of additional wind parks will continue to be characterized by extensive engagement coupled with open, transparent, and informed exchanges, as well as participation and supervision from local and national authorities. In the future, however, EVM will ensure that the process by which usufruct contracts are agreed upon and signed is more thoroughly documented than it was in the past. It must

be stressed that the main limitation to expansion possibilities is CFE's capacity to receive and distribute the additional generated power, which is completely out of EVM's control.

The new Renewable Energy Use and Energetic Transition Financing Law will apply to possible future expansions as any new section of the wind park will call for a new, authorized EIS. Therefore, social impact management and documentation will require the more stringent procedures.

7. GRIEVANCE REDRESS MECHANISM

The Grievance Redress Mechanism (GRM) is a key tool in the project's community engagement strategy as it facilitates the reception and resolution of comments, concerns, or complaints related to the project. EVM will implement this mechanism to help ensure that social management decision-making incorporates the priorities evidenced through community feedback.

According to IFC Performance Standard 1, Grievance Redress Mechanisms should be:

- ❖ *Easily understandable by communities*
- ❖ *Transparent*
- ❖ *Culturally appropriate*
- ❖ *Free of cost*
- ❖ *Free of reprisal*
- ❖ *Easily accessible to all stakeholder groups*
- ❖ *Implemented in a timely manner*
- ❖ *Compatible with access to other judicial remedies*

The GRM's main objective is that all project-related comments, concerns, or complaints are addressed by EVM and that a mutually acceptable resolution is sought in a timely manner. As necessary, EVM will investigate the issues raised, counting on the assistance of teams of specialists when the situation requires it. Proposed solutions will be consulted both internally and externally so they are enhanced by input from relevant stakeholders. EVM will offer a variety of ways for stakeholders to provide feedback; including in person, anonymously, and other ways that are convenient to the communities.

The Law of Indigenous Communities and Peoples Rights of the State of Oaxaca declares in its Article 31: "*Any indigenous people request or grievance can be written in their own language. Authorities have the responsibility to receive it and offer an answer with help of a translator.*" Therefore the GRM must be designed with capacity to receive multicultural and multilanguage input and to address requests and grievances (submitted verbally or in writing) in the same way by means of translators.

7.1 Scale of the GRM

The first task towards implementing the GRM is specifying its reach and scale according to the project areas of interest and potential impacts. This mechanism will therefore clearly cover the IAI, considering both communities of La Mata and La Ventosa, complete with the ejido assemblies and commissaries and the community councils. Furthermore, the GRM will consider presence in the EAI, allowing for the population of the two municipal capitals to provide feedback to the project. Summary data on the GRM will be open to public review and consultation, ensuring transparency in social communication.

7.2 Transparency and Fairness of Process

As mentioned before, community relations have been open and transparent throughout the history of the project, always striving to communicate honestly with stakeholders and valuing the trust these in turn place on EVM's stated commitments. This strong social management characteristic will continue to be at the heart of the La Mata / La Ventosa GRM.

GRM success is greatly determined by social perception. The proper addressing of grievances and the effectiveness of responses need to be accompanied by good and transparent social communication to ensure a positive perception and overall acceptance. The GRM will:

- Be an understandable processes, easily accessible and culturally appropriate;
- Focus on who will use it, namely the communities of La Mata and La Ventosa, and the municipal capitals of Asunción Ixtaltepec and Juchitán de Zaragoza; and
- Establish and successfully disclosed itself as a free mechanism, with no cost or retribution linked to social participation.

Communication should therefore become the cornerstone of GRM implementation, closely working alongside the Community Consultation, Communication, and Engagement Program. Constant notifications and access to process information, will add to overall project transparency and social acceptance.

