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ANNEX I

to the Commission Implementing Decision on the financing of the annual action plan in favour of Honduras for 2024

Action Document for “Climate and Energy: Resilient infrastructures, adapted to climate change and access to clean energy”

ANNUAL PLAN

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

| | |
|---|---|
| 1. Title CRIS/OPSYS business reference Basic Act | Climate and Energy: Resilient infrastructures adapted to climate change and access to clean energy OPSYS/number: ACT-62569 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) |
| 2. Team Europe Initiative | Yes, contributes to TEI “Green Partnership: Climate Change and Natural Resource Management” (Honduras) updated in March 2023 with the participation of France, Germany, Spain; and Switzerland as European like-minded partner |
| 3. Zone benefiting from the action | The action shall be carried out in Honduras |
| 4. Programming document | Multi-annual Indicative Programme (2021-2027) Honduras |
| 5. Link with relevant MIP(s) objectives / expected results | Priority Area 1 : Sustainable Management of Natural Resources and Climate Change SO 1: Land Use, Land-Use Change and Forestry (LULUCF)13 emissions reduced and carbon absorbed compared to Business as Usual (BAU) |
| PRIORITY AREAS AND SECTOR INFORMATION | |
| 6. Priority Area(s), sectors | 311 - Agriculture 312 - Forestry 410 - General Environment Protection 430 - Other multisector |
| 7. Sustainable Development Goals (SDGs) | Main SDG: SDG 13: Climate Action Other significant SDGs: SDG 1: No poverty SDG 6: Sustainable management of water and sanitation SDG 8: Decent Work and Economic growth SDG 10: Reduction of Inequalities |

| | | | | |
|--------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|
| 8 a) DAC code(s) | Sub-code 41040 - Site preservation (30%) Sub-code 43042- Rural Development (40%) Sub-code 31210 Forestry policy and administrative management (10%) Sub-code 41010 Environmental policy and administrative management (10%) Sub-code 41081 Environmental education/training (10%) | | | |
| 8 b) Main Delivery Channel | 20000 - NGOs/CSOs [in alternative: 41000 UN Agencies (41301 FAO; 41140 WFP); 46000 Regional Development Banks (46007 BCIE; 46012 BID)]; 47000 - Other Multilateral Institutions (47061 IICA); 51000 - Research Institutes/Think Tanks (47017 CIAT). | | | |
| 9. Targets | <input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance | | | |
| 10. Markers (from DAC form) | General policy objective @ | Not targeted | Significant objective | Principal objective |
| | Participation development/good governance | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Aid to environment @ | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Gender equality and women's and girl's empowerment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, maternal, new-born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Disaster Risk Reduction @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Inclusion of persons with Disabilities @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nutrition @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Principal objective |
| | Biological diversity @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Internal markers and Tags: | Policy objectives | Not targeted | Significant objective | Principal objective |
| | Digitalisation @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | digital connectivity digital governance digital entrepreneurship | YES | NO | |
| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |

| | | | | |
|--------------------------------------|--|-------------------------------------|-------------------------------------|--------------------------|
| | digital skills/literacy | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | digital services | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | Connectivity @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | digital connectivity | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | energy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | transport | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | health | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | education and research | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | Migration @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reduction of Inequalities @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Covid-19 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| BUDGET INFORMATION | | | | |
| 12. Amounts concerned | Budget line(s) (article, item): BGUE-B2024-14.020140-C1-INTPA Total estimated cost: EUR 23 500 000 Total amount of EU budget contribution EUR 23 500 000 | | | |
| MANAGEMENT AND IMPLEMENTATION | | | | |
| 13. Type of financing | Direct management through: - Grants - Procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.4 (<i>as an alternative option to Direct Management</i>) | | | |

1.2 Summary of the Action

Honduras faces severe impacts from climate change, including frequent climate-related hazards such as floods, cyclones, and droughts that hit more severely the nearly half of the population living under extreme poverty, deepening inequalities. These events significantly affect the country's GDP and public debt, highlighting the need for resilient infrastructure and sustainable practices. Beyond the economic effects and the required mitigation measures to put in place, the challenges include access to clean water, unsustainable agricultural practices, and environmental degradation, particularly in areas like Lake Yojoa and the Chamelecón river basin.

The proposed Action aims to implement key initiatives in productive areas such as water, renewable energy, aquaculture, coffee, pine, and livestock, which are crucial to Honduras' national economy. By complementing the construction of resilient infrastructure, promoting environmental preservation, and protecting biodiversity, the Action seeks to stimulate sustainable growth, fulfill international climate commitments, and advance the Global Gateway Investment Agenda¹.

