

# Jilamito Project BCS and Water strategy



Submitted to  
**IDB Invest and DFC**

Submitted by  
**MFC SOCIAL & ENVIRONMENTAL PERFORMANCE LTD.**

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**MFC Social & Environmental Performance Ltd.** is an independent consulting company whose teams work globally with enterprises to research and develop insights into building social and environmental acceptance, aligning company business objectives with community values and preparing communities for complex change.

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## 1. Scope of Work

MFC was contracted by INGELSA at the request of IDB Invest and DFC to perform the following tasks regarding the Jilamito Hydroelectric Project in the Arizona Municipality of Honduras:

- a. Conduct rapid field assessment to provide lenders with an up-to-date analysis of the current local social dynamics and perceptions around the Project
- b. Assess and evaluate the feasibility and sustainability of the Project water strategy based upon document reviews, interviews with INGELSA personal and community interviews.
- c. Assess the level of support evidenced by the community, institutional and other interviewed stakeholders
- d. Describe the above in a clear and concise manner in a succinct briefing memo.

To this end, MFC performed a desktop document review and a 6-day field visit in the Project's area of interest. Although the field visit was cut short, as will be explained in later sections, MFC met with three of the four communities directly influenced by the Jilamito Project as well as Municipal Regidores, two communities indirectly influenced by the Project and two environmental NGOs active in the area.



## 2. Agenda

Table 1 Site Visit Agenda

Site Visit Agenda		
Meeting date	Location	Attendees
March 11, 2020	San Pedro Sula	INGELSA Management
March 12, 2020	San Rafael Hamlet	20 attendees Entire adult community
March 12, 2020	Mezapita	15 attendees Board members of the Patronato Members of the Junta de Agua School representatives
March 13, 2020	Jilamito Viejo	13 attendees Members of the Patronato Members of the Junta de Agua The schoolteacher Community members
March 13, 2020	Jilamito Nuevo	12 attendees Board members of the Patronato Members of the Junta de Agua Religious leaders Members of the forestry cooperative
March 13,2020	Arizona Municipality	Three Regidores from Project areas of influence The former Mayor of Arizona, now a Regidor
March 13,2020	Arizona Municipality	Environmental Organisations: Instituto de Conservacion Forestal (ICF) and PROLANSTATE
March 14,2020	Mezapa – held at SEMSA office (sister company to INGELSA)	5 attendees Board members of the Patronato Members of the Junta de Agua School representatives President of Patronato was notably absent (Was going to meet but said he needed to cancel because of concerns about COVID-19).



March 15,2020	Mezapita	20-25 Business owners & other individuals who heard about the meeting and joined from: Jilamito nuevo Jilamito viejo Mezapita San Rafael
Cancelled because of MADJ mobilization	El Retiro	One member of the community attended the meeting held at the SEMSA office in Mezapa
Cancelled because of concern about COVID-19	Tegucigalpa	Originally agreed to be with Trocaire/MADJ representatives on March 16, 2020 but Trocaire cancelled because of concerns about COVID-19.
Cancelled because of MADJ mobilization	Hilamo	Unable to set up the meeting because the Mayor did not meet with MFC and it would have been set up through him, since he lives there.

### 3. Background

#### 3.1. Country context

There is a long history of social and political upheaval and strife in Honduras, as well as issues related to human rights, social, environmental and political abuses and corruption. Activism around environmental, human rights and indigenous peoples' causes in Honduras has a complex and nuanced background made even more so by violence against environmental and human rights defenders and, in particular, the 2016 murder of Council of Popular and Indigenous Organizations of Honduras (COPINH) leader Berta Caceres in the area of the former Agua Zarca Project. As a result, even projects that have no connections to the Agua Zarca events or to COPINH, such as the Jilamito Hydroelectric Project, can be influenced by the increase in polarization. Although the Jilamito Project does not affect indigenous peoples or their lands it is vulnerable to the scrutiny of human rights and environmental activists.

Such is the case with its relationship with the Movimiento Amplio por la Dignidad y la Justicia (The Broad Movement for Dignity and Justice, or MADJ). MADJ is a national social and political movement in Honduras. According to its social media presence, it is critical of international influence and institutions and is known to be the main opponent of hydroelectric projects in the area.