7.3 Implementation Process

EVM staff in charge of the GRM will receive, study, address, and respond to grievances. This staff will have some independence from the overall project administration or management in order to generate and /or maintain trust. However, the staff will also need to have adequate room for decision-making, response implementation, and resolution through the backing of top project management. The GRM implementing staff will fulfill the following roles:

- *Community Contact:* supported by translators when necessary, it will be important to define contact points for community engagement and develop or continue to develop trust in inhabitants, enabling for more informal access to the project;

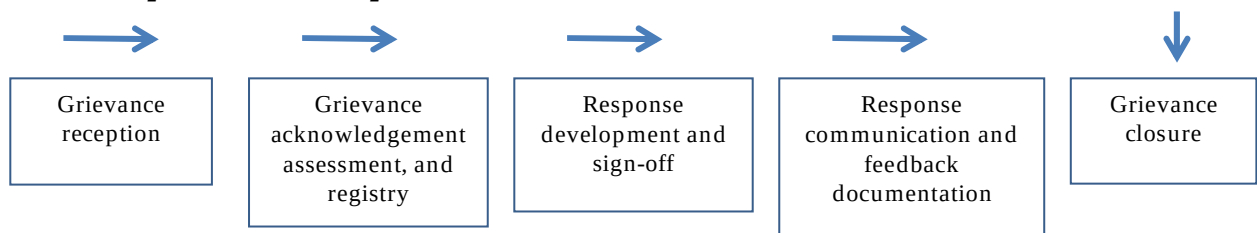
- *Grievance Acknowledgement and Addressing*: project representatives will acknowledge grievances by studying them prior to proposing relevant measures to resolve them. Doing this will require determining the nature and extent of the grievance and setting resolution deadlines;
- *GRM /Company Link*: bridging information, requirements, resolutions and key comments from the GRM to overall project administration or management in order to set and harmonize mitigation, reduction, avoidance, or compensation measures;
- *Communication and Transparency*: documenting and publishing in IAI and EAI all GRM processes from registries to resolutions; as well as disclosing select information outside the IAI and EAI to a wider audience of interested parties, ensuring public access through easily available means (free, bilingual, online, printed, etc) ; and
- *Compliance and Follow-up*: prioritizing the reduction of recidivist issues and performing follow-up activities to former grievances, as well as producing compliance reports to be publicly disclosed.

Project area inhabitants will not participate in a GRM if they do not have sufficient information regarding it, do not know how to take part in it, or are unaware of its benefits. EVM must thereby spearhead implementation with increased intensity on the onset until the mechanism is well established.

7.4 Implementation Steps

Executing a GRM requires that a number of steps are taken for every grievance raised. Once the mechanism is in place, these steps will be occurring simultaneously as various grievances may be addressed at the same time. Having a clear understanding of the linear progression and each step's objectives is crucial to successful implementation.

Figure 7-1 GRM Implementation Steps



7.4.1 Reception

The first step is creating the right context and media by which to receive grievances. The project must first present the mechanism to the communities of interest until the inhabitants become familiar with it and begin to use it. It will be crucial to communicate all the different options available for providing the company with feedback.

- Presentation of the GRM in the IAI and EAI in Spanish and Zapotec to extend the invitation and offer the opportunity to freely introduce any comments, concerns, or complaints they might have regarding the Project;

- The main communication means for collecting grievances are to be described, making note of the bilingual reception capabilities, and should include:
 - o Direct informal verbally informing of any such grievances through the GRM staff;
 - o Community meetings established on an as-requested basis. These meetings will consider both representatives from community councils and ejido commissaries, as well as other community members;
 - o Toll-free telephone line with voice mailbox and a general email address, ensuring anonymity is preserved. The number and address should be widely divulged in social gathering places such as schools, clinics, or churches; and
 - o Suggestion boxes strategically placed in more than one location within the communities of interest, near social gathering places, ensuring input anonymity.

7.4.2 Acknowledgement, Assessment, and Registry

After a participatory environment has been established and nurtured and grievances ensue, the GRM must acknowledge, assess, and register the issues raised. After doing this, a response timeline must be presented according to the type of grievance.

- Information requests and clarifications must be addressed immediately if the person or organization is present, or 72 hours after reception if there's a need for written or oral presentation (including the need for translation) and subsequent publication. Addressing does not necessarily mean providing a full answer, it may mean communicating that the issue is being researched and a full response will be provided by a certain date;
- Concerns regarding changes in project organization or structure, as well as recommendations to alter or modify existing programs or plans, must be addressed two weeks after the grievance is received. GRM staff must ensure that responses effectively address these concerns and, if applicable and feasible, modifications are reflected (if not applicable or feasible, an explanation of the reasons behind the decision not to make changes is provided; and
- Urgent and major issues concerning local, regional, or massive impacts from the project—such as community diseases, unsafe labor conditions resulting in major accidents, or negative social reactions toward project activities—must be addressed one month after the grievance was received, at the latest.