The overall purpose is to roll out a comprehensive package of mitigation and development initiatives for targeted communities, contributing to the sustainable recovery of the Yojoa Lake Basin and the construction of multipurpose dams in the Sula Valley (El Tablón) under a perspective of reduction of inequalities.

¹ https://international-partnerships.ec.europa.eu/policies/global-gateway/eu-lac-global-gateway-investment-agenda_en .

The Specific Objectives are 1) Restore and protect the aquatic and terrestrial ecosystems of the Lake Yojoa basin through sustainable and innovative practices and active community participation, focused on the low income layer of the population, women and youth; and 2) Support the implementation of social and environmental safeguards in flood control actions in the Sula Valley - El Tablón.

Through the activities carried out within this action it is expected to: 1/ In Yojoa Lake: reduce water pollution through waste management and pollution control; restore degraded areas and protect critical ecosystems in the Lake Yojoa basin; increase awareness and participation in conservation and sustainable management; and improve the capacity of local institutions to manage natural resources effectively. 2/ In El Tablon dam is expected to: establish and support governance and coordination mechanisms; implement a free, preliminary, and informed consultation process in affected communities; and ensure the perpetuity of water resources for consumption, energy production, and biodiversity through ecological planning and reforestation.

This Action aims to balance environmental conservation with sustainable development, ensuring long-term benefits for local communities and the national economy. Key stakeholders include various Honduran government institutions, civil society organizations, micro, small, and medium enterprises, and business organizations. Their roles and capacities are crucial in ensuring the successful implementation of environmental and climate change policies.

1.3 Zone benefitting from the Action

Honduras, notably in the Yojoa Lake Basin and the Sula valley (El Tablón)- departments of Cortés, Santa Barbara, Comayagua

2 RATIONALE

2.1 Context

Honduras, a nation with rich biodiversity and abundant natural resources, is increasingly facing the impacts of environmental degradation and climate change. Inequality at income, gender and youth level, observed through national indicators² and access to public services gaps³ at territorial level contribute to exacerbate its consequences over vulnerable population. As an agriculturally-based economy, with a large portion of the population engaged in farming, the country is particularly vulnerable to these changes. To address these challenges, Honduras has developed a comprehensive framework of policies and strategies focused on environmental protection, climate change adaptation, and sustainable development.

The country has committed to various international and national efforts to combat climate change and protect its environment. The Government ratified the **Paris Agreement** in 2016 and is actively working towards its goals of reducing greenhouse gas emissions and enhancing resilience to climate impacts. Prior to the Paris Agreement, Honduras set up a robust legal framework aimed at enhancing environmental management and climate adaptation by adopting:

National Climate Change Strategy (ENCC) through the Decree No. PCM-035-2010. The ENCC outlines Honduras' strategic vision for addressing climate change. It focuses on integrating climate adaptation and mitigation measures into national development policies, promoting sustainable agricultural practices, and protecting natural ecosystems. The strategy emphasizes building resilient communities and infrastructure to cope with the adverse effects of climate change, particularly in vulnerable sectors like agriculture and water management.

National Plan for Adaptation to Climate Change (PAN-CC): adopted through Executive Decree No. PCM-045-2014, details specific adaptation actions across various sectors to enhance resilience and reduce vulnerability. Key initiatives under this plan include improving water resource management, promoting sustainable land use, and enhancing disaster preparedness and response capabilities.

The **General Law of the Environment** (Decree No. 104-1993) serves as a fundamental legal framework guiding environmental protection efforts in Honduras. This law emphasizes the sustainable management of natural resources, the conservation of biodiversity, and the promotion of environmental education and awareness.

Water Resource Management Policies, such as the **General Water Law** (Decree No. 181-2009) that provides a comprehensive legal framework for the sustainable management of water resources in Honduras. It establishes guidelines for water conservation, pollution control, and the protection of watershed areas. The **National Water Policy** and the **Integrated Water Resource Management Plan (IWRM)**, which emphasize the sustainable use and management of water resources at the basin level, promoting participatory approaches and the involvement of local communities in decision-making processes.

In the Energy sector the **Law for the Promotion of Renewable Energy** (Decree No. 70-2007) aims to diversify Honduras' energy mix by increasing the share of renewable energy sources in the national grid. This law provides incentives for the development of hydroelectric, solar, wind, and biomass energy projects.

The **National Energy Policy** adopted in 2014 focuses on reducing dependence on fossil fuels, promoting energy efficiency, and expanding renewable energy capacity. Major projects, such as the **Cañaveral Hydroelectric Plant** -in the Lake Yojoa Basin (part of the present proposal)- illustrate the country's commitment to harnessing its natural resources for sustainable energy production.

