

Jilamito Hydropower Project

Complementary Studies

Social Impacts

Project Number # 0363579

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Annex 1: Jilamito Project Social Area of Influence

1. Introduction

Considering the potential social conflicts that a hydroelectric project might cause due to its water and land demand, and the current social situation around investment projects in Honduras, INGELSA needs to proactively engage with key stakeholders and promote social participation throughout the Project lifetime. For this reason, this report is intended to provide INGELSA with a better social management framework; with focus in supplement the information contain in the Qualitative Environmental Diagnosis (DAC for its abbreviation in Spanish)¹.

Therefore, ERM's assessment implemented during August and September 2016 through key document review and a field visit to the Project's area of influence, had the objective to better understand Jilamito Project's social context, update and deepen in its stakeholder identification and mapping, and design a strategic communication plan to mitigate risks, manage expectations, and acknowledge interests and concerns regarding the Project.

In alignment with national legislation, INGELSA has implemented a "Socialization Process for the Jilamito Project"; process that begun in 2006 conducted by SEMSA and later, in 2013 continued under the direction of INGELSA, both companies from the same group. The socialization process aims to provide technical information of the project in its different stages to local population and stakeholders, including the benefits that will generate and the attention to questions and worries on environmental and social impacts. The socialization process was implemented in the main communities of the area of influence, such as Jilamito Nuevo, Jilamito Viejo, Mezapita, Mezapa and Jilamo, as well with the main authorities of Arizona District and representative from key government institutions.

Jilamito Project is located over the Jilamito River (in the Lean River basin), in the area of the Jilamito Village, Arizona Municipality, Atlantida Department. Upstream of the Project is the Buffer Zone of the Texiguat Wildlife Reserve (TWR), and downstream is a number of villages and population settlements located both sides of the river. The main activities of these villages are related to agriculture, cattle raising, and use of timber resources.

Project activities such as land acquisition for project facilities, transmission line and access roads, people and goods transportation, and workforce requirements over construction phase will potentially generate impacts that may affect positively and negatively to the neighboring population. As it was gathered during ERM's field visit, concerns and expectations related to impacts have been identified during ERM assessment (August 2016), as well as some social risks that might arise from the polarization around hydroelectric projects in the country and from specific interest of local groups.

The Jilamito Project is not only an opportunity for power generation in the country and for reducing the effects of climate change due to the generation of electric energy through

¹ Ambitec, "Diagnóstico Ambiental Cualitativo del Proyecto Hidroeléctrico Jilamito", February 2015.

renewable resources, but also is an opportunity for local development. As it was experienced with the Hydroelectric Power Station of Mezapa (under the administration of SEMSA), job opportunities and goods and services demands will boost local economy; while project investments in the communities (i.e. water, education, roads infrastructure) and INGELSA's commitment with local authorities to conserve forests in the area, will improve living conditions².

1.1. Objectives

The objectives of this section are:

- Propose a social area of influence of the Project, considering impacts and perceptions, as well as clarify social characteristics of communities.
- Update key Jilamito's stakeholders, their interests and concerns related to the project in order to facilitate a proactive engagement during next phases.
- Propose a guideline for a strategic communication and community relation plan that allows INGELSA to manage social risks.

2. Methodology

ERM social assessment of Jilamito Hydroelectric Project consider a field visit to the project area in order to implement interviews with key stakeholders, mainly authorities and social organization representatives from the communities and settlements of the area of influence, and Project's personnel. Both types of interviews focused in understand Jilamito Project's communication status, communities' knowledge of the project and identify key stakeholders. Interviews were made between 25 and 27 of August, 2016. All the interviewees were male, of legal age.

A total of 13 interviews were made, as it is presented in the table below:

Table 1: Stakeholders interviewed during ERM field work (August, 2016)

N°	Name	Role	Community
Local authorities / Social representatives			
1	Fabriciano Ortez	President of Patronato President of Junta de Agua	Caserío el Empalme
2	Tomas Gandalmes	President of Patronato	Aldea Jilamito Nuevo
3	Anastacio Gandalmes	President of Patronato	Aldea Jilamito Viejo

² http://www.iesa.hn/?page_id=37

4	Adelmo Arita	President of Patronato	Aldea Mezapita
5	Raul Castro	President of Patronato	Aldea Mezapa
6	José Roberto Martínez	President of Junta de Agua Member of Cooperativa Agro Forestal CALIJINUL	Aldea Jilamito Viejo
7	Adolfo Pagoada saybe	Mayor of District	District of Arizona
8	Elder Liconá	Vocal of Patronato Pastor of Principe de Paz Church	Aldea Jilamito Nuevo
9	Angel Contreras	President of Patronato	Caserío El Retiro
10	Arnulfo del Cid	Owner	Caserío San Rafael
Representatives of INGELSA - SEMSA			
11	Alicia Gabriela Vargas	Lawyer in charge of land acquisition process	
12	Jorge Rodríguez	General Manager	
13	Hegel Ernesto Velasquez	Socio Environmental and Permits Manager	

Source: ERM 2016

Additionally, key information provided by INGELSA was reviewed, such as the Qualitative Environmental Diagnosis (DAC), Jilamito's Socialization Process Report, maps of the area of influence, project layout and planned facilities, land acquisition agreements and other key documents.

Finally, a rapid review of information available online was made in order to identify news and information posted by Honduran media related to INGELSA / SEMSA, Jilamito's Project, key stakeholders or the social context in Honduras around hydropower projects.

3. Area of Influence

Jilamito Project is located over the Jilamito River (Lean River basin), in the Jilamito Village, Arizona Municipality, Atlantida Department (see Map in Annex 1).

Upstream of the Project is the buffer zone of the Texiguat Wildlife Reserve (TWR), a legally protected area, place of endemic amphibian and reptile species, and forest resources use by local population..

