



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 01/20/2021 | Report No: ESRSC01818



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Honduras	LATIN AMERICA AND CARIBBEAN	P175896	
Project Name	Supporting Resilient Water Resources Management and Water Services Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Water	Investment Project Financing		3/8/2021
Borrower(s)	Implementing Agency(ies)		
Republic of Honduras	Honduran Strategic Investment Office (Inversiones Estratégicas de Honduras - INVEST-H)		

Proposed Development Objective

Strengthen the technical capacity and institutional coordination for effective implementation of resilient water resources management and water services investments in targeted areas of Honduras.

Financing (in USD Million)	Amount
Total Project Cost	0.90

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project is a Grant for US\$ 900,000 to be implemented over 17 months. The proposed project is a stand alone project that provides Technical Assistance (TA) supporting the preparation of future investments and capacity building activities. As such, it will support technical assistance activities laying the necessary groundwork for effective implementation of two priority IDA-funded investment projects to enhance water sector resilience: the Water Security in the Dry Corridor Project (P169901) and the Urban Water Supply Strengthening Project (P173125).



The technical assistance will particularly inform the development of water information systems and safe water storage infrastructure for resilient Water Resource Management (WRM) in the Dry Corridor of Honduras. The technical assistance will further inform investments seeking to foster resilience through the improvement in reliability and efficiency of urban water services. The Project will also strengthen the coordination between project implementing agencies and the stakeholders undertaking the envisaged investments.

The proposed project has the following components and activities:

The Project will be implemented over a period of 17 months. The following paragraphs provide a brief description of each component including cost estimates.

Component 1: Strengthening resilient water resources management (Total cost: US\$0.60 million). The objectives of this component are to design a water resources system for the Nacaome river basin, which is essential for better WRM and planning; and to advance the readiness of resilient water infrastructure investments.

a. Feasibility study and design of a water resources information system for the Nacaome basin (Total cost: US\$0.10 million). This activity will finance consultancy services for the preparation of the feasibility study and detailed design of the Nacaome basin water resources information system and for the preparation of tender documents for the procurement of the acquisition and installation of the system, which will be funded under the Water Security in the Dry Corridor Project (P169901). The feasibility study will review existing monitoring and information systems including tools and methodologies; propose a comprehensive methodology to help decision-makers make rational and informed water resources management and planning at the basin level including allocation choices and alternative actions during floods and droughts; propose a comprehensive methodology with the potential to be scaled up in other basins in the Dry Corridor and at the country level; identify the needed tools and instruments; and outline the necessary institutional arrangements, capacity building and operation and maintenance (O&M) requirements to ensure the longer-term sustainability of the system. The detailed design will outline the technical specifications of Information Technology (IT) required to set-up the integrated information platform, housing digitized records of water allocations, monitored water resources data/information, and water balance.

b. Feasibility assessment of resilient water infrastructure investments in selected small town and rural areas of the Dry Corridor (Total cost: US\$0.40 million). This activity will finance consultancy services for finalizing the feasibility assessments and detailed technical designs of four planned SIAS (local water harvesting reservoir systems) under the Water Security in the Dry Corridor Project in the municipalities of La Venta, Curarén, La Paz, and Manazapa. The activity will address the gaps in the preliminary feasibility assessments that have been conducted for these four SIAS and complete their final design, including the Environmental and Social Impact Assessments and related management plans. The final design will be informed by a comprehensive risk assessment of the water reservoirs to ensure they meet safety standards. If deemed necessary, this activity will also finance consultancy services for the development of emergency plans. The construction works and supervision of these four SIAS will be financed under the Water Security in the Dry Corridor Project.

Component 2. Strengthening resilient water services (Total cost: US\$0.20 million). The objective of this component is to advance the readiness of investments to improve the reliability and resilience of Urban Water Providers (UWPs) targeted under the Urban Water Supply Strengthening Project. It will finance consultancy services for selecting



municipalities and UWPs seeking to improve their capacity to provide more reliable and resilient services. This component will support inter alia: (i) the promotion of benefits from participating in the Urban Water Supply Strengthening Project[1] to municipalities/UWPs, particularly to categories C and D municipalities; (ii) the review of applications, on a first-come first-served basis, ensuring that at least 50 percent are C and D municipalities; (iii) the coordination and handholding of weaker municipalities (particularly C and D) and UWPs during the application process; and (iv) the design and implementation of a communication strategy including the disclosure of application results in terms of eligibility criteria.

