

Initial Project Summary

Project Location: Jilamito River, Municipality of Arizona, Atlántida Department, Honduras

Name of Applicant: INGELSA

Name of Project: Jilamito Hydroelectric Project

Project Description: The Project involves the construction and operations of a 14.8 MW hydropower facility on the Jilamito River, a tributary of the Lean River. Two small diversion weirs (one on the main branch of the Jilamito River and one on a smaller tributary) will be used to route the water to a settling pond where large sediments will be removed. The water will then be channeled through a low-pressure tunnel (~200 m) and pipeline (~1.2 km) to a surge tank that flows into a high-pressure penstock (~2.5 km) that leads to the power house where the turbines and generators will be housed. After passing through the turbines the water will be returned to the adjacent Los Olivios River (which re-joins the Jilamito River ~1 km downstream of the powerhouse). In addition to the main project components the following infrastructure will be required to help construct and operate the Project:

- A heavy-lift skyline cable system from powerhouse to the upper basin (~2 km);
- A new 10.5 km, 34.5kV overhead transmission line (OHL) from the Jilamito powerhouse to the Lean switching station where it will connect into the existing regional transmission system;
- One new substation (at the powerhouse) and switching station (Lean);
- A new 7.5 km access road from the nearby town of Mezapita to the Project site, and internal access roads to link the powerhouse with the upper weir sites;
- Borrow pits for the road construction;
- Concrete aggregate quarries and aggregate crushing / processing plant which is located ~60 km from the Project site in Santa Ana, Municipality de la Masica, Atlántida;
- Three material dump sites;
- General supporting infrastructure including: waste management facilities, sanitation facilities, a medical center, satellite communication equipment, and temporary generators; and
- Worker accommodation (located in Mezapita), and a mountaintop workers' camp (for approximately 50-70 workers). This camp will be located ~50 meters downstream of the surge tank.

The construction and commissioning works are expected to be completed within 40-months from start of site preparatory work.

Environmental and Social Categorization and Rationale: The Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because the Project may result in significant adverse environmental and social impacts that are diverse and irreversible. The major environmental and social concerns related to the Project include: the potential for impacts on local fauna, especially herpetofauna; worker health and safety; alteration of surface and ground water quality and flows; downstream effects on the river channel; traffic and road usage; waste disposal; soil contamination from

waste and hazardous substances; security management; appropriate stakeholder engagement to ensure broad community support; and impacts related to blasting/noise, worker influx, and alteration of natural landscapes. The Project is located in an area with other hydroelectric projects, and cumulative impacts may be significant.

Environmental and Social Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation (IFC) 2012 Performance Standards: PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; PS 4: Community Health, Safety, and Security; and PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

PS 5: Land Acquisition and Involuntary Resettlement, PS 7: Indigenous Peoples; and PS 8: Cultural Heritage are not triggered by the Project at this time.

Applicable provisions of the IFC's Environmental, Health and Safety (EHS) General Guidelines (2007), the IFC's EHS Guidelines for Electric Power Transmission and Distribution (2007), the IFC's EHS Guidelines for Construction Materials Extraction (2007), and the IFC/EBRD Workers' Accommodation Processes and Standards (2009) also apply to the Project.

Location of Local Access to Project Information:

Dos cuerdas al norte del costado oeste de la Plaza Principal, sede INGELSA
Mezapita, Municipio de Arizona, Atlántida
Honduras