Downstream of the Project is a number of villages and population settlements located both sides of the river and its tributaries. As it was presented in the DAC³, the closest population settlements to the Project are shown in the table below:

Table 2: Communities located near Jilamito Project

Community / Settlement	Population	Distance to the Project
Caserío de San Rafael	45	500 m.
Caserío de Agua Caliente	63	2.2 kms.
Aldea Mezapita	1728	4.5 kms.
Aldea Jilamito Viejo	162	4.0 kms.
Aldea Jilamito Nuevo	320	4.2 kms
Caserío El Retiro	357	-
Caserío El Empalme	160	-

Source: Ambitec 2013

According with the DAC and confirmed during ERM assessment, the main activities of these villages are related to agriculture, cattle raising, and use of timber resources. Some agricultural products such as lychee, coffee and palm are sold locally to large buyers, and some other products such as corn, are used for family consumption.

Pastures for livestock feed are one of the main cultures in the area. Raising cattle is widespread in the area, both for sale as meat and milk. There is no dairy processing plant in the area.

Timber extracted from the forests in the area is exploited under concession contracts granted by the Instituto de Conservación Forestal - ICF for sustainable management purposes; however it has been identified the presence of illegal loggers who are deforesting the area. Wood is used to make furniture for local sale and family use.

Despite the proximity of Jilamito River with these communities, according to the information gathered during ERM assessment, they do not use it as a source of water for human consumption or for irrigation, nor it has been identified that fishing is a widespread activity and communities depend on it for their livelihood. Stakeholders interviewed during ERM assessment mentioned that fishing in the Jilamito River is occasional and mostly for recreational purposes. Main species extracted are shrimp, and fishes such as chimbola, dormilones, tepemechines, mechin, sardines.

It is important to mention that only 4 chiefs of family in the Arizona Municipality, according to the Population and Housing Census (INE 2013)⁴ declares themselves as fishers or fishing/aquaculture laborers, both in freshwater and coastal water, which could represent that

³ Ambitec, p. 11-13

⁴ Instituto Nacional de Estadística – INE, XVII Population and Housing Census
<http://www.redatam.org/binhd/RpWebEngine.exe/Portal>

fishing is not a predominant economic activity in the area, or its developed in combination with other occupations.

Jilamito River is a subwatershed of the Lean River watershed. According to the Honduran hydrologic map, the Lean River watershed occupies a total area of approximately 60 square kilometers (km²) and it is considered under code number 5 of national importance. During interviews conducted by ERM on August 2016, local people indicated that communities use water (consumption) from creeks/tributaries and ravines located within the Lean watershed. These communities are Aldea Jilamito, Nuevo and Viejo, Jilamo and El Empalme which main water source is La Cristalina creek. None of these creeks are tributaries of Jilamito River and they are located downstream of the Project's Area of Influence. .

A watering place call "Balneario Los Cocos" is located in Aldea Jilamo, downstream of Jilamito River, using Jilamito's clean and crystal water for recreation purposes. During the summer this area is visited by people from other parts of the region, but regularly is a place for amusement of the local population. The owner of this watering place has shown concerns over Jilamito Project potential impact on water quantity and the consequences over his business.

Photo 1 Balneario Los Cocos



Source: ERM 2016

As for the origin of these communities, the population is predominantly mestizo. Although Indigenous Peoples groups are spread all over Honduras, according to the Population and Housing Census (INE 2013), less than 1% of the population of Arizona Municipality self-identify as indigenous, and even less than 0.1% as afro-Honduran. One case has been identify in

Jilamito Viejo, and 9 cases in Mezapita, been Nahua the majority of cases found⁵. No traditions or indigenous organizations has been identify during the qualitative assessment made by ERM.

3.1. Social impacts

Considering the information available in the DAC, as well information provided by INGELSA and gathered during ERM fieldwork, a social area of influence of Jilamito Project is defined as it is presented below, considering the interactions of the Project with the social component.

Table 3: Jilamito Project interactions with social component

Area of influence	Community / Settlement	Project interactions
Direct	Caserío San Rafael	Land acquisition for Project facilities, including access roads
	Caserío Agua Caliente	Land acquisition for Project facilities
	Aldea Mezapita	Access road INGELSA personnel housing Goods and services provision Workforce provision Social Investment
	Aldea Jilamito Viejo	Workforce provision Access road Social Investment
	Aldea Jilamito Nuevo	Workforce provision Access road Social Investment
	Caserío El Retiro	Transmission line Access road Social Investment
	Caserío El Empalme	Transmission Line Access road Social Investment
	Aldea Jilamo	Access road
	Aldea Mezapa	Access road Goods and services provision Workforce provision
Indirect area of influence	Municipality of Arizona	Social Investment

Source: ERM, 2016

Jilamito Project plans to build a road to access the Power House, road that will benefit communities such as Jilamito Viejo that currently has no access to the existing public road. On

⁵ Honduras is inhabited by seven indigenous people groups: lenca, maya – chostí, tolupán, pecha, tawahka, miskitu and nahua, and two afrodescendant communities; the garifunas and the anglo-speaking black population GIZ, Pueblos Indígenas en Honduras (documento de trabajo). November 2010.

the other hand, project traffic could generate dust and noise with the potential to affect public health of communities located along the road, such as Mezapa, Mezapita, El Retiro, Jilamo and others, and also a potential risk for traffic accidents. Health and safety procedures are key in this regard in order to avoid incidents, especially considering cumulative impact due to the operation of CH Mezapa. For more information refer to *Traffic and Transportation Study (separate)*.