In some cases, renewable resource projects can address activists' face-value concerns but not remove or reduce criticism as the activism is fueled by a contrary ideology rather than specific, solvable problems. There is then a risk that legitimate community interests can be drowned out by organized activist messaging that more effectively commands a broad audience and forces projects to respond to their demands. If legitimate concerns are overlooked in these complex situations, it can fuel further activism and opposition. Adequate and early social engagement and communication strategies can help small renewable resource projects stay committed to community engagement while managing potential reputational risks that could potentially gain negative media attention.



As mentioned, activism in Honduras leans toward the ideological. One such ideology targets international finance institutions (IFIs) as agents of the “ruling class” and current government. MADJ, for example, describes the presence of IFIs as “re-colonization”. As a result, the presence of IFIs has raised the Jilamito Project’s profile, giving leverage and an audience to MADJ that increases insecurity in the area. Delays in financing have created uncertainty within the communities that, given MADJ’s presence, exacerbates this insecurity.

## 3.2 Company history in the area

### 3.2.1 Mezapa Project

The Mezapa Hydroelectric Project, run by SEMSA (INGELSA’s sister company), has been operating in the Municipality of Arizona since 2014. Economic growth in the Project’s area of direct influence is evident and the Project has strong support from its communities.

Company management of INGELSA/SEMSA says it typically provides one important infrastructure project of major benefit to the community(ies) when it develops a project. For Mezapa, the beneficial infrastructure was a bridge, which proved to be of more benefit to local communities than the ford (vado) originally included in the Project’s design.

SEMSA says it has an established framework for its community investment programs<sup>1</sup> that goes beyond the minimum level mandated by national law and adds to it on a voluntary basis as a matter of policy. Such programs can provide infrastructure improvements in communities.

INGELSA says that under current legislation nationally mandated community investment programs run on a yearly basis. Community projects are agreed on with the Patronatos in the communities. The company says projects are not limited to infrastructure and have, for example, supported vaccine campaigns and fumigation against dengue.

Because the same manager and personnel work on both projects, the communities see little differentiation between them. Even though local people know there are two companies, SEMSA’s Mezapa legacy informs expectations around INGELSA & Jilamito.

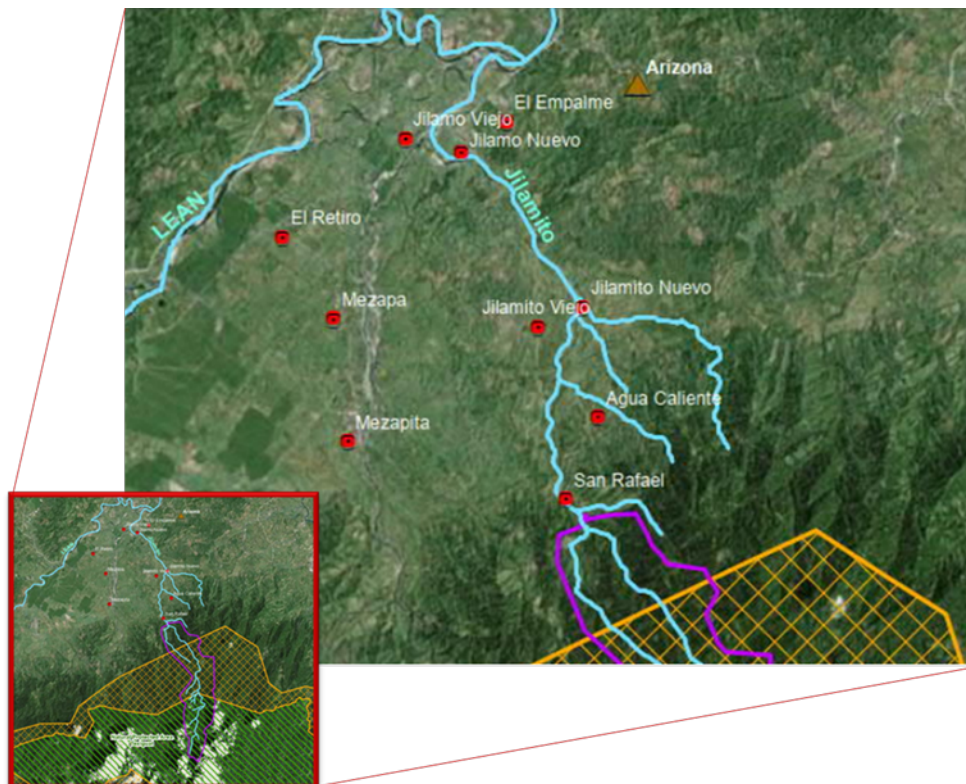
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<sup>1</sup> A review of the community investment framework was not included as part of the scope of this assignment and as a result is not examined.



