



TERRITORIES AT RISK II

Mining, hydroelectric power, and oil and gas in Honduras

AS OF JULY 2018:



The Government of Honduras reported **540 mining concessions** and **307 power generation projects**.

Of these, 47 mining concessions and 25 power generation projects are **in protected areas**.



32 mining concessions and 10 hydroelectric projects are **in protected watersheds**.

If all mining concessions and power projects come online, the area of rivers potentially affected will increase from 19% to 36%.

For countries with mineral and other natural resources, the impact of extractive and energy projects depends on the contracts States enter into agreements with corporate investors, which establish the terms of commitments and responsibilities of the respective parties; as well as the legal and policy safeguards that provide for the participation of local communities and indigenous peoples through citizen consultation and free, prior, and informed consent ("FPIC").

In Honduras, as in other countries in Latin America, interest in mining resources, hydroelectric power, and oil and gas has grown in recent decades. Government and businesses are pursuing ever greater exploitation of rivers and resources as opportunities for development and poverty reduction. The reality behind these projects, however, is that they frequently impose costs that exceed their potential benefits, generate social conflict in affected communities, and have long-term and irreversible impacts on the environment.

65% OF THE MUNICIPIOS¹ have areas where there are mining concessions or hydroelectric projects.
(194 out of 298 municipios)

Mining concessions extend into **156 municipios**

Hydroelectric projects cover areas in **100 municipios**.

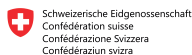
The Government of Honduras has the obligation to protect its citizens' rights, as well as to ensure the sustainable and transparent use of resources.

Given the potential for adverse impacts, it is crucial to include considerations that ensure compliance with business and human rights standards in the planning and regulation of the energy, mining, and oil and gas sectors.

¹ Translator's note: A municipio, according to Merriam-Webster's Dictionary, is "a chiefly rural territorial unit of local government in many Latin-American countries that includes several villages or barrios."



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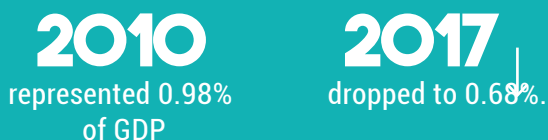
Do public policies favor businesses, the State, or local communities more?

The approval of concessions goes hand in hand with new policies that fast-track environmental permitting.

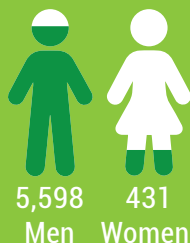
- In 2018, the Secretariat of Energy, Natural Resources, the Environment, and Mines (SERNA/MiAmbiente) simplified the procedures for awarding environmental permits; these procedures are now fast-tracked using a digital platform. The risk of leaving out comprehensive data from environmental and social impact assessments is high.
- Ministerial Agreement No. 1402-2018 makes technical assessments, environmental permits, and concession data classified information under the "[Official] Secrets Law²". This law is a threat to transparency and access to public information, as well as to citizen participation in decision-making.

Reforms to national legal frameworks have helped concentrate profits in the hands of Honduran businessmen and their domestic and foreign investors. The core policies to increase employment and reduce poverty have failed.

Despite promotion of the mining sector, its contribution to GDP has been falling:



The mining and quarry industries employ approximately 6,029 people...



Which is barely 0.23% of the economically active population.

The legal and fiscal regimes of these activities provide great incentives for private companies and few opportunities to improve living conditions at local and national levels.

From 2014 to 2018
customs exemptions totaling more than
US\$ 1 BILLION³
were given to power companies
generating electricity from renewable
resources.

**THIS AMOUNT NOT PAID BY THE
COMPANIES IS EQUIVALENT TO:**

One year of the education budget;

Two years of the health budget;

75% of public debt;

11 times the Judiciary's budget.

States frequently make decisions without consulting their people, giving rise to social conflicts and fueling mistrust. In Honduras there are countless proactive campaigns and movements that question the methods used to impose and implement resource development projects.

Nevertheless, in recent decades the growth in concessions and contracts awarded has gone hand in hand with a marked increase in the country's militarization and the criminalization of activism to defend human rights and the commons, which has particularly affected women.

² La Ley para la Clasificación de Documentos Públicos Relacionados con la Seguridad y Defensa Nacional [The Law on Classification of Public Documents related to Security and National Defense]. For additional background see:

<https://knightcenter.utexas.edu/blog/00-14996-honduran-secrecy-law-endangers-access-public-information-rsf>

³ L28,769,000,000

VIOLENCE AGAINST AND CRIMINALIZATION OF WOMEN WHO DEFEND THE COMMONS:

2014 – 2018:

65 murders of human rights defenders,
both men and women.