Component 3: Strengthening implementation capacity and institutional coordination (Total cost: US\$0.20 million). The objective of this component is to improve implementation capacity and coordination of key agencies participating in the Water Security in the Dry Corridor Project and the Strengthening Urban Water Supply Project. This component will finance consultancy services and incremental operating costs to ensure the different implementation arrangements for the Water Security in the Dry Corridor Project and the Strengthening Urban Water Supply Project are in place and operational, facilitating effective dialogue and coordination between project agencies and institutions leading the water and climate resilience agenda for undertaking the envisaged support.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

This is a technical assistance (TA) project that will support planning of specific interventions in the Dry Corridor through Component 1, and with national coverage for Components 2 and 3. Overall, Honduras is the third poorest country in the Western Hemisphere with 9.6 million inhabitants and an average annual income of US\$ 2,541 per capita, with 16.5 percent of the Honduran population living on less than US\$1.90 per day.

Under Component 1, TA to upgrade and expand water information systems for a better WRM will not have on-site interventions but will be piloted in the Dry Corridor. Component 1 (b) will meanwhile include Environmental and Social Impact Assessments (building on preliminary studies carried out during preparation of the Bank-financed Water Security in the Dry Corridor Project P169901) for the SIAS of Manazapa, Curarén, La Venta and La Paz, including consultations with local communities, to facilitate readiness to implement the Water Security in the Dry Corridor Project. The Dry Corridor extends along the southwest and Pacific coast region and covers almost 20,000km. This area is home to a disproportionate percentage of the country's population living in poverty and is historically susceptible to extreme weather (droughts and floods). More than half of Honduras' poor and two-thirds of its extreme poor live in the Dry Corridor, including Indigenous Peoples (IPs). The advent of extended hot, dry periods and the reduced predictability of the rainy season, exacerbated by climate change, has had disastrous consequences on the cultivation of basic grain crops, such as maize, which are part of the region's subsistence agriculture, and so consequently the poorest farmers are disproportionately impacted. Despite an abundance of water during the rainy season, high runoff and low infiltration – exacerbated by deforestation and land degradation trends -- contribute to seasonal flooding problems, while in the meantime there is insufficient infrastructure for water storage to compensate for uneven seasonal water distribution. The risk of failing to meet water demand is particularly acute during the February to April dry season. The populations that will benefit from development of the four SIAS include three rural areas (Curarén, La Venta and Manazapa) and one urban area (La Paz). All four sites are characterized by water scarcity for human consumption and/or irrigation; low levels of access to sanitation; poor and extreme poor



populations; and the rural SIAS sites by high dependence on subsistence farming and poor access to basic services, including health and education. Manazapa is an indigenous community, while Curarén and La Venta have some presence of people self-identifying as indigenous that will be confirmed through the environmental and social assessments.

TA under Component 2 will support the development of a roadmap to identify municipalities and urban water providers seeking to improve their capacity to provide more reliable and resilient services and fine-tune the criteria to select them, as well as support on coordination, application review, and hand-holding of weaker municipalities through the application process. TA will be national in scope with an urban focus on the potentially qualifying municipalities with urban populations between 5,000 to 300,000 people (80 municipalities could potentially be eligible, as per the preliminary eligibility criteria). Downstream activities through subsequent planning and implementation of investments under the Urban Water Supply Strengthening Project (P173125) may intervene in areas with presence of Indigenous Peoples and Afro-Hondurans that comply with the criteria set forth in ESS7. Out of 8,303,773 habitants in Honduras, 717,620 people (8.64%) self-identified as pertaining to one of the 9 indigenous/afro descendent populations. It is estimated that 17.91 percent of them live in urban settings (117,517).

D. 2. Borrower's Institutional Capacity

The implementing agency for the proposed project has been designated as the Honduran Strategic Investment Office (INVEST-H) of the Planning and General Coordination Ministry. While national systems and capacity on environmental and social risk management are generally considered to be weak, INVEST-H has previous experience working on similar projects with multilateral lenders, including the World Bank Rural Competitiveness Project in Honduras Project (COMRURAL), P101209; the Corredor Seco Food Security Project, P143787; and the Honduras PPCR Phase 1 Grant, P157795, among others. INVEST-H is also the implementing agency for the two projects (Water Security in the Dry Corridor Project (P169901) and the Urban Water Supply Strengthening Project (P173125)) whose readiness the proposed project is to support.