Given the importance of water basins for agriculture, drinking water, and energy production, Honduras has prioritized their protection and sustainable management. The **Law on the Protection of Watersheds**

² Instituto Nacional de Estadística (INE). 2021. Gini Coefficient 0.55, People living in households with less than 1 dollar/day per capita 32.3% , <https://ine.gob.hn/v4/wp-content/uploads/2024/07/cifras-de-pais-datos-2021.pdf>

³ A. M. Velásquez, "La desigualdad social en Honduras: evolución y respuesta institucional", *Documentos de Proyectos* (LC/TS.2021/208; LC/MEX/TS.2021/25), Ciudad de México, Comisión Económica para América Latina y el Caribe (CEPAL), 2021.

and Water Sources (Decree No. 181-2009) mandates comprehensive measures for conserving and restoring water resources.

The **National Decarbonization and Climate Resilience Strategy of Honduras (ENDRCH)** was approved and published by the Honduran government on **March 31, 2023**. This strategy outlines Honduras' commitment to reducing its carbon footprint and enhancing resilience to climate change impacts, with a long-term vision of achieving a carbon-neutral economy by 2050.

In conclusion, Honduras is at a critical juncture where the successful implementation of its environmental and climate change policies can lead to a more sustainable and resilient future. By focusing on protecting water basins and promoting renewable energy, Honduras aims to mitigate the impacts of climate change and foster long-term economic and environmental sustainability. Continued commitment to these policies, supported by international cooperation and local community engagement, will be essential for overcoming the challenges and seizing the opportunities ahead.

Indeed, this Action is in line with the medium-term ‘**Plan to refund Honduras 2022-2026**’ adopted by the current Government, in particular the Objective 6 for an “*alternative economic development model*”. The expression of the new model proposed to tackle inequalities are the new Secretary of State of Social Development (SEDESOL) created by Executive Decree 05-2022, to develop the social policies of Honduras to achieve greater efficiency and effectiveness of the social protection system, which guarantee social, economic, cultural and environmental rights of groups in situations of poverty, extreme poverty and vulnerability, and the autonomous Solidarity Action Program (PROASOL) -Executive Decree PCM-20-2022- responsible of social care for people belonging to twelve categories of vulnerable groups.

The recovery of the Yojoa Lake represents a Presidential priority, while the construction of the dams is a priority (recurrently recognized as such by public authorities), in order to foster economic development and protect from the impacts of climate change, to the benefit of Honduran people. Priority for the construction of El Tablón and Morolica multi-purpose dams was confirmed by the Honduran Ministry of Finance, by official letter, ahead of the EU-CELAC Summit, which took place in Brussels in July 2023.

Under Honduras MIP 2021-2027, Annual Action Plans 2021 and 2023 contained actions tackling Priority Area 1 : Sustainable Management of Natural Resources and Climate Change. In particular, the approved actions were focused to the development of the Voluntary Partnership Agreement Honduras-EU in the forestry sector through the programs “*Towards a Decarbonised Economy: Adapting Agricultural Production to Climate Change in the context of the EU-Honduras Voluntary Partnership Agreement*” in AAP 2021 and “*VPA, Forest Partnership and Green Business (VPA & Beyond)*” in AAP 2023.

The action also will contribute to the fulfilment of the EU Gender Action Plan 2021-2025 GAP III, in particular to its thematic area of engagement ‘Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation’, Likewise, it will contribute to the implementation of the EU Strategy on the Rights of Persons with Disabilities, particularly on the commitment to supporting countries to improve accessibility of the environment and the EU’s Action Plan on Human Rights and Democracy (2020-2024).

Through Action 1 under Annual Action Plan 2024, the EU will continue contributing to climate adaptation and mitigation measures in two specific watersheds in Honduras: Lake Yojoa and Chamelecón river (El Tablón), aligned with the Global Gateway Investment Agenda priorities. This involves supporting the development of infrastructures that can withstand climate impacts and related activities. These investments, funded through the combined efforts of several EU Member States and other parties, are expected to drive transformative and sustainable growth in the country.

All three Actions formulated in AAP 2024 Honduras constitute different angles of the 360 view to enable a conducive environment for the effective implementation and success of the GGIA projects in Honduras. By promoting sustainable and innovative practices, active women, youth and community participation, supporting sustainable financing alternatives and enhancing transparency and open governance will diminish risks perceived making investments more attractive and feasible for private and public sector and financing institutions.