After having assessed the grievance and having determined a time frame for resolution, the GRM must proceed with a registration process. A grievance logbook must consist of the following data:

- o Name if applicable (non-anonymous inputs);
- o Date and place (or means) of grievance reception;
- o Grievance input language, as well as whether written or oral;
- o Causes and nature of the concern;
- o Resolution deadline according to grievance assessment; and
- o Follow-up activities and compliance after grievance closure.

7.4.3 Response Development and Sign-off

After having assessed and programmed a deadline for resolutions, response development activities will be the most influential in terms of social perception and public acceptance. Response efforts should be established according to the abovementioned grievance assessment, including the following:

- Public commitment and follow-through with deadline must become the first step towards efficiently solving any grievances;
- Resolutions will vary according to the level of complexity:
 - o *Level A* resolutions will require either a verbal, language-appropriate communication to address individual concerns, to be documented but not necessarily published; or, a written response to be published (if of general concern) considering bilingual preferences and orally communicated during community meetings;
 - o *Level B* resolutions will require additional addressing, such as establishing roundtables (with bilingual capabilities) in order to discuss any changes to be made, all this before the Level A written and verbal response; and
 - o *Level C* resolutions will require full-fledged company participation along with authorities, NGOs, and social groups, as needed, in order to establish mediation strategies, negotiation techniques, and effective compensation measures, if necessary. Resolutions will be followed by close review and compliance assurance activities, establishing the strictest standards for communication, transparency, and follow-up.

Before each resolution is disclosed, a sign-off process managed by the GRM and involving project administration or management, will provide official authorization of the responses.

7.4.4 Response Communication and Feedback Documentation

Following response development, the GRM will proceed to publicize to the appropriate extent the given resolution according to the criteria described above. All grievance registries must be publicly available for free. Any relevant feedback to the responses must be obtained and documented in a logbook, establishing the level of satisfaction with the resolution. If necessary, a new process could be initiated if the grievance was not successfully resolved.

7.4.5 Closure

After receiving indication that a grievance has been addressed satisfactorily through direct confirmation (if non-anonymous), the grievance can be registered as closed and relevant key findings must be summarized and published, if applicable, considering information accessibility and the sharing of result. In the event that the grievance is anonymous, closure will be granted once the resolution has been fully carried out and no negative feedback is received. In all cases, it will be crucial to seek and document the diminishment of similar grievances over time.

8. COMMUNITY INVESTMENT FRAMEWORK

Building on its ongoing interactions with the communities, EVM will develop a Community Investment Program (CIP) aimed at designing and implementing strong, positive, and culturally appropriate initiatives that bring development to local communities, benefit the project, and help proactively manage social risks in the area. This program will be:

- *Continuous* and undertaken throughout the project's life cycle;
- *Free* of coercion or manipulation;
- *Timely* and executed with sufficient time for communities to study and consider its proposals;
- *Inclusive*, considering all affected social groups and taking into account the concerns of those most vulnerable;
- *Responsive* to stakeholder concerns and to new project developments;
- *Consultative*, developing jointly with communities and sharing information related to goals, activities, results and considering comments received in the dynamic, continuous improvement design process of development initiatives;
- *Culturally-appropriate* by being undertaken and presented in ways and languages that ensure all community members are made fully aware; and
- *Documented* throughout the processes to allow for proper follow-up and evaluation.

The design of the CIP will first require an in-depth study of observed and documented social development needs in the project area, differentiated by community. Findings from this analysis will then need to be complemented by a study of community perceived social development needs. Bringing these two perspectives together will provide a list of priority actions that will have real, positive impacts on local development and also fulfill existing expectations.