INVEST-H has working knowledge of environmental and social management issues and it routinely hires social and environmental specialists to support preparation and implementation of its various projects. Nonetheless, its capacity to effectively manage E&S risks will require further strengthening, considering the complexity of E&S issues, the new areas covered under the ESF and the challenges of implementing simultaneous projects. The proposed project will be implemented by the Project Management Unit (PMU) for the Water Security in the Dry Corridor Project, in coordination with the PMU for the Urban Water Supply Strengthening Project for activities under Component 2. Both of these PMUs will include full-time environmental and social specialists, who will oversee E&S compliance of consultants hired to provide the technical assistance. If the proposed project reaches effectiveness before the Water Security in the Dry Corridor Project, the grant funds would also finance the initial staff costs of each of the environmental and social specialists for the Water Security in the Dry Corridor Project's PMU, to ensure that there is appropriate capacity in place for implementation of the planned activities. With respect to environmental and social management, as applicable, of activities under Component 2, if the Urban Water Supply Strengthening Project is not yet effective and their PMU not yet staffed when this project begins, the environmental and social specialists to be contracted under the Water Security in the Dry Corridor Project PMU will provide the necessary support.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS



A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

Although the environmental risks of the consulting, communications and other activities to be directly carried out under the proposed technical assistance (TA) project are low, the risk rating is considered substantial, on the basis of the potential risks which may result from future construction and operation of the investments to be planned and supported through the TA. While the Water Security in the Dry Corridor Project was rated as high environmental risk, no studies under the proposed project relate to the future investment activities driving that project’s high environmental risk rating (e.g., improvements to the Jose Cecilio del Valle Dam along the Nacaome river, and potential resulting direct and indirect downstream impacts on sensitive mangrove ecosystems). Rather, all studies and other TA activities under the proposed project will correspond with subprojects classified as substantial or lower environmental risk.

Specifically, the eventual construction and operation of the four SIAS which will be subject to feasibility studies, Environmental and Social Impact Assessments (ESIAs), and completion of final designs under Component 1 (b) are expected to entail moderate to substantial environmental risks, based on the findings of the preliminary ESIs which were carried out, and approved by the Bank for purposes of disclosure as appraisal-stage drafts (but not as final ESIs), during preparation of the Water Security in the Dry Corridor Project. The main environmental risks and impacts associated with the eventual construction of the four SIAS include: (a) potential dam safety risks associated with water harvesting structures, each of which will require a reservoir with a maximum embankment fill height that exceeds 15m; (b) permanent flooding of small non-forested areas ranging from about 1.7 ha to 4.2 ha – for construction of water harvesting reservoirs (although the selected sites were chosen in part due to their low environmental sensitivity); (c) diverse localized construction stage impacts, including: earthworks related impacts for digging reservoirs and building embankments, building or upgrading access roads, potential disruption to aquatic habitat during construction of water intake structures in streams, community health and safety risks related to potential labor influx to rural communities, diverse occupational health and safety risks, traffic and road safety risks to both workers and communities at all construction sites, etc.

For Components 2 and 3, given that the proposed project will not support TA connected with any specific investments, the potential environmental risks are considered low. Pillar 3 will also provide the benefit of enhancing INVEST-H’s technical and E&S capacity to be able to effectively undertake activities under this technical assistance as well as the two subsequent Bank financed water projects.

Social Risk Rating

Substantial

Whereas the social risks of the planned technical assistance activities themselves are low, the potential downstream social implications that may arise when and if the technical assistance leads to the future investments, are substantial. no studies under the proposed project relate to the future investment activities driving that project’s high social risk rating (e.g., improvements to the Jose Cecilio del Valle Dam along the Nacaome river, and related potential exacerbation of existing social tensions and conflicts around access to and use of water resources in the lower Nacaome basin). Rather, all studies and other TA activities under the proposed project will correspond with subprojects classified as substantial or lower social risk.

Public Disclosure



The social downstream risks for the TA to be provided under Component 1 in support of the Water Security in the Dry Corridor Project (P169901) are rated substantial, due primarily to contextual risk factors in preparing and implementing water resource management activities in the Dry Corridor of Honduras, taking into consideration decades of conflict and violence over access to water at the community and municipal levels, and specifically related to building water retention structures that have sometimes generated strong tension with indigenous communities in the past, as well as general distrust among water insecure rural and indigenous populations over water and natural resource management projects.