### 3.2.2 Jilamito Project

Table 2 Jilamito ESIA 2018 Map of Communities in AOI



INGELSA has been involved in the communities near the Jilamito Project since late 2006, holding socialization meetings and doing consultation. The Project's community engagement between 2015 and 2018 was primarily through formal meetings, both to learn community needs and to present company information. A concise timeline of company engagement can be found in the Project's July 2018 PowerPoint presentation entitled "Proyecto Hidroeléctrico Jilamito, Aspectos Sociales y Ambientales".

In May of 2017, MADJ installed a camp next to the Project access road connecting the Project access road to Jilamito Viejo. This access road to the Jilamito villages through Hilamohas long been secured by the community of Hilamo by gates and chains. The location of the MADJ camp, together with the pre-existing chains and gates, gives MADJ potential ingress and egress control over the communities of Jilamito Nuevo and Jilamito Viejo. Both Jilamito Nuevo and Jilamito Viejo are directly affected by the Jilamito Project and have voiced support for it.

The company and community members report that, in the past, MADJ used the gates and chains to block movement from these communities. INGELSA says that, following an order from local police, the gates are again being used principally for community security purposes and remain open until 5pm, as they were before the Project or MADJ's arrival in the area.





INGELSA says the Project attempted to come to an agreement with MADJ members through a Memorandum of Understanding (MoU) in 2018. After initially engaging with the company, MADJ no longer replies to the company's attempts to communicate and the MoU remains unsigned.

Prior to the installation of the MADJ camp in May 2017, the Project negotiated the CALIJINUL agreement<sup>2</sup> with several communities regarding social investment spending. Then, in May 2019, the company announced a water strategy aimed at resolving one of the Arizona District's primary concerns for the future while addressing immediate needs in the Project's area of direct impact. The company says the water project, if accepted by the communities, would be the infrastructure project provided by INGELSA (akin to SEMSA's bridge). If rejected, the company says it is open to other ideas.

## 4 Water strategy

### 4.1 Rationale - Why a water strategy?

The water strategy appears to have a twofold purpose, to:

- 1) Serve as an infrastructure project of major benefit to the communities by the Jilamito Project; and
- 2) Provide a means for aligning with MADJ around the communities' need for drinking water, as drinking water is one of the issues mentioned in MADJ's complaints about the Jilamito Project.

"The main argument of the opposition is based on misinformation claiming that the hydropower plant would adversely affect the last available drinking water resources of the municipality," notes the Project's "Update on the Social Situation and Strategy Forward" that describes the water strategy (also called the social strategy). The update says that since this claim is not true, the Project's strategy is to "use that opposition to the benefit of the Project by positioning the hydro as a key partner for sustainable drinking water by building a strategic alliance with the local communities." The INGELSA presentation notes that one of the purposes of the Water strategy is also to overcome MADJ's resistance to the Project.

The company says that, although addressing drinking water provision is an effective way to address one of the recent arguments MADJ has used against the hydropower project, improving the drinking water provision in the communities is still of crucial importance as drinking water is not adequately managed in rural areas.

Effective water provision helps to protect the area watersheds and preserve the communities' future access to water. The resulting water project would be the major community investment annually budgeted for by INGELSA. If communities feel they do not need improvement of their potable water supply, INGELSA is prepared to support different community projects, such as road improvements.