Photo 2 pedestrian access bridge to Jilamito Viejo



Source: ERM 2016

Workforce recruitment in the area will have a positive impact to the local communities by improving household incomes and promote the invigoration of local economy. According to INGELSA, around 500 positions will need to be hired during construction phase (mainly through contractors, and the majority of them as non-specialized workforce), and 11 during operation phase. INGELSA plans to implement a program for handling calls and selection, coordinated through local authorities. Associated with this benefit, influx of foreign population stimulated by job opportunities could have a negative effect in the culture and have a risk for social conflicts.

One of the most important impacts on projects like Jilamito is the change in land use through land acquisition processes needed for the construction of various facilities, including roads and transmission line. According to INGELSA representatives, a land access negotiation has been implemented with 32 owners, in different types of agreements (purchase of land, easements and leases). Since project design does not considered floods, no impacts are estimated by involuntary resettlement or economic displacement of agricultural areas.

Other potential positive impact is related to the provision of goods and services in the area, especially housing for INGELSA employees and small purchases required in the area of Mezapa and Mezapita, with the potential of stimulate local economy and generate indirect job opportunities.

However, one of the most important benefits of the project, which has started already, is social investment activities in community projects such as water, communication, and educational infrastructure, among others. According to law, social investment begins in the operation phase when revenue taxes are generated, however INGELSA has decided to started early with these social responsibility actions, with great impact and acceptance from the communities.

4. Public consultation

The Socialization Process implemented by INGELSA during the last years in compliance with national legislation, remains ongoing through meetings with community representatives and stakeholders, attention to requests for social benefits and queries about project technical aspects. In general, the level of engagement and identification of the company within communities of the area of influence is close and permanent, situation that has allow them to gain acceptance to Jilamito Project development.

4.1. Prior consultation or socialization process

According to the “Socialization Process of Jilamito Project” submitted to SERNA in November 2015, the process of socialization aims to provide technical information of the project in its different stages to local population and stakeholders. This process also has the objective to clarify doubts, questions and speculations on benefits and impacts, and permanent communication seeking to engaged with stakeholders in order to obtain the license to operate, without causing irreversible impacts on social and / or environmental components due to the Project.

The socialization process began in 2006 by SEMSA and in 2013 to date, continued under the lead of INGELSA (SEMSA and INGELSA belongs to the same business group). In the socialization activities has participated SEMSA / INGELSA General Manager, and representatives of the Project environmental, administrative and legal areas.

The socialization report that is presented to the authority consists in a series of documents, photos and records that account for the various activities developed as part of the process. It shows also that the process considerer the participation of communities’ representatives and key government institutions from Arizona Municipality. The report contains detail on meetings held with stakeholders, and the list of participants. Each meeting ends with an agreement on a benefit that the Project will implement in the community (a classrooms construction, water infrastructure improvement, etc.). During 2015, five meeting were held with the communities of Jilamito Nuevo and Jilamito Viejo, and one meeting with the Arizona Municipality Mayor and authorities from Mezapa and Mezapita.

On August 25, 2015 a meeting with entities related to the management of the Texiguat Wildlife Refuge was carried out in order to disclose technical characteristics of the Project. Some of the participating organizations were CALIJINUL, PROLANSTATE (Foundation for the Protection of Lancetilla, Punta Sal and Texiguat), ICF, among others.

A Socialization Campaign was also implemented. It consisted in house by house visits in the area of influence in order to obtain acceptance signatures to the Project. According with the report, 758 signatures were obtain, representing 95% of the communities of Jilamito Nuevo and Jilamito Viejo, and communities such as Mezapita, Mezapa also Matarra also express majority support to the Project.

Another communicational activity implemented were training workshops on hydropower projects characteristics, which were focus on school teachers due to the technicity of the content. According to the report, 90% of acceptance were obtain from these training workshops, that were developed in Mezapa, Matarras, El Empalme and Mezapita (colonia Supaya).

Finally, guided tours to the Hydro Power Plant of Mezapa were implemented, in order to provide a better understanding of technical aspects. Aldea Jilamo, Jilamito Viejo and Jilamito Nuevo participated in these tours. As it was confirmed during ERM assessment, these tours had a good impact in the population that have the possibility to see directly how a hydroelectric project works and clarify their doubts.

4.2. Consultations for land acquisition and/or easement establishment process

Several owners and occupants of the areas defined to construct project facilities, road access and the transmission line has been engaged by INGELSA in order to implement a negotiation process for land acquisition. To date, 32 negotiations have been implemented, resulting in land purchases, leases and easements.

All negotiation has been individual consider all the land right holders, including family members living outside the area. According to the information provided by INGELSA, negotiations has considered the initial offer propose by the owner, either by putting an estimated price in the block area (“manzana” is the area unit use in rural areas in Honduras), hectares or square meters; considering crops or just the market price of the land. With owner permission, measurements and boundaries of the land have been taken in order to define the total compensation amount.

According to INGELSA representatives, the road route and transmission line consider technical and financial criteria, including avoid affecting social infrastructure or the need to implement an involuntary resettlement. No changes to the design have been implemented since no obstructions has been identify.

4.3. Consultations Conducted as part of this EIA update

As it was mentioned in section 2 Methodology, 10 interviews were made with key stakeholders in the area, including community authorities, representatives of local organizations and the Arizona Municipality Mayor. The results of those interviews are presented in the next section, divided in the main expectations and interests; principal concerns regarding Jilamito Project, and social risks identified.

5. Stakeholder Mapping

Jilamito Project's key stakeholders identify in the socialization process and through ERM assessment (including field work, document review available online and provided by INGELSA) are listed below:

a) Juntas Patronales - Coordination Board

The Juntas Patronales are local organizations created for self-management of their needs, and are legally recognized by the government. It is based on the freedom of association as a fundamental right. The Junta Patronal is led by a "Presidente del Patronato" or a board president. All members of the board are elected every two or three years. However, legitimacy of authorities among community residents is often questioned and leadership conflicts are frequent.