The main social risks and impacts expected for the eventual construction of the SIAS as identified in the Appraisal Stage ESRS of P169901 are: (i) the potential to exacerbate existing social tensions and conflicts around access to and use of water resources (ii) potential adverse impacts on IPs or other vulnerable groups, and their exclusion from project benefits and activities, particularly those aimed at strengthening WRM and governance at the local, regional and national levels, (iii) impacts resulting from the permanent and temporary acquisition of land. Moreover, the time between preparation and beginning of SIAS construction may bring unforeseen challenges from a social perspective – it has already been a year since the most recent consultations with those communities on the potential interventions.

For Components 2 and 3, given that the proposed project will not support TA connected with any specific investments, the potential social risks are considered low. Component 3 will also provide the benefit of enhancing INVEST-H's technical and E&S capacity to be able to effectively undertake activities under this technical assistance as well as the two subsequent Bank financed water projects.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The proposed project, under Component 1, will help to provide water entities (governmental, non-governmental organizations and private sector) with adequate water information to improve decision making in the Dry Corridor, and ensure that feasibility studies and ESIA for the four pre-selected SIAS identify all relevant E&S risks and potential impacts related to their construction and operation, carry out adequate stakeholder engagement, and develop appropriate E&S management plans. The ESIA studies for the four SIAS will build on the foundation of the preliminary ESIA for each respective SIAS that were already carried out, consulted and disclosed during preparation of the Water Security in the Dry Corridor Project (P169901), filling in any gaps as well as updating them in accordance with final designs and to the ESF standards. They will be carried out in accordance with the approved Environmental and Social Management Framework (ESMF) for the Water Security in the Dry Corridor Project, which was developed in 2020 during preparation of that project in accordance with the ESF, approved by the Bank and disclosed on the World Bank website as well as at <http://www.investhonduras.hn/seguridad-hidrica/> since April 17, 2020. Generic draft Terms of Reference (TORs) for comprehensive ESIA studies for SIAS investments have already been prepared and are included in an annex to the above-mentioned ESMF. The grant funding under this project will provide needed resources to INVEST-H in order to further tailor and finalize these TORs for the specific gap-filling ESIA studies for the four SIAS to be financed under the Water Security Project. The TORs will require prior approval of the Bank before INVEST-H initiates the procurement process for the studies.



Under Component 2, the project will support development and application of adequate criteria to ensure that poor and smaller municipalities can have fair access to the benefits of the Urban Water Supply Strengthening Project, expanding and adjusting the outreach campaign to municipalities. Outreach to municipalities will be carried out in accordance with the approved Stakeholder Engagement Plan already developed for the Urban Water Supply Strengthening Project. The TA will, however, be at the upstream level only, focused on supporting the initial selection of municipalities, and therefore will not involve or be linked with any specific investment proposals. The follow on development of municipal water service providers’ business plans as well as selection, design, and environmental and social assessment of specific investments in the chosen municipalities – including stakeholder engagement processes -- will not be supported under this TA; rather, these will be carried out at a later point under the Urban Water Supply Strengthening Project, in accordance with the approved ESMF and other environmental and social instruments for that project (available on the World Bank website as well as at <http://www.investhonduras.hn/agua-potable/>).

For this project, INVEST -H will develop and disclose, prior to appraisal a draft Environmental and Social Commitment Plan (ESCP). The ESCP will include all necessary measures that the project will need to address during implementation to comply with the ESF. In line with para 13, footnote 3 of the ESF, which notes that “depending on the nature and the scale of the risk and impact of the project, the elements of the SEP may be included as part of the ESCP and preparation of a stand-alone SEP may not be necessary”, the ESCP will include provisions on stakeholder engagement (referencing the two approved Stakeholder Engagement Plans (SEPs) for the Water Security in the Dry Corridor Project and the Urban Water Supply Strengthening Project, as they apply to the proposed project activities), as well as monitoring and reporting arrangements.

Areas where “Use of Borrower Framework” is being considered:

None

ESS10 Stakeholder Engagement and Information Disclosure

Key stakeholders for the proposed project are governmental institutions (central and sector institutions), municipal and traditional authorities, local leadership and beneficiaries of the 4 municipalities which will benefit from the SIAS: La Venta, Curarén, La Paz, and Manazapa. Under Component 2, key stakeholders will also include ring-fenced water service providers, municipalities, the national Ente Regulador de los Servicios de Agua Potable y Saneamiento (ERSAPS), Municipal Councils for Water and Sanitation (Spanish acronym: COMAS), and Local Supervision and Control Units (Spanish acronym: USCLs). Component 3 stakeholders include INVEST-H as well as other key public institutions leading the water and climate resilience agenda.