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<sup>2</sup> Community agreements:

July 2015, First agreement with the community of Jilamito Viejo

May 2016, Agreement with CALIJINUL (*CALIJINUL is a sustainable forestry cooperative including the communities of Jilamito Viejo and Jilamito Nuevo, which are the ones nearest to the Project site. The agreement also includes San Rafael because until recently it was part of Jilamito Viejo.*)



After the Project began holding meetings about a water strategy in 2019, another water project for the Municipality of Arizona was announced<sup>3</sup>. This new water project would bring water from the Rio Jilamito, where the hydroelectric Project is planned, and deliver it throughout the municipality<sup>4</sup>.

This information was related by Project staff, community members and by the former Mayor of Arizona who is now a Regidor. However, at the time of this report there appeared to be no documentation, including technical studies about its feasibility, available about the Mayor's water project. In 2019, the company says it contacted the municipality in an attempt to work together and combine water projects for mutual benefit. To date it has received no response.

## 4.2 Community Support

The Patronato and Junta de Agua leaders, schoolteachers, businesspeople, pastors, cooperatives, and other organizations and individuals from Mezapita, San Rafael, Jilamito Nuevo, Jilamito Viejo, Mezapa and El Retiro who attended meetings, overwhelmingly view the water project favorably.

The company says that it halted social engagement activities because of the lack of financing and, as a result, people's information and understanding of what the Jilamito Project will entail is incomplete and, on occasion, incorrect. This is an expectation-related risk for the Project. INGELSA says the Project is well aware that more community engagement is needed and that people are expecting to see tangible results soon. Knowledge of the Project's water strategy is uneven. Of three Regidores<sup>5</sup> consulted, one knew only of the Mayor's project while the others spoke favorably of the Jilamito water project.

Experience shows that community support in Honduras is, for the most part, transactional and that Honduran legislation around renewable energy projects promotes transactional company-community relationships. The company says that the national law mandating community investment gives people in affected communities rights to benefits, which in turn makes managing expectations of transactional relationships difficult. As a result, everything is a negotiation and community support is conditional: If the company does what is promised in its written agreements with a community, the community will support the company. This also positions community Patronatos<sup>6</sup> as deciding how company funds are used in the community. Patronatos that truly represent community needs and aspirations will demonstrate good distribution of benefits in the community.

Companies can decrease transactionality through daily informal engagement in communities, not only with leaders, Patronato and Junta de Agua members. Likewise, continuing current capacity building activities such as legal and logistical assistance, management training and technical support can help ensure that Patronatos function well and are able to better represent community needs and aspirations.

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<sup>3</sup> MFC is confirming whether it was proposed by the Mayor or by MADJ.

<sup>4</sup> Reportedly to quite some distance, some said up to 60 Km away.

<sup>5</sup> regidor (plural: regidores) is a member of the council of municipalities

<sup>6</sup> Patronatos, or community associations, are directly selected by community members every two or three years. Patronatos are legally recognised by the government, must be registered in each municipality. Given their legal status, Patronatos are also the official means by which a community can obtain financial, technical, and other support from municipal, private, and national authorities to implement local development projects.



### 4.3 Analysis & professional opinion

The two objectives for the water strategy are to leave an important infrastructure contribution to the community and, as noted in the company's update referenced above, to overcome MADJ's resistance. These objectives require separate analyses. It is entirely possible to achieve the first without achieving the second.

#### **4.3.1 Suitability, feasibility and sustainability of INGELSA's water strategy as it relates to leaving an important infrastructure project of major benefit to the communities**

The water strategy, as described in Project documentation, could provide a suitable, feasible and sustainable solution for drinking water in the Project's area of influence if certain conditions are met. Initial consultation has been positively received and community concerns and ideas incorporated into the strategy. Although INGELSA's approach appears to support a suitable, feasible and sustainable water strategy, the strategy is not clearly documented or has yet to be implemented. Detailed planning with appropriate documentation and adequate resources will be necessary to implement this approach.