Together, these Actions represent a comprehensive approach to fostering sustainable development and resilience in Honduras, leveraging the EU's financial support and the collaborative engagement of its Member States to the GGIA Agenda. At this respect, CABEL, with the EU contribution to the Climate Change Investment Project Preparation Fund is concluding the feasibility studies to the Yojoa Lake Sustainable Recovery Program and the Multipurpose Dam El Tablon. In addition, IADB will launch before the end of the year the project *Low-carbon, Climate-Resilient, and Inclusive Development in El Cajón and Lake Yojoa Watersheds in Honduras*, with expected EU contribution via blending in Yojoa area interventions. KfW is also preparing a long term action (debt swap) in Yojoa lake implemented by WFP and other international donors such as AECID, JICA or USAID are also present in the area, showing the national interest and the coordination and governance challenge that the country faces.

2.2 Problem Analysis

Honduras is highly vulnerable to climate change, food insecurity, and external shocks. The country frequently experiences climate-related hazards such as torrential rains leading to devastating floods in its most productive areas, tropical cyclones, and prolonged droughts. These events severely impact already stressed natural ecosystems, like forests. In November 2020 hurricanes Eta and Iota affected more than 3 million people in Honduras and of the total number of people affected, it is estimated that 41% are women and 20% are children⁴.

The country also suffers from widespread food insecurity, with 58% of Honduran households suffering some level of food insecurity. Among female-headed households, this figure rises to 60%, of which 12 per cent (more than 80,000 households) are severely food insecure⁵.

In terms of gender equality and women's empowerment (GEWE), although some progress has been achieved, work still has to be done to reach gender equality. 33.6% of women aged 20–24 years old who were married or in a union before age 18. The adolescent birth rate is 88.7 per 1,000 women aged 15-19 as of 2014, down from 103 per 1,000 in 2013. As of February 2021, only 21.1% of seats in parliament were held by women⁶. Honduras has one of the highest rates of violent deaths of women in the world, by 2021, there were reported 318 violent deaths of women. Violence against women is widespread and systematic in Honduras, affecting women and girls in numerous ways, including high levels of gun violence, domestic violence, femicide, and sexual violence.

Given the country's estimated GDP contraction of 3% due to natural disasters (which is expected to increase to approximately 5.4% of GDP and a 6.2% rise in public debt by 2050), adapting to climate change is a significant structural challenge for its development. This includes the need for resilient basic infrastructure and sustainable value chains.

⁴ [UNDP CORP-GENERO ESTRATEGIA 2023-2026-WEB.pdf](#)

⁵ Ibid

⁶ [Country Fact Sheet | UN Women Data Hub](#)

Honduras has a Human Development Index (HDI) of 0.624, which decreases to 0.480 when accounting for inequality (Inequality-adjusted HDI).⁷ The latest available data on the Gini Index 2021 was 55.0.⁸ Socioeconomic inequalities in Honduras are exacerbated by the impacts of climate change, creating a vicious cycle of poverty and environmental degradation. The country faces significant challenges in access to clean drinking water, with many rural and marginalized communities lacking reliable sources, leading to health issues and increased medical costs that deepen poverty. Climate change also intensifies unsustainable agricultural practices, as unpredictable weather patterns and extreme events such as droughts and floods disrupt traditional farming, reducing crop yields and pushing small farmers into debt. This agricultural instability contributes to food insecurity, leaving vulnerable populations with inadequate nutrition and limited economic opportunities. As these environmental pressures compound, they disproportionately affect the poorest segments of society, widening the gap between the wealthy and the impoverished, and undermining efforts to achieve sustainable development and reduce inequality in Honduras. Addressing these issues with conventional and innovative actions is crucial for fostering sustainable development and enhancing the country's resilience against future climate impacts.

Honduras is committed to develop resilient infrastructures in Yojoa Lake (comprehensive management of sewage waters and solid waste, drinking water systems) and the El Tablon dam to control floods in Sula Valley with the participation and contribution of International Financial Institutions (with CABEI in the front line). Several preparatory and mitigation actions are necessary for a successful start up of these large investment operations, in technical, social and innovation terms.

Lake Yojoa is experiencing significant environmental challenges due to pollution and eutrophication affecting health, livelihoods and energy generation (Cañaveral-Rio Lindo is the second hydroelectric plant of the country in operation since 1978. The primary sources of pollution include agricultural runoff, untreated wastewater, and mining discharges, which introduce excessive nutrients and contaminants into the lake. This nutrient overload accelerates algal blooms, depletes oxygen levels, and disrupts aquatic ecosystems, leading to a decline in water quality and biodiversity. The volume of water has been reduced in recent years. The natural hydrodynamics of the lake is affected by energy generation and, similarly, the accumulated sediments and waste also reduce the water flows for energy generation. In addition, the multi-sectoral required approach is not accompanied by a clear legal framework that gives as a result a weak governance scenario. (Example: role of Hondulago, DIGEPESCA or Mecantile Marine providing exploitation rights while SERNA tries to put limits). Addressing these issues requires comprehensive strategies and creative/innovative solutions that focus on reducing nutrient inflow, improving wastewater management, and promoting sustainable agricultural practices to restore the ecological balance of Lake Yojoa under enhanced and renovated governance mechanisms.

