



Concept Environmental and Social Review Summary

Concept Stage

(**ESRS Concept Stage**)

Date Prepared/Updated: 12/12/2023 | Report No: ESRSC04010



I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P181166	Investment Project Financing (IPF)	HSCP	2025
Operation Name	Honduras Sustainable Connectivity Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Honduras	Honduras	LATIN AMERICA AND CARIBBEAN	Transport
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Secretaria de Finanzas	Secretaria de Infraestructura y Transporte (SIT)	03-Jun-2024	30-Sep-2024
Estimated Concept Review Date	Total Project Cost		
20-Nov-2023	100,000,000.00		

Proposed Development Objective

Improve sustainable connectivity between Western Honduras and the Atlantic Coast.

B. Is the operation 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 Activities

[Description imported from the Concept Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The project aims to improve road connectivity between Western Honduras and the Atlantic Coast to contribute towards sustainable regional development. The two main project components include: Component 1: Construction of the Quimistan-Corinto Road Section (US\$90 million), including: -Pre-feasibility studies, to identify potential alternatives of broad-band alignment of the road to help decide the preferred alternative considering a variety of technical, economic, environmental, and social criteria. -Feasibility study, detailed design and supervision of works, incorporating technical, economic, social, environmental, etc. aspects -Civil works for the construction following the selected alignment (new



road is expected to be about 40 km long). Expected works will encompass among others: earth works, infrastructures (bridges), drainages (culverts, longitudinal drainages), pavement (sub-base, base and paving), road safety. Component 2: Project Implementation and Capacity Enhancement (US\$10 million), including -Activities aimed at supporting Project implementation such as: consultancy, notably a Project Implementation Unit, goods, possible small works to improve offices -Capacity enhancement for PIU in project management and implementation, GBV, and E&S Risk Management

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation’s environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 2,000]

The proposed road would connect CA-4 near Quimistán and CA-13 near Corinto on the Guatemalan border.

The vegetation cover is mainly pine, broad leaf and mixed forests. It also includes the Cusuco National Park (CNP), a montane forest of conservation significance within the Meso-American biodiversity hotspot, recognized as a Key Biodiversity Area due to the overlapping ranges of several globally threatened amphibian species, which also supports important populations of many cloud forest specialist species (including several that are endemic). The CNP is part of the National Protected Areas System of Honduras and has a management plan in place. The National Institute of Forest Conservation and Development, Protected Areas, and Wildlife (ICF in Spanish) manages the park.

The main economic activities identified in the area include cardamom, cacao, and coffee monocultures. Livestock farming was also observed within park grounds and “maquiladoras” along CA-4.

Land ownership is mostly private, including in sections within CNP. Owners predate the park’s declaration and have land titles or recognizable claims. There is noticeable land demarcation for crops and livestock in the project area, including within CNP.

There is migratory movement along legal and illegal crossings at the Guatemala border. Local community leaders report illicit activities with the movement of people and products, which have caused violent incidents. Gender Based Violence (GBV) is prevalent in the region.

Road workers without personal protective equipment and young workers were identified in the project area.

No indigenous communities meeting ESS7 criteria have been identified in the project area.

There are various declared archaeological sites in the proximity of the project area, with Lenca mounds identified in the El Urraco and La Coroza communities.

D.2 Overview of Borrower’s Institutional Capacity for Managing Environmental and Social Risks and Impacts

[Description of Borrower’s capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 2,000]



The Secretaría de Infraestructura y Transporte (SIT) has been designated as the implementing agency with overall implementation responsibilities. The SIT is a Ministry created in January 2022 through Executive Decree PCM-05-2022, after restructuring the previous Ministry of Infrastructure and Public Services (INSEP). SIT structure includes an Environmental Management Unit (UGA for its acronym in Spanish) that mainly provides services related to the environmental licensing and E&S compliance of infrastructure projects executed by SIT. SIT has newly hired an Environmental Specialist and a Social Specialist who will be tasked with the preparation of E&S documentation and monitoring of consultants carrying out E&S work as relevant. A new Project Implementation Unit (PIU) will need to be created for coordination, planning monitoring and supervision of project activities, including the assessment and management of environmental, social, health and safety (ESHS) risks and impacts in accordance with the World Bank’s Environmental and Social Framework (ESF) and national requirements. The exact structure of the PIU, including the number of E&S specialists will be determined during project preparation. SIT does not have previous experience implementing the World Bank’s ESF and, considering the nature and location of the project, will require training and strong support from the Bank throughout preparation. As such, the Bank will provide ES Hands-on Implementation support in accordance with the relevant E&S standards (ESS); this will involve a dedicated plan for enhancing capacities and a specific training strategy with the support of external consultants.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

