

# Social Impact Assessment is becoming a hurdle for Energy Projects in Mexico

By

Basilio Verduzco, Ph.D.

Email: [basiliomapas@gmail.com](mailto:basiliomapas@gmail.com)

Back in 2014, when Social Impact Assessment was first introduced as a requirement for all energy projects, there was hope that this new instrument could lead to peaceful and productive negotiations between corporations and communities. Anyone who thought that after the set of energy reforms were passed in México in 2014 it would be easier to develop an energy project needs to rethink again. Media reports over the past two years reveal that preparing, presenting and getting approval for a SIA study is a bigger hurdle than it was thought to be when the hydrocarbons and electric acts were passed.

Here are some of the problems that have attracted the attention of project developers, SIA experts and the media.

**1. The ministry of energy has a limited capacity to handle the amount of projects presented.** Under the new legislation, the Ministry of Energy (SENER) requires a SIA study for every project regardless of its size, location and proponent's experience. But SENER does not have the human resources needed to cope with the large number of SIA studies presented by the interested parties, which has resulted in longer than expected delays. This problem is growing not only because the number of projects presented to SENER, but also because there are huge variations on the quality and consistency of the studies presented, which makes the evaluation conducted by SENER even slower.

**2. There are no clear rules on how to prepare a SIA study.** Almost three years later, there are not clear rules for the preparation of an SIA. Given this situation, project developers, practitioners and even SENER are improvising to solve technical and methodological issues during the preparation of SIA studies which involve the scope and depth of analysis of social conditions for projects with huge variations in size, location and possible direct social impacts.

**3. Many companies interested in developing a project find themselves with no budget to conduct the required study.** Due to the lack of expertise on how to conduct a SIA, corporations who were used to deal with social issues within the Environmental Impact Assessment (EIA), find it very expensive to cope with SIA as a different study, and some of them find themselves with no budget to cover such a study. As a result, they are trying to find the cheapest proposal or even presenting "cut and paste" versions of the social analysis they already had for the EIA study.

**4. There is confusion about the links between the SIA study and the requirement to conduct public consultation where indigenous communities are impacted by a project.** The fact that projects taking place in lands owned by indigenous communities have to go through a formal consultation of this communities using the communities' decision making procedures, has

contributed to the complexity of presenting the SIA. For some analysts it is unclear whether the SIA is part, or is a separate procedure of the Indigenous consultation

(IC). Experts disagree on this subject, but reading carefully the legislation, it is clear that SIA is a procedure that needs to involve public participation (indigenous or not) and the IC is a different procedure which should use the outcome of the SIA study during the consultation and negotiation.

**5. There are not professional standards for SIA preparation.** All the previous problems are even larger due to the lack of professional standards for SIA preparation. Despite the progress observed at the international level thanks to the work of organizations such as the International Association for Impact Assessment (IAIA), the SIA epistemic community in Mexico is still in its infancy. Given the pressure to present SIA studies, professionals from different backgrounds are preparing SIA studies that find it difficult to pass the evaluation conducted by SENER.

Given the existence of these problems, developers of energy projects in Mexico need to pay a serious consideration for the SIA studies they need to present. This means they need to take the time, human resources and budget needed to conduct studies paying attention to international best practice. Project developers, practitioners and even SENER, need to go beyond the idea that presenting a SIA report is just another procedure to be presented to obtain a government permission to carry on with the project, and start looking at the SIA as an essential tool to engage the stakeholders and to create mutual benefits that contribute to regional and community development. Using best practice on SIA preparation is also positive for the corporation presenting the study and creates positive externalities for the energy sector at large, as every positive experience creates conditions for consensus building, while every negative one creates conditions for even more complex conflicts.