As it was mentioned by the board presidents interviewed, town meetings are call each time there is an important decision to make, but there is no regularity in meetings or assembly.

b) Juntas de Agua - Water Board

Water boards were created in order to manage water sources for human consumption. Its members are in charge of maintaining community water systems. As it was mentioned before, no water sources for community consumption were identified from the Jilamito River, but from creeks and ravines located in upper areas and correspondent to the Lean basin.

c) Agroforestry Cooperatives - CALIJINUL

CALIJINUL is an agroforestry cooperative that integrates Jilamito Nuevo and Jilamito viejo population in order to harvest timber and protect the forest. CALIJUNUL has a concession area legally granted by the ICF in 2011 (1,315 has), and has achieve certification for good management. CALIJINUL concession area is located in the Texiguat buffer area, in lands that would be use by the Jilamito Project. In that sense, the organization has an agreement with INGELSA, called "Acuerdo de Socialización para Convivencia, Tolerancia y Aceptación del Desarrollo del Proyecto Hidroelectrico Jilamito entre Ingelsa y la Cooperativa" signed in August 2016. While CALIJINUL agreed to give acceptance to the

Project, INGELSA commits to implement a series of mitigation measures to the initial environmental impact cause by the construction of the hydropower plant; but over time, it will generate benefit for the care of the forest, avoiding the rapid deterioration currently observed, among other commitments such as periodical environmental monitoring to the area.

d) Arizona Municipality

Current administration of Arizona Municipality is focused on education, electrification and road improvements projects. An association of municipalities from center Atlantida (MANMUCA) is in charge of implementing projects in the area of the Jilamito project and in that sense is very interested that the Jilamito Project is accepted by the neighboring communities.

Together with PROLANSTATE, Arizona Municipality is co-manager of the Texiguar Wildlife Reserve and supervises agroforestry cooperatives to properly manage their concessions.

e) Local business owners / employees

In the area of Aldea Jilamo there are two local businesses that have express opposition to Jilamito Project. One is “Balneario Los Cocos” (owned by Pablo Leyva) and the other one is a hot pepper “chile” factory (owned by Elmer Chacón). According to Jilamito Nuevo and Jilamito Viejo’s authorities interviewed, businesses owners from Jilamo are pressing their employees (also population from Jilamo) to not accept Jilamito Project threatening them to lose their jobs. Apparently, this business owner is afraid of competing with Jilamito Project’s salaries that are above minimum wage defined by Honduran legislation.

f) Affected owners/occupants

Other stakeholders are owners/occupants whose lands would be affected by the construction of the different facilities of the Project, including access roads and transmission line. According to INGELSA representatives, a land acquisition negotiation has been implemented with 32 owners, considering their payment expectation for a block or “manzana”. No need to implement an involuntary resettlement has been identified, since no houses or social infrastructure will be affected.

An elderly resident of San Rafael will be relocated voluntarily since he would like to be near the access road.

Photo 3 Caserio San Rafael’s house to be voluntary relocated



Source: ERM 2016

g) Other potential stakeholders

PROLANSATE

The environmental foundation PROLANSATE (Protección de Lancetilla, Punta Sal y Teksiguat) is a non-profit and non-political organization, with the objective to improve life quality of the population living in the Tela Bay Basin through the conservation of natural resources, agroforestry, community development, ecotourism, environmental education and public policies advocacy. With the Municipality of Arizona, it has the co management of the TWR and coordinates with agroforestry cooperatives actions to protect the area of illegal loggers.

Photo 4 Prolansate and ICF sign of allowed activities in the TWR area



Source: ERM 2016

COPINH

COPINH has been included in this list for its potential to generate risk to the Project associated with an environmental agenda. COPINH was founded in 1993 with the objective to defend rights in context of exploration and exploitation of natural resources, working mostly in the departments of Intibucá, La Paz, Cortez, Comayagua and Lempira. One of the emblematic projects that COPINH has been followed is the Hydropower Project Agua Zarca, developed by DESA.

COPINH has been leading and participating in protest against Agua Zarca Project and others. Its leader, Berta Caceres, was murdered in her house in February 2016, after several threatening calls and even an attack occur in 2015. After Berta's murderer, aggressions and threats continue to other members of the organization.

According to information gathered during fieldwork, COPINH has contacted some opponents from Jilamito Project in order to support protests, but this engagement is neither formal nor organized. Either way, considering COPINH presence nationwide it is important that INGELSA continues its efforts to contact them and give technical information on the project, while minimizing risks of opposition.

Interest and concerns of stakeholders are presented in the table below and detail in the following section:

Table 4: Jilamito Project stakeholders

Name	Interest	Concerns	Position
Juntas Patronales from Jilamito Nuevo, Viejo, Mezapa and Mezapita	Employment opportunities Social Benefits	Environmental impacts Migration of foreign population seeking for job opportunities	Positive
Junta de Agua from Jilamito Nuevo and Jilamito Viejo	Employment opportunities Social Benefits	Impacts on quality and quantity of water sources	Positive
Cooperativas Agroforestales - CALIJINUL	Employment opportunities Social Benefits Protection of concession areas	Impacts on natural resources	Positive
Local bussiness owners / employees from Jilamo*	Potential: Employment opportunities Social Benefits	Potential: Impacts on quality and quantity of water sources	Negative
Municipality of Arizona	Socioeconomic Development	Social conflicts	Positive

	Energy provision		
Affected owners / occupants	Fair and timely compensation for land acquisition Employment Opportunities	Incidents and contingencies	Positive
Road access villages (El Retiro, El Empalme)	Employment Opportunities Social Benefits	Impacts of dust, noise and traffic accidents	Neutral
Transmission Line villages (El Retiro, El Empalme)	Employment Opportunities Social Benefits	Impacts of radiation	Neutral
Prolansate*	Potential: Protection of concession areas	Potential: Impacts on natural resources	Neutral
COPINH*	None identify	Potential: Socio economic and environmental impacts Lack of consultation and information	Neutral

*During ERM assessment none of those organizations were contacted. The information considerer in this report has been obtained through secondary information available online.