The Chamelecón river is one of the main sources of water to the Sula Valley, one of the most productive agriculture spots in Honduras. Due to its geographic and geological features, El Tablón basin is prone to frequent flooding and faces significant challenges impacting both its residents and agricultural activities. Seasonal floods disrupt daily life, damaging homes, infrastructure, and agricultural lands, which are vital for local livelihoods and national agricultural production. These floods not only destroy crops and livestock but also hinder access to essential services and increase the risk of waterborne diseases. To mitigate these impacts, it is crucial to implement comprehensive flood management strategies, including improved drainage systems, flood-resistant and preventive infrastructure, and sustainable land use practices to protect the community and ensure agricultural resilience. The GGIA prioritized project for the construction of the multipurpose dam of El Tablón will also contain the hydroelectric plant to

⁷ UNDP 2022. <https://hdr.undp.org/inequality-adjusted-human-development-index#/indicies/IHDI>

⁸ Instituto Nacional de Estadística (INE). 2021. <https://ine.gob.hn/v4/wp-content/uploads/2024/07/cifras-de-pais-datos-2021.pdf>

reinforce the renewable energy generation matrix of Honduras (capacity to be determined in feasibility studies).

This complex scenario requires a clear and strong institutionality to enhance public policies planning and execution and the maximum transparency and social participation to guarantee the best delivery of public goods to fight against the negative effects of climate change.

Key stakeholders are Honduran institutions, (**as duty bearers**) and civil society organizations (CSOs), Community Based Organisations (CBOs) micro, small and medium size enterprises (MSMEs) and business organizations (**as right holders**). Their respective mandate, potential role and capacities are shortly described below.

Ministry of Finance, (Secretaría de Finanzas – SEFIN) *key partner in the whole action*

Mandate: Manages the national budget, fiscal policy, and economic planning.

Potential Role: Ensures financial resources and budget allocations for project implementation.

Capacities: Expertise in financial management, budget oversight, and funding disbursements.

Ministry of Environment and Natural Resources (Secretaría de Recursos Naturales y Ambiente - SERNA), *key partner in the whole action*

Mandate: Oversees environmental policy, natural resource management, and sustainable development.

Potential Role: Facilitates environmental assessments, ensures compliance with environmental regulations, and promotes sustainable practices.⁹

Capacities: Regulatory authority, environmental monitoring, and enforcement capabilities.

Forestry Conservation Institute (Instituto de Conservación Forestal - ICF) *key partner in the whole action*

Mandate: Responsible for forest conservation, reforestation, and sustainable forest management.

Potential Role: Leads reforestation efforts and sustainable management of forest resources.

Capacities: Forest management expertise, conservation programs, and reforestation initiatives.

Ministry of Energy (Secretaría de Energía – SEN) *key partner in the multipurpose dams action*

Mandate: Develops and implements energy policies, focusing on energy production, distribution, and renewable energy initiatives. The current Minister is at the same time the General Director of the National Electricity Enterprise (ENEE)

Potential Role: Supports the integration of renewable energy solutions and infrastructure within the project.

Capacities: Technical knowledge in energy production, policy implementation, and renewable energy projects.

Ministry of Infrastructure and Transport (Secretaría de Infraestructura y Transporte - SIT).

Mandate: Oversees the development and maintenance of public infrastructure, including transportation and utilities.

Potential Role: Provides technical support and oversight for infrastructure development and maintenance.

Capacities: Engineering expertise, infrastructure planning, and project management.

President's Office

Mandate: Central executive authority responsible for national governance and policy coordination.

⁹ SERNA supervises and administers the “Proyecto de Gestión Integral del Lago de Yojoa (HONDULAGO)”. Established by Law on 31 May 2007 (Official Journal 31, 46 of 21 November 2007), HONDULAGO is mandated to oversee the conservation and sustainable management of the Lake Yojoa basin, ensuring the protection and restoration of its aquatic and terrestrial ecosystems. SERNA is at present working on the creation of a new institution substituting the inoperative and powerless HONDULAGO by the *Consejo de Cuenca del Lago de Yojoa*. It will play a pivotal role in coordinating environmental initiatives, fostering community engagement, and implementing actions aimed at improving water quality and biodiversity in the Lake Yojoa basin. The new Consejo de Cuenca del Lago de Yojoa is the starting activity for the Governance component of CABEI Yojoa Lake Sustainable Recovery Program in preparation

Potential Role: Offers political support and facilitates inter-ministerial coordination.