Designing social investment actions will call for an exercise by which the community development needs identified are lined up with the project needs and company capabilities and then with the latent social risks in the area. For example, if a need for training and capacity building is identified in an affected community, this can be lined up with a project need for a technically qualified local workforce and also be lined up with a social risk associated with unemployment or underemployment in the region. This triple alignment indicates that a social investment initiative aimed at addressing the issue it covers will likely provide positive long-term results.

The CIP for the La Mata/La Ventosa Project will be characterized by two guiding principles. The first is that, as with any investment, all actions and initiatives carried out through the program must provide a return on that investment. The return may be perceived in the short, medium, or long terms, and it may be more or less tangible or quantitative, but it must be clear from the onset of the action or initiative and measurable

post-implementation. The second guiding principle is that actions and initiatives in the program must seek to create a self-sustaining development environment in the communities involved and not create a dependency on the project. The best way to assure this is, once again, by avoiding a philanthropy approach and embracing an investment approach where the project is a partner and facilitator rather than a patron.

The timeline for the development and implementation of the CIP breaks down in four basic periods, as follows:

- Month 1 – Month 6: CIP Planning and Design
During this period EVM will conduct additional social baseline analyses in the field to assess the principal observed social development needs in the communities of interest and record the perceived needs from the population. This data will be cross referenced with official statistics to develop lists of primary investment needs in the communities. These lists must be in accordance with the type of community and the level of impact the project has on it or the level of influence it may exert on the project. The lists will then be annotated in terms of the type of involvement EVM may show on initiatives aimed at addressing each listed need, the risks to EVM associated with not tending to the need, the potential for finding partners in implementation, the resources that the initiatives would call for, and other relevant qualifiers. Selected initiatives can then be analyzed through a logical-framework exercise in order to rate them.
- Month 6 – Month 18: Execution of CIP Pilot Projects
Once the initiatives have been identified and selected, the top rated ones (at least one per community), will begin implementation as part of a pilot one-year program. It will be crucial for EVM to have a strong participation in the initial presentation of the objectives, agents, success indicators, and overall process of carrying out the community investment efforts. During this pilot year, monitoring will require added effort and time.
- Month 16 – Month 20: Integration of Lessons Learned
Before the end of the pilot year and during the beginning of the long-term period, it will be crucial for EVM to collect and analyze lessons learned and apply them to the initiative implementation strategies. This process may include discarding lines of action, modifying them as needed, or maintaining them—depending on their level of success. This will be the first of many recurrent continued improvement cycles for the CIP.
- Month 18 – Rest of Project Life: Continuous Implementation and Improvement
Once the first adjustment or confirmation of community investment initiatives have concluded and the second yearly cycle of initiatives begins, EVM will gradually have less direct involvement in implementation, focusing more on monitoring and on the yearly-revaluations.

8.1 Indigenous Development Considerations

Community investment will be approached and undertaken in such a way that it respects the cultural specificity of communication needs, decision making, power structures, and overall traditions of the Zapotec. National and international best practices in dealing with indigenous peoples will serve as reference in the design and implementation of the program. Furthermore, despite it not being legally required, the project may undertake community investment initiatives in consultation with relevant institutions, including the National Commission for the Development of Indigenous Peoples (CDI) and other regional and local Zapotec organizations.

Nearly the entire population of the project's IAI is indigenous, while indigenous people account for almost 60% of the population in the Municipality of Juchitán de Zaragoza and over 45% in the Municipality of Asuncion Ixtaltepec. Consequently, the CIP will be an integrated strategy for the development of both indigenous and non-indigenous portions of the affected communities.

According to the project's social baseline, an average of 25% of all local households are led by women. This family structure corresponds with Zapotec tradition. The CIP should therefore place women development as a top priority and enable female professional activities to develop in the affected communities. Women-led development strategies are favored the Law of Indigenous Communities and Peoples Rights of the State of Oaxaca, which declares in its Articles 45, 46 and 49 *"The State recognizes diverse forms of indigenous family organizations (...) and will promote full participation of indigenous women in tasks and activities which enable their performance, advancement, and recognition and respect for their dignity (...) whether they are political, economical, social, or cultural."*

8.2 Local Hiring Considerations

Contractors will play a major role in project operation and, as part of the CIP, EVM will seek to facilitate training and guidance that will help local enterprise to be in line with the expectations outlined in the project management documents, based on international best practices.