In line with para 13, footnote 3 of the ESF, the elements of the SEP will be included as part of the ESCP and no stand-alone SEP will be developed. The ESCP will outline who the key stakeholders are as well as key socialization, engagement and disclosure actions during implementation. It will reference the Stakeholder Engagement Plan (SEP) of the Water Security in the Dry Corridor Project (P169901) which was approved and disclosed by the Bank as well as by INVEST-H at <http://www.investhonduras.hn/seguridad-hidrica/> on January 28, 2020 and in revised form on March 24, 2020. Outreach activities under component 2 will be carried out in accordance with the Stakeholder Engagement



Plan (SEP) for the Urban Water Supply Strengthening Project (P173125) which was approved and disclosed by the Bank as well as by INVEST-H at <http://www.investhonduras.hn/agua-potable/> on May 9, 2020.

Consultations carried out during project implementation will follow the Government of Honduras guidelines for in-person gatherings to prevent COVID-19, and will also be in line with the WB’s Technical Note prepared for the COVID-19 situation: “Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings, March 20, 2020”, avoiding in-person gatherings where possible, diversifying means of communication and relying more on social media and online channels as well as traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, public announcements and mail) when stakeholders do not have access to online channels or do not use them frequently. If in-person engagement takes place during implementation, INVEST-H will seek and obtain written authorization of local authorities, follow WHO guidance to prevent COVID-19 and will document compliance.

The SEPs developed and approved by the Bank for the Water Security in the Dry Corridor Project (P169901) and Urban Water Supply Strengthening Project (P173125) describe the Grievance Redress Mechanisms (GRMs) applicable to this Project. Due to the technical nature of this Project, available channels will be: (i) in person; (ii) phone; (iii) email; and (iv) in person during consultation of engagement with stakeholders. The applicable GRMs will also be referenced in the ESCP of this Project.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant. The proposed project will finance consultancies and staff costs to provide technical assistance based on the 3 identified components, and hence, will involve both direct workers employed or engaged directly by INVEST-H to work specifically in relation to the project, as well as contracted workers engaged through the retained consulting firms. Specific responsibilities and ESS2 requirements for these workers will be reflected in the ESCP.

Downstream activities through the subsequent Water Security in the Dry Corridor Project (P169901) and the Urban Water Supply Strengthening Project (P173125) will involve direct and contracted workers. No primary supply or community workers are envisioned in these projects. During preparation of the Water Security in the Dry Corridor and the Urban Water Supply Strengthening Projects, INVEST-H developed Labor Management Procedures (LMP) to manage labor related risks and impacts, that were approved by the Bank and disclosed at the external site of the World Bank and at: <http://www.investhonduras.hn/seguridad-hidrica/> and <http://www.investhonduras.hn/agua-potable/> respectively – since May 22, 2020 for the Water Security in the Dry Corridor Project and since May 9, 2020 for the Urban Water Supply Strengthening Project. Those LMPs provide an overview of applicable legislation, expected types of personnel to be hired under the project, and measures to comply with ESS2, including specific provisions on Occupational Health and Safety (OHS), child labor, minimum salary and work hours. The LMPs also include a description of the labor GRMs to be made available to project workers. Labor-related requirements specific



to construction activities for each subproject will also be incorporated into the site-specific ESMPs and bid documents for all investments carried out under these subsequent projects.

The provisions of these LMPs can be applied to the proposed project with regards to direct and contracted workers. Given that the PMU for this project will be the same PMU as for the Water Security Project, the LMP developed for that project will be considered the primary reference point for the proposed TA; however, for activities under Component 2 in support of the Urban Water Supply Strengthening Project, for labor related issues pertaining to staff and consultants engaged on those activities, the LMP for that project will also be referenced. Additionally, the ESCP as well as the Project Operational Manual for the proposed project will directly specify key requirements that will apply to all project activities, including a prohibition for hiring of people younger than 18 years old, as well as a requirement for all consultants and consulting firms retained under the project to have a code of conduct signed by all project workers, including Gender Based Violence provisions, and to monitor their workers' compliance. INVEST-H will monitor the firms' compliance with these provisions.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. The technical assistance activities under the project will not be a significant source of pollution, nor will they consume significant amounts of energy or natural resources; nonetheless, these issues are relevant to the downstream construction and operation of the four planned SIAS under the Water Security Project, which will directly result from the technical assistance support under Component 1 b. As noted in the ESRS for the Water Security in the Dry Corridor Project, the SIAS concept incorporates substantial technical assistance to beneficiaries on climate-smart and water efficient agriculture, as well as watershed conservation and sustainable production in upper catchments to enhance aquifer recharge capabilities. These objectives will be reflected as well through the technical assistance to be provided under the proposed project. While hydrological assessments have already been completed for the 4 SIAS as part of technical preparation studies – and are also summarized in the disclosed preliminary ESIA – which preliminarily demonstrate that the reservoir water intake designs developed to date will ensure adequate water for ecological flow and existing downstream water users before diverting water from streams, this will be re-verified through the complete ESIA to be carried out as part of the proposed TA under pillar 1 b, and if needed, adjustments to will be made in the final designs and Environmental and Social Management Plans (ESMPs) for each SIAS. The final ESMPs will include also detailed guidelines for contractors to ensure efficient use of water, minimization of air emissions, and appropriate solid waste management during the construction period.