Capacities: Political influence, strategic oversight, and policy integration.

Local Government

Mandate: Manages local administration, public services, and community development initiatives.

Potential Role: Engages in local project implementation and community engagement.

Capacities: Knowledge of local needs, administrative authority, and community outreach.

Ministry of Tourism (Secretaría de Turismo)

Mandate: To promote and develop the tourism sector, enhancing its contribution to the national economy.

Potential Role: Facilitate the development of sustainable tourism projects and infrastructure. Promote eco-tourism and cultural heritage sites to attract visitors.

Support local communities in tourism-related initiatives and capacity building.

Capacities: Expertise in tourism development and marketing strategies. Network connections with local and international tourism stakeholders.

Ministry of Agriculture and Livestock (Secretaría de Agricultura y Ganadería-SAG)

Mandate: To enhance agricultural productivity, support farmers, and ensure food security.

Potential Role: Implement agricultural development programs and provide technical assistance to farmers. Promote sustainable farming practices and agroforestry to improve yields and protect the environment. Facilitate access to markets and financial services for smallholder farmers.

Capacities: Knowledge in agricultural best practices, crop management, and pest control. Capacity to provide training and extension services to farmers. Ability to coordinate with other sectors for integrated rural development.

DIGEPESCA (Dirección General de Pesca, parte de la SAG)

Mandate: To oversee and regulate the fishing industry, promote sustainable fisheries, and support livelihoods dependent on marine resources.

Potential Role: Develop and enforce policies for sustainable fishing practices and marine conservation. Support the development of aquaculture and fisheries infrastructure. Provide training and support to fishing communities to enhance their resilience and productivity.

Capacities: Expertise in marine resource management and sustainable fishing techniques. Ability to conduct research and monitoring of marine ecosystems. Capacity to engage with fishing communities and promote sustainable livelihoods.

Gender focal points of the above listed institutions

Community-Based Organizations (CBOs) are major right holders, in particular the associations of Municipalities around lake Yojoa, AMUPROLAGO and CODEMUSBA

Mandate: Represent local community interests and mobilize grassroots support for development activities.

Potential Role: Facilitate community participation and ensure local needs and perspectives are addressed.

Capacities: Community engagement, local knowledge, and grassroots mobilization.

Civil Society Organizations (CSOs) (including rural women's organizations)

Mandate: Advocate for social, environmental, and economic issues, and promote public interest and accountability.

Potential Role: Provide advocacy, capacity building, and monitoring roles within the project.

Capacities: Advocacy expertise, public engagement, and policy monitoring.

Micro, Small, and Medium Size Enterprises (MSMEs)

Mandate: Contribute to economic activity and local employment within various sectors.

Potential Role: Participate in project-related economic activities and supply chains.

Capacities: Entrepreneurship, local economic knowledge, and adaptability.

Business Organizations

Mandate: Represent business interests and promote economic development and investment.

Potential Role: Facilitate private sector engagement and investment in project initiatives.

Capacities: Business networks, investment facilitation, and economic development support.

European Private Sector

Mandate: Engage in investment and business opportunities within Honduras.

Potential Role: Invest in priority areas such as infrastructure and clean energy.

Capacities: Financial resources, technology, and business expertise.

International Development Institutions

Mandate: Provide funding, technical assistance, and policy support for development projects.

Potential Role: Offer financial and technical support, share best practices, and enhance project sustainability.

Capacities: Development expertise, funding mechanisms, and global networks.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to “contribute to the sustainable and inclusive (targeting low income population, women and youth) recovery of the Yojoa Lake Basin and the construction of multipurpose dams in the Sula valley (El Tablón), established as GGIA investment priorities in Honduras.”

The Specific(s) Objective(s) of this action are to:

1. Restore and protect the aquatic and terrestrial ecosystems of the Lake Yojoa basin, through the implementation of economically, environmentally and socially sustainable and innovative practices and active participation of local communities.
2. Support the implementation of social and environmental safeguards in the flood control actions and energy generation in the Sula valley - El Tablón.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives are:

Contributing to Outcome 1:

- 1.1 “Water quality improvement”: Water pollution reduced through proper waste management and control of pollution sources;
- 1.2 “Ecosystem restoration”: Degraded areas restored and critical ecosystems protected in the Lake Yojoa basin;
- 1.3 “Community education and awareness”: Awareness and participation of local communities in the conservation and sustainable management of the basin are increased from human rights and gender perspectives ;
- 1.4 “Governance strengthening”: Capacity of local institutions and further relevant stakeholders to effectively manage the natural resources of the basin improved.