Expectations

Stakeholders interviewed believe that the main benefit generated by the project will be job creation. Job creation is associated with better living conditions because it provides more stable and higher incomes in comparison to the incomes obtained from cattle breeding and agriculture.

However, job creation can be a double-edged sword because if the selection process is not clear and transparent enough, it is possible to create a perception of favoritism from INGELSA towards the resident who receives this benefit. To this end, the population required further informative campaigns to be carried out, in which the hiring procedures used by the company will be explained.

INGELSA has a policy of sustainable income, which means that job rotation will not be implemented since it is not advisable or customary in the country, and moreover since there is limited manpower available in the Jilamito area for rotation to be implemented. Nevertheless, in case of a work rotating system is implemented, INGELSA would considered inclusion of vulnerable population (elderly, women).

Another expectation about the project is the social support that INGELSA will provide. Social support is expected to be received through the implementation of sustainable projects, such as social infrastructure improvement. According to INGELSA representatives, and photo evidences, to date, the company has made projects such as maintenance of the public road, classroom and classroom roof construction, school electrification, a sports court construction, reforestation projects, environmental education campaigns and cleaning campaigns. During commercial operation, at the beginning of each year, the company will sign an agreement with the Patronato in order to determine the projects to be implemented over the year.

Photo 5 Improvement of church wall from Caserio El Retiro



Source: ERM 2016

Expectations for this type of assistance are large among communities. All interviewees agreed in the need to define a long term agreement with INGELSA in order to secure investment in the area, commitments that should focused on impact activities, such as health, education and connectivity, such as the one made with CALIJINUL as it was mentioned above.

Concerns

The main concern mentioned by the interviewees was the potential damage that the Project might cause by pollution of the bodies of water. Local population also fear that particulate matter (dust) will affect the quality of the pastures used to feed the cattle; that workers will leave solid waste scattered in the countryside; that the important flora species of the lands where the operations will be carried out will not be relocated; that fertile lands or lands with agricultural potential will be affected in order to implement exceeding material deposits (dumps); and that the amount of fish will decrease due to engineering activities for the construction of the hydropower. INGELSA's socialization process has helped to clarify some doubts around impact in water quality and quantity, especially with the guided tours to the CH Mezapa that allows stakeholders to touch, smell and drink water directly from the pipeline.

In El Retiro, a settlement located in the access road and transmission line route, there is a concern around health impacts associated with closeness of houses to power transformers, and the lack of consultation and information related to this issue.

Photo 6 CH Mezapa Power Transformer located in Caserio El Retiro



Source: ERM 2016

No major concerns have been identified in relation with impact with traffic, such as noise and dust generation, but there is some concern that the weight of the trucks could affect the pavement.

In the opinion of interviewees, communication with the company is good, open and permanent, especially with authorities, although there is not available at the moment a community attention office for public in general.

Despite the fluent communication, stakeholders have expressed the need to be better informed about the impacts of the project. Although some of the interviewees recognize that the project won't generate significant impacts in the environment and in fact will help to maintain the natural resources in the area (forest and water), there still is some questions regarding the process of a hydropower plant. Some stakeholders interviewed have requested to see the environmental impact assessment.

Another concern of the community is the potential risk of a breach (non-compliance) regarding the commitments made between INGELSA and the communities' representatives, a fact that

could cause the loss of INGELSA social license, despite the fact that the Project has complied with the socialization process as it was confirmed by SERNA. In that sense, interviewees recommend that all agreements are made with legitimate representatives of the communities, since in some cases, they say, these authorities do not represent them and work more for their own interests.

Communities in favor of Jilamito Project, such as Jilamito Nuevo and Viejo, are concerned about the opposition of some members of Aldea Jilamo, and fear that the Project won't continue to do their claims and as consequence, lose their job opportunities. In that sense, they recommend INGELSA to be more proactive in its relationship with the community of Jilamo and work directly with the individuals identify as opponents in order to solve the disagreements.

5.1. Social risks

Misinformation and interest in dispute may generated social risks to Jilamito Project that need to be properly managed in order to avoid delays in the project schedule, additional costs and affect company's reputation. Risks identified during ERM field work through stakeholder's interviews, the information provided by INGELSA and the information available online, shows three main risks that may affect Jilamito Project and needs to be properly managed.

It is important to mention that there is little information available online about Jilamito Project or INGELSA specifically, in comparison with reference to the problematic around energy projects in Honduras. Some criticism in media to CH Mezapa could be a potential reference for Jilamito since the communities identify both projects as part of the same company.

An adverse national context for the development of hydropower projects

Despite the concern of the government and public opinion on the need to develop hydroelectric projects that guarantee the country's energy supply, there is a growing national and international attention to hydropower concession's impacts, especially on water sources for human consumption, the lack of socialization of environment impact assessments, the criminalization of protest in the cases where an opposition exists, and the critical situation derive from the murderer of environmental activists. Honduras has been classified by Global Witness as the country with the higher number per capita in the world of environmental activist murderers, with 12 cases only in 2014⁶, been one of the most emblematic the murderer of activist and General Coordinator of the indigenous organization COPINH⁷ Berta Caceres on February, 2016.

⁶ Amnesty International, "We are defending the land without blood" Defenders of the Land, Territory and Environment in Honduras and Guatemala (2016), p.5

⁷ Consejo Cívico de Organizaciones Populares e Indígenas de Honduras – COPINH.