In addition, for all SIAS investments which will include water supply for domestic uses (La Paz, La Venta and Curaren), water treatment plants are included in the subprojects. The final ESMPs for all four subprojects which will be supported under this project will also specify requirements for follow on technical assistance consultancies to be contracted under the Water Security Project, which will include training of water user associations in ongoing monitoring of the quality of intake and treated water, as well as technical assistance to communities in the upper watersheds to reduce potential water contamination from upstream poor sanitation practices and/or coffee production waste – as well as to reduce erosion and sedimentation from poor land use management practices that could also threaten water quality and undermine infiltration capacity. The ESIA and ESMPs for each SIAS subproject which includes water supply for irrigation (Curaren and Manazapa) will also include analysis of the potential for these



subprojects to lead to increased use of pesticides and fertilizers, and will specify Pest Management Plans if needed that can be implemented through the Water Security Project.

Regarding GHG accounting, for the SIAS, the scale of each subproject is not expected to generate significant emissions, and therefore GHG assessments for these subprojects were not considered necessary as per this standard.

Activities under Components 1a, 2 and 3 of the proposed project are not expected to generate impacts covered under ESS3, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation.

ESS4 Community Health and Safety

The standard is relevant. The technical activities of the proposed project will generate limited impacts to health and safety of the communities because there will be limited face-to-face interactions with them, with the exception of the work undertaken to finalize the ESIA's of the four already identified SIAS and the development and consultation of site-specific environmental and social instruments. In those interactions, there is an increased risk of spreading COVID-19 and hence, INVEST-H through the consulting firm(s) to be hired will need to seek and obtain authorization of local and traditional authorities for on-site activities and comply with WHO recommendations to keep social distance, wear masks at all times and ensure adequate sanitation, including provision of alcohol gel. These commitments will be reflected in the SEP and ESCP and procurement bidding documents. As noted under ESS10, appropriate provisions will also be followed in all consultation activities to avoid or minimize COVID19 transmission risks to project stakeholders.

Downstream activities under the subsequent Water Security in the Dry Corridor Project to construct and operate the four SIAS to be supported through technical assistance under Component 1 b will also generate potential impacts related to community health and safety. The preliminary ESIA's already carried out for the four identified SIAS evaluated risks to community health and safety, including water quality, traffic safety, labor influx management issues, camp management and sanitation. Based on initial assessments, none of these risks were concluded to be significant, given the small-scale nature of SIAS works. This will nonetheless be revisited in greater depth, and appropriate mitigation measures specified as per the requirements of this Standard, as part of the completion of preliminary designs and ESIA's as well as the development of ESMPs for all four SIAS to be completed under the proposed project.

With respect to dam safety for the SIAS reservoirs, the preliminary ESIA's carried out during preparation of the Water Security in the Dry Corridor Project included stability assessments for each and concluded that the risks of rupture are negligible; nonetheless, as each location includes a reservoir with a maximum embankment fill height that exceeds 15m, and in most cases there are a few households preliminarily identified downstream which might be affected in the exceptional case of an embankment rupture, the design consultants to be hired under the proposed TA project will complete dam break analyses and identify any appropriate mitigation measures, as well as develop O&M stage monitoring and emergency plans for each SIAS reservoir. The Water Security in the Dry Corridor Project will include contracting of an independent Panel of Experts, who will also carry out an independent review of



embankment designs, dam break analyses and corresponding measures and plans, prior to finalizing and issuing bid documents for any of the civil works under that project.

