

Environmental and Social Data Sheet

Overview

Project Name:	Honduras Sustainable Roads
Project Number:	20140048
Country:	Honduras
Project Description:	The project consists of the rehabilitation and upgrading of the road sections CA-11 La Entrada - El Florido and CA-4 La Entrada - Santa Rosa de Copán (in total 116 km).
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

If the project was located within the EU, it would fall into Annex II of the EIA Directive 2011/92/EU, as amended, requiring screening to determine if EIA is required. Under the General Environmental Law of Honduras and the regulations of the National System of Environmental Impact, the project was screened in and a full EIA has been carried out. The EIA has been disclosed on the EIB's website. The EIA report is to be subject to a round of disclosure and public consultation prior to approval by the relevant Authorities. The provision of the final environmental consent subsequent to public consultation will be a condition for first disbursement.

There are no nature conservation areas affected by the project. The Competent Authority for Nature Conservation will provide an opinion of the impact of the project on protected areas and species (Form A/B equivalent).

Involuntary resettlement risks are contained and preliminary suggestions on resettlement action to address them have been introduced already in the ESIA², to be followed up by the elaboration of a dedicated Abbreviated Resettlement Action Plan (ARAP). Given the area of influence of the project falls within a vulnerable socio-economic region, home to *Chortis* indigenous settlements, the development of an Indigenous Peoples Planning Framework abiding by the principle of free, prior and informed consent (FPIC) will be required under a condition precedent. An Indigenous People's Development Plan (IPDP) might be subsequently also required, depending on the findings of the IPPF. In any case, implementation of all provisions in the IPPF will be duly monitored by the services

Also, as the works will partially occur in an area with rich cultural heritage, a Cultural Heritage Management Plan will be required prior to first disbursement and commencement of works.

By nature (rehabilitation works), the project's associated residual impacts should be moderate. The new road should improve safety, in particular given the traffic mix of non-motorised and heavy vehicles. It is also expected to contribute to poverty reduction in the area by promoting a sustainable socio-economic development.

Overall, subject to certain conditions, the project is acceptable for Bank funding from an environmental and social perspective.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

² ESIA : Environnemental and Social Impact Assessment

Environmental and Social Assessment

Environmental Assessment

The project consists of the rehabilitation and upgrading of the road sections CA-11 La Entrada - El Florido and CA-4 La Entrada - Santa Rosa de Copán (in total 116 km). Both road sections form part of the Western Corridor of the primary national road network, connecting the second biggest city of the country -San Pedro Sula- to the international border crossings with Guatemala and El Salvador.

The project mainly involves rehabilitation works on pre-existing roads severely degraded, including some limited re-alignment (less than five km for a total project length of 116 km). The project comprises as well the upgrading of the pavement structure to withstand heavier traffic loads and to include paved shoulders.

The project must, at minimum, respect all regulations of the General Environmental Law (*Ley General del Ambiente*) including the regulations of the National System of Environmental Impact Assessment (*Sistema Nacional de Evaluación de Impacto Ambiental*, SINEIA). The project's implementation can only be started when the Promoter obtains the Environmental License issued by the Ministry of Natural Resources and Environment (*Secretaría de Recursos Naturales y Ambiente*, SERNA).

This operation falls into Annex II of the EU/EIA Directive requiring screening to determine if EIA is required or not. The Promoter has undertaken a full EIA procedure commissioning an EIA report which was completed in late 2014. The EIA additionally benefitted from the oversight of the Central American Bank for Economic Integration (CABEI). Nonetheless, the Bank's services have conducted a gap analysis recommending actions necessary to ensure enhancement of the EIA in line with EIB standards, particularly in relation to stakeholder engagement, protecting the rights and interests of indigenous peoples and security management. The Promoter will be required to provide an Addendum to this end prior to first disbursement; such update is to be automatically undertaken at the level of the Environmental and Social Management Plan (ESMP), too. Additional public consultation may be undertaken, if required by the Bank's services. Any additional mitigation plans deemed necessary following such ESIA enhancement will be duly undertaken.

To assure project's compliance with the principles of Directive 2008/96/EC on road infrastructure safety management, the promoter will be requested to conduct independent safety audits / inspections at different project stages. It is the first time in the country this exercise is going to be done and the Bank will be providing specific technical assistance.