2016 – 2017:

More than 1,232 attacks on women
human rights defenders, their families,
and organizations.

More than **2000 violent incidents**
against women human rights defenders
have been reported; 50% of the known
perpetrators are police officers,
members of the military, municipal
authorities, or businesses.

Most rural communities depend on forests,
rivers, and land for their livelihoods. Faulty
implementation of land-use planning
mechanisms to protect natural resources
threatens public health, changes patterns of
access to quality water, and exacerbates
tensions between communities and
businesses developing these projects.

CONCESSIONS AND PROJECTS IN INDIGENOUS AND AFRO-DESCENDANT TERRITORIES:



54 mining concessions



36 electric power generation
projects



1 oil and gas concession

If all applications and exploration projects
were to be approved, there would be a **575%
increase in mining concessions** and **260%
increase in electric power generation
projects** in these territories.

With increasing social unrest stemming from the development of megaprojects, the respect for free, prior, and informed consent (FPIC) and citizen participation is an essential safeguard in building democratic societies. Protecting the right to self-determination, encouraging women's participation, acknowledging absence of participation as a rejection of a project, and providing the time needed for communities to make decisions is urgently needed.

In the last decade, power generated from renewable resources increased from 37% to 66.3%. Hydroelectric plants are widely distributed, although they are concentrated on the largest rivers in the center and the northeastern area of the country. The State has encouraged expansion of the energy sector, relying on growth in demand. The forecasted increase in demand, however, does not correlate with the figures on energy expansion.

There are currently
**112 electric power
generation projects**
operating.

If all the projects that are at different
stages (under study, pending
approval, approved, and under
construction) were to come online,
there would be **307 projects**—i.e., an
increase of 183%.



If all these projects were to begin
operating before 2029, **Honduras
would then have 7,728MW** in
installed capacity (exceeding the
country's energy needs, which are
identified as being between 2,239
MW and 5,150MW).

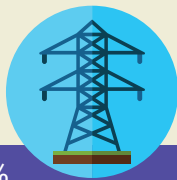


Currently, **137 mining concessions
cover 75,125 ha**. Were all the
concessions in the exploration and
application phase to start operations,
there would be 540 concessions
spanning 375,165 ha—i.e., an
increase in area of 400%.

IN 2016

energy losses totaled 33.8%

In other words, of 2380MW of installed capacity, 804.4MW were lost.



IN 2018

losses increased to 36.6%

Also, the deficit of the National Electric Power Company (ENEE) rose to L6.962 billion



- Belize had 12.3% in energy losses, while Costa Rica had 10.9%.



Honduras has the highest losses per year in Central America.

There are energy projects in 17 departments in Honduras. However, given the absence of a real energy policy that favors everyday Hondurans over investors and a comprehensive development policy for people where power generation projects are built, **investment in renewable energy does not translate into either social or economic well-being for communities.**

The lack of profit sharing and respect for communities' decisions about the placement and terms of energy projects has had adverse effects and hinders a fair energy transition.

In Honduras' case, the General Law on Hydrocarbons fails to provide for community consultations, no-go areas, compensation for land, or payment for environmental mitigation. What is more, the Law opens large expanses of land at a low cost with practically no social or environmental protection.

As of June 2018, the contract with the affiliated companies AziPetrol and Caribx was the only one in force for oil and gas exploration and subsequent development.

Article 52 of the law stipulates that the State is entitled to a minimum of 15% of net production while it is recouping its investment, and a minimum of 50% of net production subsequent to said recoupment. This figure is lower than many Latin American countries, among them, Colombia, Brazil, and Venezuela.

These companies were awarded a concession site that is 1750% larger than what is recommended under the Law on Hydrocarbons. A potential oil spill could impact the entire Honduran Caribbean Coast, and the Garifuna and Miskito peoples' whose livelihoods and health depend on these ecosystems.

Offshore oil and gas drilling produces enormous quantities of pollution every year that could endanger marine ecosystems and consequently affect the Garifuna and Miskito peoples' health and livelihood.

Sources: The Honduran Institute of Geology and Mines (INHGEOMIN), National Statistics Institute (INE), International Union for Conservation of Nature (IUCN), Inter-American Commission on Human Rights (IACHR), National Electric Power Company (ENEE), National Public Investment System (SEFIN), Office of the United Nations High Commissioner for Human Rights (OHCHR).

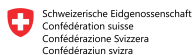
**Download the study
(in Spanish)**

Territories at Risk II: Mining, electric power generation, and oil and gas

honduras.oxfam.org/Territorios-en-riesgo-2



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