High

A.1 Environmental Risk Rating

High

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

The main risks and adverse impacts are associated with the construction of a greenfield regional corridor of about 40 km long (2-4 lanes). Expected works will encompass significant earth movement, infrastructures (bridges), drainages (culverts, longitudinal drainages), pavement, ancillary facilities (e.g., quarries or borrow pits, laydown areas and workers camps) and road safety. The most significant adverse impacts are related to habitat alteration/fragmentation, reduced wildlife mobility and potential effects on archeological remains due to earth movement and clearing of vegetation (this impact is direct and irreversible; its magnitude and level of significance will be assessed during the E&S assessment process - ESA); the corridor won’t go through the CNP, and the project’s ESA will confirm whether any of the road segments and ancillary facilities cross areas with high biodiversity value and/or known archeological sites. The other direct environmental, health and safety risks and adverse impacts identified are expected to be predictable, temporary, localized, and for which there are proven mitigation strategies. During operation, potential indirect impacts could be generated as a result of a rise in logging activities (legal and illegal), and the potential conversion of habitats for increased agricultural and livestock activities due to an improved physical access and lower transportation costs. Cumulative impacts of the project could also be generated in combination with impacts from other relevant past, present and and reasonably foreseeable developments in the project area of influence. . The level of significance of these risks and impacts will be assessed as part of the ESA, including how likely the indirect impacts would occur. Based on the above and the limited E&S management capacity of SIT, the environmental risk is considered High.

A.2 Social Risk Rating

Substantial

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[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

Social risk is considered Substantial. Based on initial screening, main direct project risks include i) land acquisition and possible restrictions on land use and natural resources resulting in involuntary resettlement, including physical and economic displacement; ii) labor influx associated with road construction works with potential impacts on local communities, including SEA/SH; iii) occupational and community health and safety risks from civil works including impacts from dust, noise or air pollution; v) child labor risks in construction activities; iv) road safety risks; v) risk of exclusion from project benefits for vulnerable groups, including access to jobs created by the project; vi) exacerbation of existing conflicts over the use of natural resources; vii) contextual risks related to the existence of illicit activities in the area; and viii) limited experience and capacity for social risk management under the Bank’s ESF, including involuntary resettlement. The P-ESA to be carried out during project preparation will assess and confirm the project’s direct and indirect social risks.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 2,000]

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

[Optional Explanation - Max. character limit 1,000]

The main risks and impacts are associated with the construction of a greenfield regional corridor. The most significant adverse impacts are related to habitat alteration/fragmentation, reduced wildlife mobility and effects on archeological remains due to significance earth movement and vegetation clearance. Potential indirect impacts could be generated as a result of a rise in logging activities (legal and illegal), and the potential conversion of habitats for increased agricultural and livestock activities due to an improved physical access and lower transportation costs. The significance of these risks and impacts will be assessed during the ESA process to be carried out in two phases; a Preliminary ESA (P-ESA) will be undertaken, consulted and disclosed by appraisal (with site selection assessment) and a full ESIA prior to the start of works. A Cumulative Impact Assessment (CIA) and country-level Contingency Emergency Response Component (CERC)-manual will also be part of the ESA.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

[Optional Explanation - Max. character limit 1,000]

Key local stakeholders include community patronatos (local committees), sectorial patronatos (representing multiple local committees), community assemblies, water boards, and parent committees, women’s organizations, among other community organization spaces. Vulnerable groups include women and girls, children, migrants, persons with disabilities, among others. Relevant government entities include the municipalities of Quimistan and Omoa, the ICF, Customs Authorities, the SERNA), Secretaría de Estado, IHAH, among others. Local and international conservation NGOs are also relevant stakeholders. The P-ESA will be informed by consultations with the key stakeholders. A draft

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SEP will be developed as part of the P-ESA to include the stakeholders and consultation approach for the ESIA to ensure project design includes the feedback from relevant stakeholders. The SEP for project implementation will be updated as part of the ESIA preparation process.