Contributing to Outcome 2:

- 2.1 “Governance”: Activities’ governance and coordination mechanisms are set-up and working;
- 2.2 “Communities”: Free, preliminary, and informed consultation (promoting women’s active participation) process is carried out and considered in the communities affected by infrastructure construction.;

2.3 “Environment”: Contribute to ensuring the perpetuity of water resources for consumption, energy production, and biodiversity, ensuring protection and conservation through the regulation of use and ecological planning of the watershed, including reforestation activities and soil and forest recovery.

The above outcomes -as well as consequent outputs and activities- are addressing the 3 crosscutting pillars of the actions in an horizontal and interlinked way (see also 4.3 Implementation Modalities).

1. **Support for Mitigation Infrastructure Development**

Focusing on supporting and accompanying with complementary mitigation measures the construction of infrastructure such as landfills, wastewater treatment plants, aquatic ecosystem restoration, and solid waste management systems. It also includes the development of water supply and sanitation systems, and renewable energy generation, distribution, and transmission systems. The support will cover feasibility studies, preparatory work, adoption of innovative solutions and other related actions, including initiatives for dialogue, consultation, education, awareness, and best social and environmental practices for the construction, operation, and maintenance of infrastructure projects.

2. **Access to Economic and Technological Innovations¹⁰**

This component is embedded in the previous one and aims to support local productive development and community innovation in the affected departments by providing access to economic tools and technological innovations. This will help enhance the productivity and innovation capacity of the target communities.

3. **Capacity Building for Legal, Institutional, Social, and Environmental Governance**

The aim of this component is to contribute on developing the legal, institutional, social, and environmental capacities of public authorities, private entities, and civil society organizations to mitigate and prevent conflicts. It aims to create favorable conditions for the implementation of the program by building strong governance structures and fostering positive socio-environmental conditions.

The Action will be implemented in key productive areas such as water, renewable energy (e.g., the Cañaveral-Rio Lindo Hydroelectric Plant, the second bigger hydroelectric plant (109 MW) and the expected construction of El Tablon multipurpose dam with capacity to be determined), aquaculture, coffee, pine, and livestock, which are significant contributors to the national economy. Building resilient infrastructure for climate change mitigation, environmental preservation, and biodiversity protection in these areas, while balancing them with the promotion of sustainable productive activities and mitigating social impacts, will contribute to:

- (i) Creating green jobs and stimulating sustainable growth.
- (ii) Fulfilling Honduras’s international climate commitments.
- (iii) Implementing the EU’s priorities and promoting the Global Gateway Investment Agenda (GGIA).

3.2 Indicative Activities¹¹

Activities relating to Output 1.1 “Water quality improvement”:

- 1.1.1 Accompany the implementation of wastewater and solid waste treatment systems in communities around the lake with feasibility studies and preparatory work.
- 1.1.2 Promote sustainable agricultural practices to reduce nutrient and pesticide runoff.
- 1.1.3 Establish water quality monitoring points to detect and control pollution sources.

¹¹ Activities listed in this section are indicative and subject to changes depending on the final conclusions and suggestions of the studies being carried out by BCIE, co-funded by the EU and KfW.

- 1.1.4 Pursue the adoption of innovative solutions for all activities related to outcome 1, through enhanced access for vulnerable groups to economic and technological innovation¹².

Activities relating to Output 1.2 “Ecosystem restoration”:

- 1.2.1 Conduct reforestation projects in critical areas to prevent soil erosion and improve carbon capture.
- 1.2.2 Support the creation of protected areas and biological corridors to conserve biodiversity.
- 1.2.3 Implement programs for the control and eradication of invasive species.

Activities relating to Output 1.3 “Community education and awareness”:

- 1.3.1 Complement programs for the control and eradication of invasive species.
- 1.3.2 Organize workshops and awareness campaigns on the importance of lake conservation at community and school level.
- 1.3.3 Encourage community participation in monitoring and restoration activities.

Activities relating to Output 1.4 “Governance strengthening”:

- 1.4.1 Train community leaders and local officials in environmental management and sustainable planning.
- 1.4.2 Facilitate the creation of basin management committees with representation from all relevant stakeholders.
- 1.4.3 Promote inter-institutional coordination and the formulation of policies and regulations for sustainable lake management.

Activities relating to Output 2.1 “Governance”:

- 2.1.1 Set up effective and inclusive governance and coordination mechanisms with strong communities’ representation.
- 2.1.2 Provide technical support to the governance body to ensure compliance with technical specifications, administrative processes, and social and environmental safeguards.