Aside from potential COVID19 risks related to stakeholder engagement and outreach activities mentioned above, no other activities under Components 1a, 2 and 3 of the proposed project are expected to generate impacts covered under ESS4, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The standard is relevant. Although the technical assistance activities under the proposed project will not generate risks or impacts covered under ESS5, this standard is considered relevant due to the requirements for land acquisition for future implementation of the SIAS investments which will be the subject of detailed planning under Component 1 b. All acquisition of private land for the four SIAS is expected to occur through voluntary land sales transactions, as conditions exist that satisfy the criteria for willing buyer/willing seller land sales according to ESS5. The preliminary ESIA for the four SIAS already carried out indicate landowners' willingness to: (i) sell land for the construction of SIAS reservoirs prior to the beginning of works, and (ii) provide temporary access to land through rights of way agreements to facilitate future construction and maintenance of water distribution infrastructure. These agreements, and the due diligence processes as per ESS 5, will be reconfirmed/updated and finalized as part of the full ESIA consultancy under Component 1 of the proposed project.

INVEST-H developed, and consulted a Resettlement Framework (RF) for the Water Security Project, which is disclosed at the external site of the World Bank and at: <http://www.investhonduras.hn/seguridad-hidrica/> since February 2, 2020. The RF examines national legislation around involuntary land acquisition and resettlement as well as gaps with the Bank's ESS5; describe procedures, measures and steps to follow for land acquisition, including description of conditions for willing-buyer-willing seller and land donations. Under the proposed project, INVEST-H will finalize the ESIA of the 4 SIAS and will develop, consult and disclose Resettlement Plans for those SIAS where ESS5 is relevant, in line with the RF.

Under Honduran law, the protection designation options available for the aquifer recharge zones precludes the possibility of involuntary restrictions of access to or use of natural resources, as all restrictions must be agreed voluntarily with affected landowners; therefore, these activities will not trigger ESS5 considerations that would require a Process Framework. ESS5 does not apply to restrictions of access to natural resources under community-based natural resource management projects, i.e., where the community using the resources collectively decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus, and that appropriate measures have been agreed and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community.

Activities under Components 1a, 2 and 3 of the proposed project are not expected to generate impacts covered under ESS5, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation.



ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Based on the preliminary ESIA's carried out during preparation of the Water Security Project, none of the SIAS reservoir locations that will be the subject of detailed investment planning TA under Component 1 b are environmentally sensitive; all consist of open pastureland or crop land. Two protected areas will nonetheless be impacted by their future construction and operation: the Mixcure Wildlife Reserve (buffer zone) in Manazapa, and the Montecillos Biological Reserve in La Paz. Proposed project activities are consistent with both reserves' management plans; in both cases the physical works will be outside of the core reserve areas.

The comprehensive ESIA's for the four SIAS to be carried out under Component 1 b will also fill in gaps in aquatic biodiversity baselines and impact analysis from the preliminary ESIA's. Only one of the SIAS locations will tap a perennial water source (La Paz), where consultations carried out under the preliminary ESIA flagged that several fish species are present, and the design of the water intake structure was modified to allow for fish passage; however, more detailed baseline assessment and analysis of potential impacts to aquatic wildlife is warranted, and will be carried out under the comprehensive ESIA for La Paz that will be supported under this Project. Although the other three SIAS will intake water from seasonal streams, there could still be impacts to aquatic biodiversity, which will likewise be more fully investigated through the comprehensive ESIA's, and mitigation and management measures specified in ESMPs if warranted. Ecological flow requirements will also be assessed, as applicable, and ensured in the designs of all SIAS and their requirements for operations phase.

The Water Security in the Dry Corridor Project has already committed to invest in restoration of forest cover and in supporting sustainable livelihoods in upstream areas of the watersheds that will supply the reservoirs, which will align with and help to support objectives of these protected areas. The comprehensive ESIA's to be carried out under the proposed TA will help to guide the more detailed planning of these investments, which are presently identified at a conceptual level only. In SIAS locations where upper catchment protected status does not already exist, the comprehensive ESIA's can furthermore provide additional guidance, building on the work already carried out in the preliminary ESIA's, on how the Water Security in the Dry Corridor Project can support the national legal designation process for aquifer recharge zones, as well as align catchment-area investments with their specific conservation and livelihood support objectives agreed collectively by local stakeholders, and in line with the ESMF developed for the Water Security in the Dry Corridor Project. Under Honduran law, the protection designation options available for the aquifer recharge zones precludes the possibility of involuntary restrictions of access to or use of natural resources, as all restrictions must be agreed voluntarily with affected landowners; therefore, these activities will not trigger ESS5 considerations that would require a Process Framework. ESS5 does not apply to restrictions of access to natural resources under community-based natural resource management projects, i.e., where the community using the resources collectively decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus, and that appropriate measures have been agreed and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community. In general, investments to be planned in upper catchments above the SIAS reservoirs will be voluntarily agreed with the landowners and communities in those areas and will aim to increase forest cover, protect existing forest cover, improve habitat quality and increase sustainability of economic activities.