In order to enhance the project's additionality, in terms of guaranteeing the public's access to information, meaningful consultation and grievance and recourse, a Stakeholder Engagement Plan will need to be elaborated.

Finally, the area of influence of the project falls within a region suffering from important levels of insecurity: as such, the project will be enhanced vis-à-vis such a contextual risk by way of a Security Management Plan.

Timely and effective implementation of these actions is subject to appropriate disbursement conditions. Furthermore, TA funds shall support the promoter's PIU, particularly in relation to the implementation of the E&S requirements.

Social Assessment

Consisting mainly of rehabilitation works with limited modifications of the existing layout of the roads, the project will cause only a modest degree of involuntary physical (some 10 households) and economic resettlement (to be established). Preliminary suggestions on resettlement action to address related risks have been introduced already in the ESIA, based on the relevant standards by the World Bank and the Inter-American Development Bank. Prior to first disbursement, the Promoter will have to provide satisfactory evidence of an Abbreviated Resettlement Action Plan previously agreed with the Bank, on the basis of which land acquisition and compensation for/remedy of all impacts will subsequently be undertaken.

Organized crime is a major risk in Honduras, mainly due to the geographical position of Honduras on the drug route from South to North America. This fuels a climate of violence, made more acute by a weak control of small arms. The area of influence of the project is located across the Department of Copán, which is among the most impoverished in the country and suffers from high levels of organised crime and violence. To address this issue in compliance with EIB's standards, the Promoter will be requested to develop and implement a Security Management Plan to the satisfaction of the Bank.

The *Chortís* indigenous communities are descendants of the people who inhabited the capital of the ancient Maya empire of Copán and they now live in the departments of Copán and Ocotepeque. On the basis of the Honduran legal framework, by means of the law *Ley Especial para el Desarrollo Integral de los Pueblos Indígenas*, and the additional enhancement provided by EIB's Standards, an Indigenous Peoples Planning Framework (IPPF) to the satisfaction of the Bank will be required prior to first disbursement. An Indigenous People's Development Plan (IPDP) might be additionally necessary, depending on the findings of the IPPF. In any case, implementation of all provisions in the IPPF will be duly monitored by the services. The early involvement of the Bank will be crucial to ensure that the process abides by the principle of free, prior and informed consent (FPIC).

As the project is situated in a region with rich cultural heritage, the Promoter will submit a Cultural Heritage Management Plan to the Bank's satisfaction prior to first disbursement and the commencement of all works.

The Project Implementation Unit (PIU) foreseen to be set up within the Promoter for the project has been previously assigned to other projects with the World Bank (WB), CABI or the Inter American-Development Bank (IADB). Additional comfort will be provided by way of an Environmental and Social Management Systems (ESMS) document before first disbursement and outlining lines of E&S management and accountability, as well as resources, at the Promoter's level.

Public Consultation and Stakeholder Engagement

The EIA report has been subject to preliminary public consultation at this stage. As part of the subsequent environmental consent process, it will be subject to a final public consultation under the relevant national law. The process is driven by SERNA, which receives the support of the municipalities by means of the so-called Environmental Units (*Unidad Municipal Ambiental*), ensuring the correct disclosure and dissemination of information. The involvement of the Bank at this early project cycle stage will ensure full alignment of the process with EIB standards in this regard. In addition, a Stakeholder Engagement Plan will need to be developed prior to first disbursement to the satisfaction of the Bank, thereby ensuring access to consultation, information and grievance for all interested parties throughout the project duration, with particular attention therein on the protection of the rights and interests of vulnerable population groups and the robust undertaking of FPIC processes throughout the project duration.

Other Environmental and Social Aspects

In addition to the various conditions precedent mentioned above, a number of requirements are to be met prior to any disbursement of the EIB loan, including among others:

- the provision of the positive decision on the project from the Competent Authority for Cultural Property Protection;
- the completion of road safety audits / inspections consistent with the principles of the EU Directive 2008/96/EC;
- the provision of satisfactory evidence that the different E&S plans regarding resettlement, stakeholder engagement, security and cultural heritage management, as well as all follow-up provisions established by the IPPF are duly implemented.

Luxembourg, 19 May 2015

As an undertaking, the Promoter will provide the Bank with information on the E&S due diligence and on the implementation of the rehabilitation and upgrading works of the remaining road sections on the Western Corridor, yearly until completion of these works.