The training modules for the local workforce could focus on the following topics:

- Applicable national and international standards, and EVM policies, related to labor rights and conditions, consultation, indigenous groups, non-discrimination, etc.;
- Project impacts and mitigation measures;
- Cultural sensitivity including inter alia respect for local customs, language, and cultural priorities;
- Community engagement and relations;

Even as contractors will directly employ local labor.

Therefore, EVM will actively seek and monitor that contractors employ local labor diligently according to national laws—subject to meeting professional standards and requirements—and previously inform all workers of their rights and labor conditions as well as placing voluntary participation in training programs as a priority.

In terms of EVM direct hires, it is expected that a limited number of people will be employed as security personnel and for housekeeping activities during operations. All of these positions will be filled by local inhabitants to the extent possible. The substation will require a few technicians with specific education and experience; however, EVM will seek to fill these positions with locals to the extent possible. It currently seems that some will be residents of La Mata.

8.3 CIP Design and Implementation

A successful CIP will result in the affected population receiving direct benefits from the project's presence, building the communities' capacity to successfully take advantage of these benefits. At the same time, a well-developed CIP will reduce the operational risks of the project and bring it direct and indirect advantages.

After social development needs and expectations are identified and lined up with project requirements and resources, as well as with social risk potential, a preliminary list of actions and initiatives will be evaluated as community investment possibilities. These should, to the extent possible, already have natural partnership possibilities for the project, as EVM would attempt to share expertise and capabilities with other stakeholders in order to increase the sustainability of its efforts. Among these, strategic alliances with other wind energy development companies in the area will be explored and pursued to the extent possible in order to take advantage of potential synergies that could benefit community investment in the immediate and extended areas of interest while adding efficiency to resource use through the summation of efforts.

Initially selected actions and initiatives will then need to be planned in terms of goals and objectives, schedule, budget, and performance indicators and results. With this planning, the CIP will be ready to launch with pilot efforts that will need to be evaluated through continuous improvement mechanisms that will determine how to maximize the aspects that work and change or replace those that do not.

Furthermore, the CIP will be consistent with international best practice related to the development of an Indigenous Peoples Development Plan (IPDP) and will strive to ensure that:

1. The development process fosters full respect for the dignity, human rights, aspirations, cultures, and natural resource-based livelihoods of local inhabitants;
2. Communities affected by the project receive culturally appropriate social and economic benefits, including otherwise excluded minorities and vulnerable groups. Benefits include improvement of living standards regarding housing characteristics and access to education and employment; and

3. Stakeholders actively participate in the proposal, implementation, and monitoring of the CIP.

The following section will describe in further detail some of the possible lines of action, based on the social baseline.

8.4 Potential Pillars of the CIP

Potential areas of focus for the project's community investment include:

- Employment and Skill-Building Initiative;
- Institutional Capacity-Building Initiative; and
- Community Health & Safety Initiative.

Employment and Skill-Building Initiative

EVM and its contractors should establish short, medium, and long-term hiring targets for local workers including Zapotec-speakers, women, youths, and any other vulnerable or marginalized groups subject to meeting professional standards and requirements.

EVM should explore the possibility of seeking the collaboration of local training institutes to assist it in the development of a technical skill-building training program that will enable the company to meet its local hiring targets, as well as incentivize sustainable training infrastructure in the communities. EVM should help design the training program to target skills it requires but will also be transferrable to other companies and industries in the area. This ensures that local communities gain skills that can be used once work with EVM has ended.

Institutional Capacity-Building Initiative

EVM should develop an initiative to assess and build capacity for the management of community development in La Mata and La Ventosa. The objective would be to take advantage of and strengthen existing capabilities and decision-making structures while introducing new proposals to ensure that the communities are in a position to take advantage of the opportunities offered by the presence of EVM and other companies in the region. These initiatives will aid in the better use of communal resources received from the project.