The water strategy should include the following activities:

- Continue consultation in the communities to finalize details of the water project and clarify the rights and responsibilities of the Juntas de Agua <sup>7</sup> and the new entity suggested by the company in its draft agreement<sup>8</sup>. Since the INGELSA proposal adds more water to the existing systems at no cost through a shared inlet pipeline, but will not change secondary distribution, consideration should be given to how common water lines and infrastructure that service many connected communities could be affected. It will be important to sort out these details, particularly since the communities currently have localized water systems. In one case, several communities sharing one system report issues related to shared maintenance.
- Further engagement, both informal and formal should be undertaken by the Project to clarify the scope of the water project and avoid misunderstandings and potential future conflict<sup>9</sup>. Key messages should be developed, and Project staff trained in their use. The Project says that this will be addressed in its Communications Strategy.
- Communications materials such as flyers and handouts should be developed and used to support engagement around the water project. The Project states that this will also be addressed in its Communications Strategy.
- Capacity building will most likely be required to ensure sustainability of the water project. This would include training of the Juntas de Agua in their roles and responsibilities as well as technical training for people undertaking the regular maintenance of the water system.

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<sup>7</sup> Local water boards or Juntas de Agua (Juntas Administradoras de Agua – JAA) are community institutions created with the purpose of managing water resources for human consumption. Members are responsible for maintaining community water systems in rural areas and in marginal peri-urban areas

<sup>8</sup> Social Pact for Developing the Communities, Convenience, Protection and Promotion of the Construction of the Community Drinking Water Project and the Jilamito Hydroelectric Project between the Municipality, the communities in the area, and INGELSA

<sup>9</sup> Note that delivering benefits only to selected communities can often create social jealousy that can become a conflict driver.



It is important to note that the community of San Rafael, while not included in the overall water strategy, will benefit from a separate water system being designed by the Project. This is because of technical considerations related to water pressure and the location of San Rafael. It may be worth mentioning this in the water agreement and referencing the San Rafael agreement.

#### **4.3.2 Suitability, feasibility and sustainability of INGELSA's water strategy as it relates to MADJ's resistance**

INGELSA's strategy, as explained during the site visit and evidenced in the water strategy and the draft water agreement, is to provide an important infrastructure project of such benefit that the local communities and the municipality will agree to:

- Morally and socially support the Jilamito hydroelectric project;
- Petition MADJ and any related group to move and/or dismantle their camp and any activity whose mission or result would be to obstruct, interrupt, stop or in any way delay or make difficult the construction of the Jilamito hydroelectric project; and
- Tie the water project construction to hydroelectric project construction in such a way that the water system is delivered on the same day the Project enters operations.

There are benefits and challenges with this strategy:

##### **Benefits/Advantages:**

- The communities are accustomed to transactional relationships and will understand the company's need for their support, given the situation with MADJ that directly affects several local communities; and
- As stipulated in the draft water agreement, the communities will ask MADJ to leave. MADJ says it operates only in communities where it is invited and that it will leave when asked.
- Tying the water project to the construction of the hydroelectric Project will ensure that communities continue to support the Jilamito Project.

##### **Challenges/Issues:**

- MADJ has a social media history of questioning the legitimacy of decisions made at Project/Municipal meetings and then holding separate meetings and issuing its own declarations and decisions.<sup>10</sup> As MADJ has refused to accept decisions made in the past, it is reasonable to question whether MADJ would accept any decision coming from the communities and/or the municipality if it doesn't fit its agenda.
- MADJ may continue to characterize the company's engagement and good will towards the communities as coercion and bribery<sup>11</sup> and the water project may be seen as an attempt to buy-off the communities, in particular when they learn that its construction is tied to the Jilamito Project's construction. In MADJ's thinking, this could invalidate any request from the community that it leave the area.
- In its July 7, 2018 letter to OPIC & IDB, MADJ presents 10 ideological, political, environmental and social reasons and justifications for halting the Project, including climate change, geological fault lines and

<sup>10</sup> In the OFFICIAL Acta of the 2015 Caido Abierto provided by the Municipality of Arizona signed by the Secretary of the Municipality, communities approved the Jilamito Project's construction. On social media MADJ says that, to the contrary, the communities decided "to declare their territory free of mining and hydroelectric plants" and that this decision was again ratified in March, 2019.