ESS2 - Labor and Working Conditions

Relevant

[Optional Explanation - Max. character limit 1,000]

The project will likely involve direct, contracted and community workers, and possibly primary supplier workers. For road construction workers, which fall under the category of contracted workers, the P-ESA will assess relevant risks including occupational health and safety risks, risks of child labor and the need to involve primary suppliers. Labor Management Procedures will be prepared as a standalone document and will also include a dedicated GRM for project workers. No workers under the age of 18 will be employed or engaged in activities under C1.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

[Optional Explanation - Max. character limit 1,000]

The project will include climate-resilient designs and explore the use of sustainable construction materials. Air quality could be affected primarily from fugitive dust generated during earthmoving activities and heavy machinery and vehicles. The P-ESA will estimate sources of air pollution (it is unknown whether project related emissions warrant an estimation of gross GHG emissions). Water and land pollution could be generated by sedimentation from storm water runoff, waste generation and uncontrolled spills of bitumen, lubricants, oils, solvents, and degreasers, for example from poorly maintained or operated vehicles and equipment, from poor handling and storage of equipment and materials, including poor siting of storage facilities. Mismanagement of ancillary facilities (e.g., gravel borrow pits, sand, stone quarries) can also generate pollution. These risks and impacts are expected to be predictable, temporary, localized, and for which there are proven mitigation strategies.

ESS4 - Community Health and Safety

Relevant

[Optional Explanation - Max. character limit 1,000]

Community health and safety risks may include risks related to Labor Influx in rural communities surrounding the project site, including SEA/SH cases. In addition, the road construction may generate noise, dust, air pollution, and vibrations, as well as road safety risks, temporary access, and public service restrictions, among other issues. The potential need for security forces will be assessed during preparation. The P-ESA will assess these risks, and the ESIA will include specific community health and safety, traffic management, and any other relevant plans to manage them as part of the project's ESMP. In addition, the ESMP and LMP will include SEA/SH prevention measures to address direct project related risks, including a code of conduct for workers, capacity building measures and a dedicated GRM for SEA/SH, and as part of its design the project provides for other type of activities aimed at broader SEA/SH prevention and women's economic empowerment.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

[Optional Explanation - Max. character limit 1,000]



It is likely that all the alignment options to be evaluated during the pre-feasibility study will involve involuntary resettlement considering that the majority of the area is privately owned and there are existing houses and crops throughout the zone. However, the physical resettlement of a large number of people is not anticipated as urban settlements in the area are limited. One of the objectives of the pre-feasibility study will be to determine the needs for land acquisition and involuntary resettlement and to avoid, as much as possible, physical and economic displacement. The ESIA to be developed based on the results of the P-ESA, will include a full RAP that will ensure resettlement impacts of the chosen alignment are mitigated based on the requirements of ESS5. If any restrictions of access to natural resources in the project are identified, a Process Framework will be prepared and approved prior to any impacts.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

[Optional Explanation - Max. character limit 1,000]

Site corridor selection will consider areas of high biodiversity value, including the CNP. As such, the corridor and related civil works are expected to be mostly in modified terrestrial habitats. The most significant adverse impact is habitat alteration/fragmentation and reduced wildlife mobility due to earth movement and vegetation clearance (this impact is direct and irreversible; its level of significance will be assessed by the ESA). Potential indirect impacts on biodiversity and habitats associated with the corridor may be generated by a rise in legal and illegal logging activities. Improved physical access and lower transportation costs may cause conversion of habitats for increased agricultural and livestock activities. I. The P-ESA will include an exclusion list to avoid activities in critical or sensitive natural habitats and will assess whether a comprehensive biodiversity assessment and related biodiversity management plan (BMP) will be required as part of the ESIA.

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

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

Not currently relevant. Based on initial screening, no communities meeting the ESS7 Criteria have been identified in the project area. The P-ESA will confirm whether are any communities present. If IP communities are identified, the ESIA will include an IPP to be developed in consultation with the affected communities, approved, and disclosed prior to the start of activities.

ESS8 - Cultural Heritage

Relevant

[Optional Explanation - Max. character limit 1,000]

There are known archaeological areas in the project area. The P-ESA will assess the project alternatives for avoiding areas with potential archaeological remains. If any are found, the ESIA will carry out a more detailed assessment of risks to tangible and intangible cultural heritage and will include a cultural heritage management plan. In any case, the ESIA will include a chance finds procedure.