Opposition from local groups with political and economic interests at stake

In November 2015, a social protest organized by a group of residents call for a town meeting in Arizona Municipality to declare the area free of mining and hydroelectric exploitation, and according to a media report, denouncing intimidation strategies to publicly support the Jilamito Project. According to the same report e, local population with support of a city councilman had concerns that the municipality authorities were allowing companies to operate in contradiction to the Environmental General Law, according to the opinion of protestants. Protest actions include a road blockage of the bridge over the Lean River⁸.

According to another media report, Arizona Mayor Adolfo Paguada sent armed forces to suppress the protest⁹, situation that shows the excessive use of the force against environmental activists. As it was mentioned by INGELSA representatives, the consultation made during this town meeting show the level of support Jilamito Project had, derailing protestor's messages. Also, that the protest was not suppress with excessive use of the force, as it a normal and customary process implemented in public consultations as a preventive measure to ensure the safety of all participants. No injuries were reported.

Apparently, at the bottom of this protest and the opposition to the project is political conflict between the councilman and the mayor of Arizona, as well as a local businessman economic interest in the area of Jilamo, as it was presented in the previous section.

From the interviews with local authorities, there is no evidence of a relationship between these local opposition groups with national organizations such as COPINH but some informal contacts, however, these local opposition individuals could be using the environmental agenda of these national NGOs against Jilamito Project to get media attention.

Lack of information on the benefits and impacts of the project

Despite efforts made by INGELSA to inform to local population about the impacts and benefits that will generate the Project, during ERM assessment it has been identify a week knowledge of the technical aspects of the project and uncertainty about the way how they will be managed benefits, including local employment. Further communication actions needs to be implemented in order to manage misinformation and speculation.

6. Communication and Community Relations Strategy

As the Project in moving to construction phase, INGELSA will be required to develop a Communication and Community Relations Plan that complies with national legislation and Equator Principles requirements, to proactively engage with stakeholders and local communities in order to maintain the license to operate.

⁸ <https://honduprensa.wordpress.com/2015/11/22/cabildo-abierto-en-arizona-atlantida-para-declarar-el-municipio-libre-de-explotacion-minera-y-proyectos-hidroelectricos/>

⁹ <http://redefensorashn.blogspot.pe/2015/11/cabildo-abierto-en-arizona-atlantida.html>

Specific resources will be set for this manner, including a representatives with the functions of community relations coordinator, who will be responsible to provide feed-back to community representatives on past and scheduled construction activities and implement a routine public disclosure on construction progress, to ensure key stakeholders are properly informed throughout the construction process; to supervise subcontractors performance in relation with social commitments, and continue with engagement during operation phase.

INGELSA plans to implement a Socio-Environmental Affairs Area, integrated by a manager and four socio-environmental specialists who will be in charged with both hydroelectric operations of the company; CH Mezapa and Jilamito, correspondent to SEMSA and INGELSA companies respectively.

This Social Consultation and Community Relations Plan will include the following actions:

- Implement a permanent information office located in the area of influence of the project, equipped with didactical material such as a scaled model of the project to visually explain the project's principal characteristics. This office will also attend and register grievances, claims, and enquiries related to the project expressed by communities' residents.
- Realize continuous informative events to keep the population abreast on progress regarding the implementation of the project's social and environmental management.
- Engage with the local communities through ongoing disclosure of project-related information and consultation on matters that directly affect them.
- Consult with affected local communities in an inclusive, structured, and culturally appropriate manner to ensure their free, prior, and informed consultation and facilitate their informed participation.
- Ensure that engagement is free of external manipulation, interference, coercion, or intimidation, and is conducted on the basis of timely, relevant, understandable, and accessible information.
- Provide stakeholders with periodic reports that describe progress in implementing any action plans on issues that involve ongoing risk to or impacts on affected local communities and on issues that the consultation process or grievance mechanism has identified as causes of concern to those local communities.
- Establish a grievance mechanism to receive and facilitate resolution of local community concerns and grievances about the environmental and social performance of the Project. The process will address concerns promptly, using an understandable and transparent procedure that is culturally appropriate and readily accessible to all segments of the local community at no cost and without retribution.
- Keep a continuous stakeholder mapping system (at least one every two years) and implement independent perceptions studies to keep track of stakeholders and local communities concerns and expectations, identify potential social risks and assess the need of changes in the management strategy (at least one every three years).

- Keep a documentation system of all community and stakeholder agreements, solicitudes, communications, meetings, etc. in order to keep a traceability of social management and engagement.
- Implement a robust community health and safety program and align all subcontractors with its strict compliance order to avoid conflict with neighboring communities related to road traffic accidents.

6.1. Grievance Mechanism

The objective of the grievance mechanism is to establish a method to receive and facilitate resolution of local community concerns and grievances about the environmental and social performance of the Project during construction and operation phases.

INGELSA's Socio Environmental Manager will be responsible for the grievance mechanism implementation. Any interactions with the affected local communities that relate to questions or concerns should be reported to INGELSA's Socio Environmental Manager, or those persons designated by this representative. In case of complaints from women, INGELSA shall make available (if requested or warranted) a woman to receive the complaint.

The mechanism will be written and incorporated into the Socio Environmental Management Program (ESMP) documentation. The mechanism will be summarized and communicated to local communities and on the Project website. Periodic community meetings and other communication methods will be used to receive feedback, in terms of informing communities about the mechanism, receiving possible grievances, and evaluating the performance of the grievance mechanism.

The grievance mechanism will include provisions for the following:

- Establish a means for local community members to contact the Project, including a contact telephone number and means to submit grievances in writing or in person.
- Complaints can be presented in either verbal or written form.
- In terms of verbal complaints, they may be presented directly to any of the INGELSA personnel, but the complainant will be recommended to present it directly to the Socio Environmental Manager or their designee whom are familiar with the objective and contents of the grievance mechanism. In any case, the INGELSA employee should write down the complaint and request the complainant to sign or mark the complaint.
- All complaints must be promptly reported to the responsible person for the grievance mechanism.
- It should be recommended to the complainant to present any evidence (photographs, etc.) to help document the complaint.
- All complaints will be documented.
- INGELSA will investigate the complaint, using technical assistance if necessary.