<sup>11</sup> MADJ and its supporting organizations have made such references in Facebook posts online.



deforestation, as well as other ideological and political reasons. The alleged adverse effects on what MADJ claims to be ‘the last available drinking water resources of the Municipality’ is but one of its arguments. If INGELSA effectively counters MADJ’s water argument, experience suggests MADJ will identify another justification for opposing the Project. The water strategy is a good step but on its own is unlikely to overcome MADJ’s resistance to the Project. The company says that it is considering its strategic options to manage<sup>12</sup> MADJ’s resistance and the water project is only a part of its approach to build community support through engagement and communications.

## 5 Broad Community Support

### 5.1 Introduction

The following section describes findings from the site visit conducted from March 11- March 15, 2020 to:

- Conduct rapid field assessment to provide lenders with an up-to-date analysis of the current local social dynamics and perceptions around the Project;
- Assess and evaluate the feasibility and sustainability of the Project water strategy based upon document reviews, interviews with INGELSA personal and community interviews; and
- Assess the level of support evidenced by the community, institutional and other stakeholders interviewed.

### 5.2 Company tour, background and context

Background information and contextual information was provided by Seela Sinisalo and Emin Abufele in San Pedro Sula. The consultant toured previous infrastructure contributions to the community<sup>13</sup>, and the Mezapa Hydroelectric Facility.

### 5.3 Community Meetings

Community meetings were conversational, consisting of a general introduction to the purpose of the meeting, followed by open-ended questions<sup>14</sup> designed to elicit information about the general well-being of the communities and their impressions of the Jilamito Project.

Two external factors affected these meetings:

- 1) MADJ supporters’ attempts to disrupt the meetings from March 13 onwards:  
On March 13, 2020, the Mayor and Regidores refused to meet outside of the publicly recorded and broadcast,

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<sup>12</sup> Reviewing this strategy is not part of the SoW for this report, nor was it provided.

<sup>13</sup> Nutre Hogar, a sports facility and a park

<sup>14</sup> This is a standard rapid social assessment practice.



formal council meeting.<sup>15</sup> While waiting to meet with the Vice Mayor, Ms Reiber (MFC's lead for the site visit), Ms Sinisalo and a INGELSA staffer were aggressively addressed by a group of MADJ supporters, some of whom are also members of the Municipal Council. As a result, MFC and INGELSA representatives rose to leave and an altercation<sup>16</sup> ensued. Later community meetings were subject to abrupt termination or cancellation as a result of MADJ's continued attention to the group.

2) Concerns about COVID19

### 1. San Rafael community meeting

- San Rafael is the nearest community to the Jilamito Project
- Approximately 20 community members participated in the meeting.
- The community has nine households with 37 people, according to the 2018 census.
- Attendees said they support the Project.
- Attendees expressed high expectation for employment and infrastructure improvement from the Project.
- Attendees said they are aware of the impacts from the earlier Mezapa project and expect similar benefits.

### 5.3.2 Jilamito Nuevo community meeting

- Jilamito Nuevo community will be directly affected by the Project
- The meeting was held in the building of the forestry cooperative (CALIJINUL)
- Attendees included:
  - Board members of the Patronato
  - Members of the Junta de Agua
  - Religious representatives
  - Members of the forestry cooperative.
- An agreement has been signed with CALIJINUL outlining infrastructure and other benefits for the community.
- Attendees said that if the company complies with the agreement, the community will support the Project.
- Reported MADJ issues
  - Attendees said that MADJ prevents people from passing through its camp (at its "whim") and has made death threats to community members.
  - Attendees said that the community follows the company's rule of no confrontation and, out of fear, don't present formal complaints against MADJ.
  - Attendees said that the community believes MADJ is there because of the Project and that as a result the community is impacted by MADJ actions.
  - Attendees said they are waiting for the Project to commence and for it to remove MADJ's influence.

### 5.3.3 Jilamito Viejo community meeting

- The Jilamito Viejo community will be directly affected by the Project

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<sup>15</sup>A presentation in a formal Council meeting would not have provided an opportunity for frank, two-way discussion of issues and concerns. As well, some of the members of this particular Council are members of MADJ, which would have led to potential polarization.

<sup>16</sup> Ms Reiber, per MFC policy and after discussions with MFC's senior manager, filed a formal DECLARACION JURADA about the incident.