Community Health & Safety Initiative

In line with international best practices, EVM should make the health and safety related to the project of the local population a CIP priority. To do so, the initiative should seek that:

- All warning signs within the project area are easily understood by the local population. This means they will be written in Spanish, Zapotec and any other relevant indigenous language and that they be comprehensible to those who cannot read.

- Project-specific community exposure to diseases—including water-related and communicable diseases which may be associated with temporary labor migration—are identified, prevented, or treated to the extent possible. This situation is very relevant since medical services in the IAI are not widely available and specialized medical units are located at the municipal capital cities.
- Training is imparted on:
 - The potential hazards of the project facilities and specifically on how to remain safe; and
 - Emergency preparedness and response related to the project for community members.

Women can play a major role in supplementing health services in local communities, as they hold knowledge on healing practices and local needs. This will also avoid further migration from outside medical assistance and will develop into training programs for local women in order to hone skills and place their activities among the community H&S priorities.

Furthermore, to prevent community exposure to a number of health and safety risks stemming from the transmission line and wind farms, EVM should consider implementing the following preventive actions outlined in the IFC EHS Guidelines⁴ for this type of project:

Table 7-1 **Preventive Actions for Community H&S**

Community H&S Risks	Preventive Actions
<i>Transmission Line Risks</i>	
Electrocution	Within the project site, use of warning signs and grounding conducting objects to prevent shocks and protective barriers, as well as public disclosure of the potential risks and location of the transmission line.
Electromagnetic interference	Replacing previous transmission line as to not add any additional electromagnetic interference and submerging cable one meter.
Visual amenity	Assessment of changes in property values, location of transmission lines in less populated areas, and substation design and power line siting considering landscape and community features.
<i>Wind generator / Turbine Risks</i>	
Aircraft navigation safety	Consult with air regulatory traffic authorities and use anti-collision lighting or marking systems on towers and blades in case of nearby flying paths.
Blade throw	Equip wind turbines with vibration sensors which react to imbalances in rotor blades for auto-shut down and use warning signs.
Public access	Access roads to include gates and fencing of generator rows employed to prevent close proximity from public access, turbine tower ladders not be publicly accessible, and information boards on public safety hazards and emergency contacts will be posted.
Noise	Location of rights of way far from human receptors to the extent possible.

⁴ IFC EHS Guidelines: Wind Energy, and Electric Power Transmission and Distribution, Community H&S Sections.

9. MONITORING, EVALUATION, AND REPORTING FRAMEWORK

This section outlines the principal components of follow-up activities related to the ISMP for the La Mata / La Ventosa Project. This is a crucial part of social management as it allows for continuous improvement based on lessons learned, as well as proper documentation, and ultimately greater sustainability assurance.

9.1 Information Disclosure

A key element of EVM's approach to stakeholder engagement is the early and continuous disclosure of project information to stakeholders. This enables local communities to ask questions and better understand the risks and impacts of the project. Disclosure will continue throughout the project's life cycle.

The type and amount of information disclosed, as well as the frequency of disclosure, will vary based on the intensity of work, associated risks and impacts, number of project representatives in the field, and the degree and nature of community concerns. EVM will disclose adequate and relevant information as dictated by international best practice and as necessary to ensure strong relations with local communities and in line with the company's commitment to maintaining strong community / company relations and to developing project in the most respectful manner. Moreover, EVM will consult with stakeholders to understand what types of information they deem "adequate and relevant".

EVM will also undertake open house type events (or other types more appropriate to the stakeholders as determined by these and EVM) to provide communities beyond the IAI with information and answer any questions they may have, supported by bilingual translators and oral, written, or graphic communication tools.

EVM will disclose the following types of information, among others:

- Social and environmental assessment documents, including the ISMP, and other reports;
- A clear description of the project and all its components, risks, and impacts using easy to understand maps, images, and other tools;
- A map showing the project's area of influence prepared in such a way that the communities can easily see how the project relates to them;
- Planned prevention, mitigation, and compensation measures;
- How communities will be involved with the Project (community investment, stakeholder engagement, etc.);
- Community support for the project measured through the following means:
 - Documenting reactions to the project from any stakeholder through an institutional process or the project's grievance mechanism (written, registered and acknowledged);
 - Discussions arising from local visits through the engagement and disclosure activities; and

- Documenting engagement photographs (if culturally permitted by the stakeholders), references, notes and reports.
- Formal agreements reached with communities or other stakeholders; and
- Changes to any of the above.