Activities under Components 1a, 2 and 3 of the proposed project are not expected to generate impacts covered under ESS6, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

The standard is relevant. The proposed project will work directly with Indigenous Peoples (IPs) of the community of Manazapa, and will confirm presence of IPs complying with the four criteria set forth in ESS7 in the locations of the other SIAS for which it will finalize the ESIA's. Where deemed present by the Bank, the proposed project will then develop, consult and disclose Indigenous Peoples Plans, in line with the Indigenous Peoples Planning Framework (IPPF) developed and consulted during the preparation of the Water Security in the Dry Corridor Project (P169901) which is disclosed at the external site of the World Bank and at: <http://www.investhonduras.hn/seguridad-hidrica/> since since May 2, 2020. Engagement with IPs for the ESIA's and IPPs will be undertaken in line with said IPPF.

Activities under Components 1a, 2 and 3 of the proposed project are not expected to generate impacts covered under ESS7, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation

ESS8 Cultural Heritage

The standard is relevant. The TA activities themselves will not affect cultural heritage, and there is no indication of potential impacts on physical or living cultural heritage for the 4 identified SIAS. Nonetheless, given that subsequent activities under the Water Security Project for the construction of the SIAS may involve soil excavations which could potentially affect cultural resources, assessment of potential impacts covered by ESS8 will be undertaken as part of the ESIA's of the SIAS that will be finalized through the proposed project under Component 1 b. The ESMPs to be developed will also include chance find procedures to be incorporated into construction contracts. These assessments and plans will be carried out in accordance with the ESMF developed during preparation of the Water Security Project, which includes (a) provisions for subproject-level screening and assessment of any known sites of cultural or historic importance which may be impacted locally, as well as identification of any sites of cultural/social importance for local communities; (b) chance find procedures; and (c) generic mitigation measures.

Activities under Components 1a, 2 and 3 of the proposed project are not expected to generate impacts covered under ESS8, nor do they relate to planning of specific investments where such impacts could be generated downstream during their construction or operation.

ESS9 Financial Intermediaries

The standard is not currently relevant. Neither the proposed project nor the subsequent projects (P169901 and P173521) will involve financial intermediaries.



C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

The technical assistance activities supporting design and assessment of the four SIAS under Component 1 are all within national basins. The technical assistance under Component 2 will be national in scope; therefore, some selected municipalities may be located within transboundary basins that Honduras shares with one or more neighboring countries. Nonetheless, Component 2 will not include detailed investment planning, and therefore this policy is not applicable.

OP 7.60 Projects in Disputed Areas

No

Neither the proposed project nor the subsequent projects P169901 and P173125 will undertake interventions in disputed areas.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

INVEST-H will develop and disclose a draft version of the the Environmental and Social Commitment Plan (ESCP), with embedded Stakeholder Engagement Plan (SEP) provisions.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- References to environmental and social instruments already developed, consulted, and disclosed for subsequent operations: Water Security Project (P169901) and Urban Water Supply Strengthening Project (P173125).
- Requirement that detailed TORs for the ESIA's and technical studies on the four SIAS to be carried out under Component 1 b shall be approved by the Bank prior to initiation of consultant procurement processes.
- Key labor management requirements, including for signing of codes of conduct, for all consultants and consulting firms to be hired under the project.
- Measures to prevent the spread of COVID-19 during all on-site technical assistance and stakeholder engagement activities.
- Requirements to carry out consultations with indigenous peoples as per approved SEPs and IPPFs, where ESS7 is applicable.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Honduras

Implementing Agency(ies)

Implementing Agency: Honduran Strategic Investment Office (Inversiones Estratégicas de Honduras - INVEST-H)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Andrea Mariel Juarez Lucas, Marie-Laure Lajaunie

Practice Manager (ENR/Social) Valerie Hickey Recommended on 20-Jan-2021 at 07:33:44 GMT-05:00