- The meeting was held in the school building
- Attendees included:
  - Members of the Patronato
  - Members of the Junta de Agua
  - The schoolteacher
  - Community members
- Attendees said they will support the Project if the company complies with the CALIJINUL agreement.
- Attendees said they don't understand the delays in Project construction and that the company has yet to complete a promised road. The company said that the MADJ camp effectively blocks INGELSA from doing any improvement or maintenance work on that road (or any other roads near the camp).
- Reported MADJ issues
  - Attendees said that their community is the most directly affected by the MADJ camp.

#### **5.3.4 Mezapita community meeting**

- The Mezapita community will not be directly affected by the Jilamito Project but was impacted by the Mezapa hydroelectric facility.
- The March 12 meeting was held in the school building
- Attendees included:
  - Board members of the Patronato
  - Members of the Junta de Agua
  - School representatives
- Apart from one person, all attendees said they supported the Project.
- The dissenting voice in this meeting expressed doubts about the Cabildo Abierto, where the community approved the Project and said that community signatures had been 'used' by the company (it was unclear in what fashion).
- Community members said that the Project has failed to educate the broader community about the Project and its social and environmental benefits.
- Reported MADJ issues
  - Attendees ascribed MADJ's activities primarily to people from outside of the area.

#### **5.3.5 Mezapa community meeting**

- Mezapa is not a community of direct influence for Jilamito but has benefited from SEMSA's Mezapa project.
- The March 14 meeting was held at the company office to avoid potential interference from MADJ.
- Attendees said that most of the community is in favor of the Jilamito Project, but there is a group that is not.
  - They did not offer a reason for this group's opposition.
  - The dissenting group, which includes the President of the Patronato, refuses to dialog and did not attend the meeting.
- President of the Patronato of Mezapa chose not to meet out of concern for COVID-19

#### **5.3.6 El Retiro community meeting**

- El Retiro is not in the Project's direct area of influence.
- This March 14 meeting was canceled following alleged threats of disruption from MADJ.
- The Patronato would not meet.
- The local pastor had arranged a meeting with several community members at his church.



- A SEMSA employee who resides in El Retiro attended the meeting held with the community of Mezapa at the company office on March 14th. He said that the MADJ's discourse refers to the death of the Mayor's lawyer, contamination of the river, and that if the company wants to help it should help and not ask for signatures. Since MFC was unable to meet with MADJ supporters it is unclear how and why they are using this discourse and what relevance, if any, it has to the assignment. This information is included for the record in the event it can be useful in the future.

## 5.4 Stakeholder Meetings

### 5.4.1 Businesspeople from Project's area of influence

- The meeting was held in the Mezapita school building on March 14th
- Attendees included businesspeople and other community members from:
  - Jilamito Nuevo
  - Jilamito Viejo
  - Mezapita
  - San Rafael
- Attendees said they support the project.
- Attendees said they expected to receive benefits from the Project.
- Attendees expressed frustration with MADJ activities.
- The meeting abruptly ended when MADJ mobilized a group of protestors towards the meeting location.

### 5.4.2 Municipal Regidores

- MFC spoke with three Regidores from the Project's area of influence.
- One said that a Cabildo should be held and that if 100% of attendees accept it, the Project should go forward. Otherwise it should not. When questioned, he said that he believes that Honduran law requires this level of approval. He said that the communities are against the Project and named 5 communities<sup>17</sup> that are not in the Project's direct area of influence. This is the same Regidor who said he did not know about the Project's water strategy.
- The other two Regidores were reluctant to engage with MFC and INGELSA
  - They would only meet as private citizens and not in their roles as Regidores.
  - The Regidores said they fear being called sell-outs to the company or other reprisals from MADJ.
  - They said that they have nothing against the Project.
  - These meetings were held in private houses.
- MFC met with a former Mayor of Arizona, now a Regidor at a public cafeteria in Arizona.
- He is in favor of the project and said there is no legal or justifiable reason to oppose it.
- He said that, in his estimation, 60% of the opposition isn't coming from Arizona and of the 40% that is, at least half is being manipulated by the outsiders, by a "certain sector" of the Catholic Church.
- He said that INGELSA has let this go on too long, that there is legal recourse to stop MADJ and this could have been done sooner.
- He spoke of 'denuncias' but it was unclear what other legal recourse he meant.