EVM will also seek to ensure that all ejidatarios involved in the project have a copy of their usufruct contracts, in Spanish or Zapotec, as well as an oral review for any illiterate or older aged ejido members.

Early information disclosure is basic in determining social perception towards the project. Clear, available, and understandable information will enable communities and stakeholders to generate normal expectations around the project and stop any misconceptions. Specific channels to communicate project activities will include the following:

- Main disclosure will be performed during the meetings with community councils and ejido assembly representatives, considering direct oral translation to Zapotec;
- Information will be locally published via newsletters, newspapers, or any other media;
- Project staff in charge of the Grievance Redress Mechanism will also be in charge of disclosing information personally when visiting communities and through internal and external reports;
- Information disclosure reports will be easily available online, and through personal electronic emails to local and regional authorities, NGO's and other organisms, and stakeholders with internet access;
- Regional information disclosure through radio broadcasts, including through the local Zapotec-only radio transmissions, reaching many municipalities; and
- Most importantly, community engagement activities must include consultation on the kind and form of information disclosure they are willing to and interested in receiving, as well as language preference. This will enable more efficient disclosure methods and respect for local means of communication, for example, establishing non-technical language or easily understandable images, maps and graphics, if required.

Women involvement in information disclosure will play a major role, as almost 25% of local households are led by women and their informed participation will enable access to the whole family structure. Any family member can directly address the situation with the women heads and will therefore allow for a respectful approach to community organization.

9.2 Supervision and Assessment

In order to have effective monitoring and evaluation of the ISMP's activities, it is crucial to have a defined set of social indicators that may be measured, even if through different means. The table below presents some of the key indicators for the project's social management performance.

Table 9-1 Results Indicators

Component	Indicator	Target
Engagement	Level of involvement of affected population.	100% assistance of community council and ejido assembly representatives in meetings.
Indigenous Peoples	Use of Zapotec in official project communication.	Fully bilingual verbal and written forms of communication.
Training	Training programs in active operation.	Each worker must be completely informed of the relevant local and international legislation and their labor rights.
Transparency	Response to requests for information	All project registries, processes, and monitoring logbooks must be easily accessible (free, online, open to translation requests).
Consultation	Social awareness of consultation and participation opportunities	All affected people must know they can freely participate, request information, submit recommendations, and assist local meetings.
Grievance Redress	Meeting of response deadlines and satisfaction with resolutions	100% response timeframe compliance and over 85% of complete satisfaction reports.
Social Investment	Number of successful initiatives under development	Improvement in social development indicators for the communities involved.
Community H&S	Number of project-related community incidents or accidents	Zero, there must be no incidents or accidents for community members, including ejidatarios from both ejidos.

Indicators described in the social baseline summary, Section 3, (including access to health and education) can also serve as measurable statistics to target in monitoring in order to demonstrate through time the general trends in social conditions in the project area. Literacy levels and access to schooling (based on enrolment and school infrastructure), health conditions (based on health personnel, healthcare infrastructure, and medicine access), as well as public services provided in the area can all be registered through official federal statistics produced by INEGI. This will also enable for the CIP to have further means and channels of comparison, as improvement in specific social development areas can be reflected through these broader indicators.

9.3 Chance-find Procedure

To date, no physical cultural resources have been identified in the project area. Nonetheless, EVM will institute a chance-find procedure in line with international best practices and including the participation of the National Institute of Anthropology and History (INAH), as well as the input of local communities.

Working actively with INAH, EVM is strongly committed to not only conducting baseline field surveys for archaeological property potential (which were part of the EIA process even though they are not legally required), but also to ensuring that any chance findings during the life of the project be managed adequately; providing INAH with the support it requires to uncover and safely transport or conserve any potential findings.

In the event that a chance-finding occurs, EVM is obligated to stop works, protect the area, and communicate the discovery to INAH. After tending to the new discovery with the support of EVM, the authority will clear the project for operation once again.

10. REFERENCES

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