ESS9 - Financial Intermediaries

Not Currently Relevant

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[Optional Explanation - Max. character limit 1,000]

Not currently relevant.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

No

[Optional explanation – Max. character limit 1,000]

Not applicable

Use of Common Approach

No

[Optional Explanation including list of possible financing partners – Max. character limit 1,000]

Not applicable as there are no financing partners

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Concept Stage PID – Max. character limit 5,000]

The main risks and adverse impacts are associated with road construction activities (component 1) involving the construction of a greenfield regional corridor of about 40 km long (2-4 lanes). Expected works will encompass significant earth movement, infrastructures (bridges), drainages (culverts, longitudinal drainages), pavement, common ancillary facilities (e.g., quarries or borrow pits, laydown areas and workers camps) and road safety. The most significant adverse environmental impact are related to habitat alteration/fragmentation, reduced wildlife mobility and/or known archeological sites due to earth movement and clearing of trees and vegetation (this impact is direct and irreversible; its magnitude and level of significance will be assessed during the E&S assessment process); however, the corridor won't go through the CNP, and the project's E&S assessment will confirm whether any of the road segments and ancillary facilities cross areas with high biodiversity value. The other direct environmental, health and safety risks and adverse impacts identified are expected to be predictable, temporary, localized, and for which there are proven mitigation strategies. During operation, potential indirect environmental impacts associated with the corridor could be generated as a result of a rise in logging activities (legal and illegal), and the potential conversion of habitats for increased agricultural and livestock activities due to an improved physical access and lower transportation costs. Cumulative impacts of the project could also be generated in combination with impacts from other relevant past, present and and reasonably foreseeable developments in the project area of influence. The level of significance of these risks and impacts will be

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assessed as part of the ESA, including how likely the indirect impacts would occur. Based on the results of the screening exercise and the limited E&S management capacity of SIT, the environmental risk is considered high.

The social risk is considered substantial. The main risks include i) land acquisition and possible restrictions on land use and natural resources resulting in involuntary resettlement, including physical and economic displacement; ii) labor influx associated with road construction works with potential impacts on local communities, including SEA/SH; iii) occupational and community health and safety risks from civil works including impacts from dust, noise or air pollution; v) child labor risks in construction activities; iv) road safety risks; v) risk of exclusion from project benefits for vulnerable groups, including access to jobs created by the project; vi) exacerbation of existing conflicts over the use of natural resources; vii) contextual risks related to the presence of illicit activities and gender-based violence; and viii) limited experience and capacity for social risk management under the Bank's ESF, including involuntary resettlement.

The project will prepare an ESA to be carried out in two phases. A Preliminary E&S Assessment (P-ESA) will be undertaken by appraisal, with a site selection assessment, and a full ESIA (and relevant management plans and procedures), prior to the start of works.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 3,000]

The P-ESA will be carried out by an independent firm hired by the borrower in parallel and in coordination with the pre-feasibility study with an alternatives analysis, including site locations. P-ESA including:

- o an environmental and social baseline conditions of the project area.
- o a preliminary assessment of the E&S risks and impacts for each alternative and suggested generic mitigation measures to address them (this includes a high level CIA and biodiversity analysis to assess whether a detailed CIA and biodiversity assessment are needed as part of the ESIA).
- o an assessment of involuntary resettlement impacts of each alternative and potential mitigation measures.
- o the results of a preliminary consultation with the potentially affected and benefited population, as well as a Stakeholder Engagement Plan (SEP).
- o Terms of Reference (ToRs) for the development of an ESIA , which will include, as relevant, an Environmental and Social Management Plan (ESMP), an updated Stakeholder Engagement Plan (SEP), a Resettlement Action Plan (RAP), a Biodiversity Management Plan (BPM), a GBV Action Plan, a Security Forces Management Plan and any other specific plans that may be necessary to comply with the ESF based on the results of the P-ESA.

Draft Environmental and Social Commitment Plan (ESCP)

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



- o Prepare, consult, and disclose the specific ESIA and any specific plans required based on the results of the P-ESA (a different independent firm will be hired to undertake the ESIA)
- o Update the SEP
- o Prepare, consult, and disclose, and fully implement the RAP prior to any impacts
- o Prepare and disclose LMP
- o Implement the country-level Contingency Emergency Response Component (CERC) manual developed for Honduras, and review and update if necessary.
- o Regarding construction material sourcing, all contractors hired by the Borrower will be required to prepare relevant site-specific E&S studies and instruments and obtain all required permits as part of their acquisition, operation, and restoration once their locations are confirmed. These studies/instruments will require prior approval by relevant national authorities and the Bank prior to the start of works.

III. CONTACT POINT

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V. APPROVAL

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