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<sup>17</sup> Diecisiete, Saco, Santa Maria, El Astillero and Matarras





### 5.4.3 Environmental NGOs

MFC spoke with representatives of the Instituto de Conservacion Forestal (ICF) and the environmental NGO, PROLANSATE, on March 13.

- PROLANSATE received financial support from the SEMSA project and has expressed similar expectations for INGELSA
- They said they are in favor of the Project.
- They said they expect the illegal clearing that occurs upstream of the Project to decrease once the Project begins construction. They cite evidence that upstream of Mezapa there is little illegal clearing and expect the same results from Jilamito.
- Reported MADJ issues
- They said that members of MADJ are purported to be among those engaging in deforestation and illegal clearing upstream of the Project.



## 6. Assessment

*Table 3 Meetings Summary*

<b>Community or Stakeholder group</b>	<b>Type of Influence</b>	<b>Attendees</b>	<b>Meeting notes</b>
San Rafael Hamlet	Direct- Land acquisition for Project facilities including access roads	Entire adult community 20 attendees	Support the Project-conditional on honored agreements
Mezapita	Indirect- Use of access road, INGELSA personnel housing, goods and services provision, workforce provision	Board members of the Patronato Members of the Junta de Agua School representatives 15 attendees	Broadly support the Project excepting one dissenting individual.
Jilamito Viejo	Direct- Workforce provision, improvement and use of access road	Members of the Patronato Members of the Junta de Agua The schoolteacher Community members 13 attendees	Support the Project-conditional on honored agreements
Jilamito Nuevo	Direct-Workforce provision, improvement and use of access road,	Board members of the Patronato Members of the Junta de Agua Religious leaders Members of the forestry cooperative 12 attendees	Support the Project-conditional on honoured agreements
Mezapa	Indirect- Workforce provision, use of access road, goods and services provision,	Community members, President of Patronato was notably absent 5 attendees	Support the Project but note existence of a dissenting group
El Retiro	Indirect- Transmission line, use of access road,	Cancelled, one community member attended the March 14 <sup>th</sup> meeting in Mezapa	
Hilamo	Direct- Use of access road,	Cancelled	
Regidores	Stakeholders	Three Regidores from areas influenced by the Project: One former Mayor of Arizona, now a Regidor	Reticent to voice support in any official capacity



Local NGOs	Stakeholders	Environmental Organisations: Instituto de Conservacion Forestal (ICF) and PROLANSTATE	Supportive
Local Businesspeople	Business community from areas influenced by the Project	20-25 Business owners & other individuals who heard about the meeting and joined from: Jilamito Nuevo Jilamito Viejo Mezapita San Rafael	Attendees said they support the Project and expect benefits Meeting abruptly ended when MADJ mobilized protestors to it.
Trocaire	International NGO	Cancelled	

- The three visited communities in the Project's area of direct influence fully support the Project.
- People in Mezapita and Mezapa communities, which are outside of the Project's area of influence, are in favor of the Project
- In these communities, one individual attendee of a meeting and purportedly a group that didn't attend the meeting do not support the project.
- Several communities in the Municipality oppose the Project. These communities<sup>18</sup> are not in the Project's area of direct influence, and some are not in the Project's area of influence at all.
- Some individuals in the municipality reportedly support the Project but said they do not express their views for fear of reprisals.
- There appears to be a reticence from some people to engage as a result of either real or perceived risks of retaliation from MADJ or others.
- Most of the support for the Project is conditional or transactional – based on an expectation of benefits.
- The longer the Project avoids addressing and resolving the conflict with MADJ, the more it risks losing the support of local communities that are susceptible to violence at the hands of MADJ supporters.
- The presence of international financing has mixed effects; The international financing allows INGELSA to implement the water project. At the same time, the presence of international funders creates an incentive for MADJ to remain active.
- Positively addressing the MADJ conflict at this stage may still be possible through a significant increase in engagement, documentation and by moving ahead with social investment (not necessarily the water project). However, that would require a change toward increased engagement from the Project's current legal and transactional approach.

<sup>18</sup> Diecisiete, Saco, Santa Maria, El Astillero and Matarras