- INGELSA will determine the response to the complaint, including if applicable proposed actions.
- INGELSA will inform the complainant either verbally and/or in writing of the INGELSA's response and proposed actions (if any)
- If the complainant is not in agreement with the company, the Socio Environmental Manager shall be informed.

The grievance mechanism attributes include:

- INGELSA will attempt to investigate and resolve complaints promptly.
- There is no cost to person presenting the complaint.
- All complaints will be treated with appropriate confidentiality so that the complainant is protected.
- INGELSA will implement the grievance mechanism and investigate the complaint without retribution to the complainant or other person.
- Complainants will be provided feedback on the progress of any action taken to deal with their complaint.
- A complaints register will be maintained to ensure that all complaints are noted, whether by phone, letter or face-to-face meeting, and monitor action taken. The grievances received and responses provided will be documented (such as the name of the individual or organization; the date and nature of the complaint; any follow up actions taken; the final decision on the complaint; how and when relevant project decision was communicated to the complainant; and whether management action has been taken to avoid recurrence of community concerns in the future).
- Project personnel, especially those who have contact with the public, will be briefed/trained about the grievance procedure, including who to contact within INGELSA about a complaint.

In the following cases, INGELSA will receive a copy of the complaint::

- Complaints from local authorities;
- Complaints copied to authorities of any level of government; and those sent through lawyers;
- Complaints received by NGOs or other representative entities of civil society;
- Complaints relating to matters of collective interest of the Surrounding Communities;
- Complaints that imply some type of legal non-compliance of any subcontractor;
- Complaints for damage done to the property of third parties;
- Complaints related to Hydropower Facility and Electrical Interconnection Project worker behavior;
- Complaints with which Contractor does not agree and intends to respond by refusing to perform the corrective action requested by the claimant;

- Complaints that affect the liability of more than one contractor (and/or subcontractors) and/or that raise questions about the distribution of responsibility for causes that prompted it.

Any negative response to a complaint must contain detailed justification for not answering the requests of the claimant, including the description of possible investigations undertaken.

All positive responses will contain an action plan, including a schedule and expected results. It will also include the commitment to send documentation showing the full implementation of the proposed actions.

Inquiries and requests for information will also be responded to quickly through INGELSA.

6.2. During construction phase

Considering that during construction phase some social commitments and management actions such as local employment opportunities will be under the responsibility of different construction subcontractors, INGELSA will ensure that all of these aspects are included as legal obligations of all subcontractors and the compliance with Equator Principles. All subcontractors shall assign a Community Relations Officer to meet with INGELSA's Socio Environmental Manager in order to coordinate progress, make adjustments to the strategy if necessary, update grievance mechanism and align messages for communities.

INGELSA will communicate with local communities to manage their expectations of local employment during construction and will consult and engage with key stakeholders.

All subcontractors' interaction with local communities should be under the purview of INGELSA's Socio Environmental Manager.

INGELSA's Communication and Community Relations Plan will include as a minimum:

The planning of actions regarding disclosure and the interaction with the surrounding communities and other stakeholders, focusing principally on three aspects:

1. The advance disclosure of Hydropower Facility and Electrical Interconnection construction interferences. Which will include at minimum:
 - Temporary traffic detours or closure in local roadways;
 - Transport of special loads (width, weight);
 - The start of local roadway use, or significant alteration (increase/decrease) in the intensity of traffic to be generated;
 - Scheduling for watering of each critical stretch;
 - The opening of new work fronts;
 - Detonations schedule if applicable;
 - Scheduled interruptions in the supply of energy or other public utilities;

- Other interferences considered significant.

2. The advance disclosure of local manpower and supplier needs;

The advance disclosure of Hydropower Facility and Electrical Interconnection construction needs will be carried out in strict coordination with team responsible for recruiting local manpower and contracting local suppliers, as well as Contractor Community Relations Agent.

- Contract scheduling of local manpower and periodic adjustments;
- A list of goods and services that could likely be provided locally and requests for expressions of interest;
- Scheduling of selection procedures/contracting of local goods and services (announcements, invitations, etc.).

3. The response to inquiries and complaints. Additionally to what have been expose in section 6.1, during construction phase:

- All complaints related to the Hydropower Facility and Electrical Interconnection Project will be analyzed and responded by INGELSA, in coordination with the Contractor. Other Subcontractors who receive complaints will pass them on INGELSA within a 24-hours limit.
- Contractor will permanently maintain an updated table tracking inquiries and complaints. A copy of this table will be regularly sent to the Socio Environmental Manager of INGELSA.
- All construction sites (principal or secondary), temporary industrial facilities or other areas to support construction (shipping, deposits, etc.), will have signs in prominent locations, identifying: a) the construction firm responsible; b) the name of Contractor liaison and INGELSA representative and the contact information to send inquiries/complaints (including at a minimum the address for conventional correspondence in the Surrounding Communities, the e-mail address and telephone number); c) information necessary to contact the Community Relations Agent of the Contractor.

In addition to the process of receiving inquiries and complaints, the Socio Environmental Manager of INGELSA will carry out open meetings with representatives of the Surrounding Communities periodically during the period in which the construction sites near them are active. These meetings are intended to exchange information, investigate inconveniences that may become complaints, and verify the effectiveness of hiring labor and local suppliers.

Similar meeting may be scheduled with specific groups at the discretion of INGELSA representative, including, for example, the land owners and/or users along the transmission line alignment, etc.

6.3. During operation phase

The divulgation of information will continue throughout the operation phase, and will include continuous consultation with the local stakeholders as well as the production of a community bulletin.

Consultation with local stakeholders

INGELSA will participate in at least two meetings annually with the local communities of Jilamito's area of influence. Moreover, special issues meetings might be programmed according to communities specific requests.

The meeting will be previously coordinated to promote successful participation. All participants might present their grievances, claims, and request for information or suggestions as they deem pertinent. Whenever feasible issues will be resolved during these meetings, more complex issues will be channeled through the grievance mechanism.

During the operation phase community meetings will focus on the following objectives:

- Develop and maintain constructive relationships with the communities;
- Maintain full knowledge of and receive retroactive information regarding social, environmental and safety issues in the affected communities;
- Maintain ample local support towards the project from the affected communities;
- Engaged with the communities in the participatory monitoring and continuous impact assessment of the project;
- Receive any communities doubts, claims or grievances and channeled them through the grievance mechanism;
- Monitor the communities' attitudes toward the project's development and progress.

Community Bulletin

A Community Bulletin will be published by INGELSA during the operation phase, which will include all the environmental and social issues of specific interest for the communities of the project's influence area.

Among the main issues to be covered in the bulletin are the following:

- Programmed maintenance works and activities;
- Information regarding restrictive use within the TL land easement and the activities that present a safety risk will done near the TL;
- Information regarding progress/implementation of the social programs that will continue and/or will be implemented during the operation phase;
- Other pertinent issues.

Grievance Mechanism

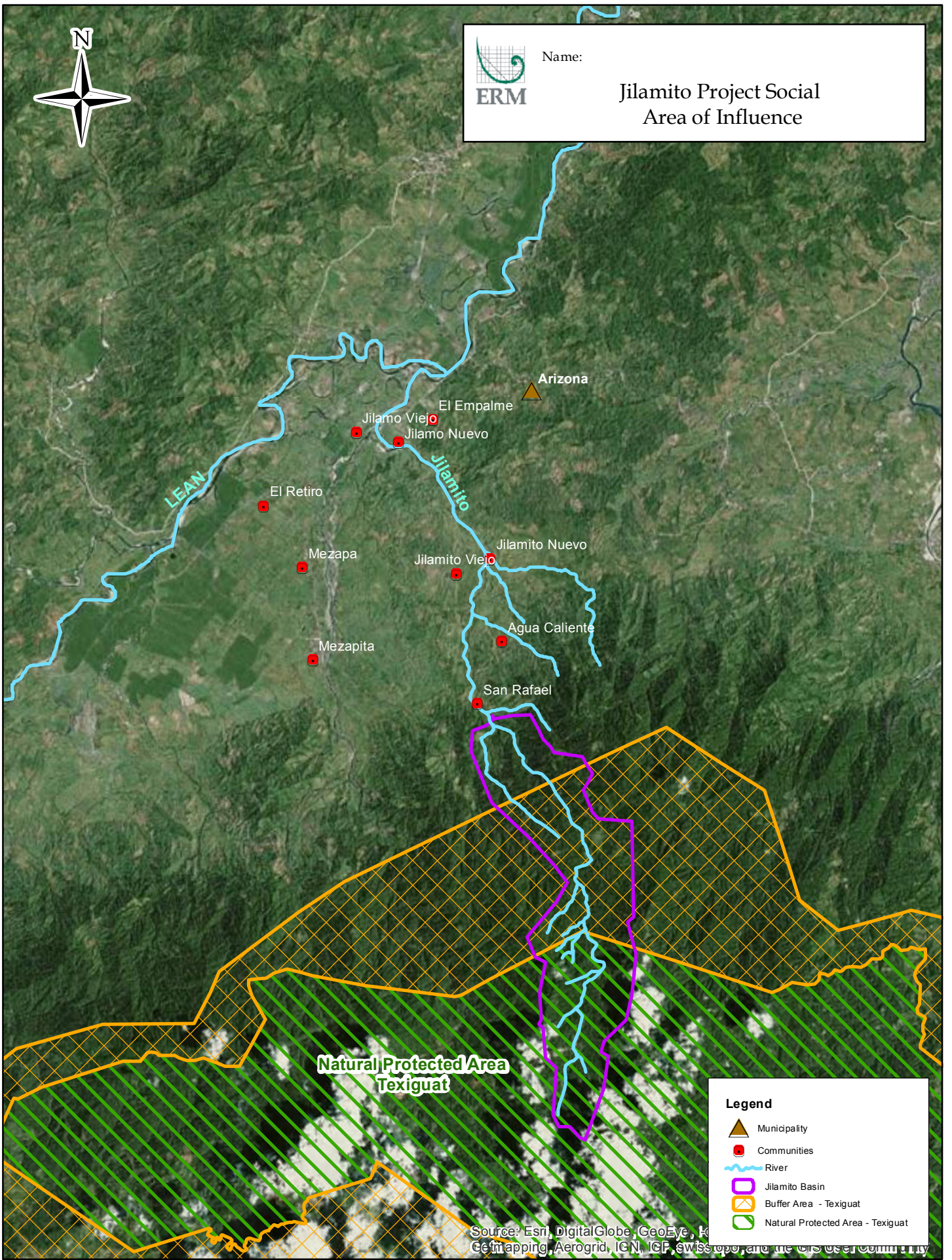
INGELSA will continue with the grievance mechanism and process implemented during the construction phase.

ANNEX 1

JILAMITO PROJECT SOCIAL AREA OF INFLUENCE









 Name: **Jilamito Project Social Area of Influence**



**Natural Protected Area
Texiguat**

Legend

-  Municipality
-  Communities
-  River
-  Jilamito Basin
-  Buffer Area - Texiguat
-  Natural Protected Area - Texiguat

Source: Esri, DigitalGlobe, GeoEye, IGN, Aerogrid, IGN, ICF, Swiss topo, and the GIS User Community