Activities relating to Output 2.2 “Communities”:

- 2.2.1 Develop and implement environmental/water education programs in schools and local communities.
- 2.2.2 Organize workshops and awareness campaigns on the importance of water resources and risk management.
- 2.2.3 Support the implementation of the project's environmental and social management plan.
- 2.2.4 Provide technical support for the resettlement plan ensuring that social and environmental safeguards are met.

Activities relating to Output 2.3 “Environment”:

- 2.3.1 Conduct reforestation projects in critical areas to prevent prevent soil erosion and improve carbon capture.
- 2.3.2 Support the creation of protected areas and biological corridors to conserve biodiversity.
- 2.3.3 Strengthen the capacity of ENEE to manage environmental and social aspects.

The commitment of the EU’s contribution to the Team Europe Initiative to which this action refers will be complemented by other contributions from Team Europe members, It is subject to the formal confirmation of each respective member’s meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside of a TEI framework.

¹² A short and schematic review of potential innovative solutions for issues similar to those affecting lake Yojoa basin is reported in [Box innovation.docx](#)

3.3 Mainstreaming

Environmental Protection & Climate Change

Environmental protection and climate change are at the core of this Action, with a clear focus on improving governance, water basin management and protection.

Regarding climate change, by reducing water contamination, managing properly solid and liquid waste and increasing forest cover and protecting existing forests, the Action will help enhance Honduras' carbon capture capacity, thereby contributing to global climate change mitigation.

Additionally, restoring/preserving degraded areas through natural regeneration and watershed protection will promote interconnection zones or biodiversity corridors.

BCIE is carrying a study on “sustainable recovery of Lake Yojoa and Tablon” which includes primary data on Environmental and Climate assessments. These data will be used during the implementation of the action.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment). Nevertheless, ongoing feasibility studies (CABEI) foresee EIA and the intended activities may support EIA screening related with GGIA infrastructures.

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action poses no or low risk (no need for further assessment). Nevertheless, ongoing feasibility studies (CABEI) foresee CRA and the intended activities may support CRA screening related with GGIA infrastructures.

Gender equality and empowerment of women and girls

According to the OECD DAC codes identified in section 1.1, this Action is labeled as G1. This implies that the action recognizes gender equality as an important and deliberate objective, but not the primary reason for carrying out the project/program.

Therefore, gender equality and the empowerment of women and girls will be integrated throughout the execution of the Action with specific results. This Action will conduct sectoral gender analyses to ensure integration across all components and apply an intersectional approach (including indigenous and Afro-descendant women and girls). Both at the level of implementing partners and beneficiaries, attention will be given to ensuring gender equality in terms of opportunities (awareness, knowledge, training, employment, networks, and entrepreneurship), decision-making (participation in technical and political working groups of the project governance structure, leadership) and participation in beneficiary groups. In line with this perspective, the gender plan should focus on:

- Ensuring that both men and women actively participate in all stages of the intervention's implementation.
- Guaranteeing that benefits are distributed equitably and that the overall quality of life for women is enhanced.

Human Rights

The proposed Action is related to human rights in aspects of the right to work, corresponding respectively to Articles 19 and 23 of the Universal Declaration of Human Rights. Regarding Article 23, the activities supported by the Action will generate a considerable number of jobs in the formal sector and contribute to reducing the current unemployment rate in Honduras. In the case of El Tablón, human rights (HR) could be quite sensitive due to aspects related to resettlements and the rights of individuals. To this purpose the Government through ENEE is carrying out a prior, free, and informed consultation process (FPIC) as per ILO Convention 169.

The Action will apply a human rights-based approach that respects its five working principles: i) The application of all human rights for all; ii) Meaningful and inclusive participation and access to decision-making; iii) Non-discrimination and equality; iv) Accountability and the Rule of Law for all; and v) Transparency and access to information supported by disaggregated data.

Honduras has ratified most international treaties, such as the Convention on the Elimination of All Forms of Discrimination Against Women (1983) and the International Convention on the Elimination of All Forms of Racial Discrimination (2002).

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action does not include activities specifically aimed at integrating or caring for people with disabilities.

However, throughout the execution of the action, attention may be given to opportunities for the participation of people with disabilities under the principle of "leaving no one behind" (for example, in training and active participation in decision-making processes). Honduras ratified the Convention on the Rights of Persons with Disabilities (CRPD) in 2008.

Reduction of inequalities

As per the Inequality Marker, this action is labelled as I-1. Indeed the action focuses on reducing inequalities, access to energy, innovative agricultural activities, indigenous peoples and consultations, the green transition, mining and to a lesser extent the use of taxes as an instrument in governance.

In order to tackle inequalities, the action intends to raise the population's income in a sustained manner linked to environmental protection activities to correct the imbalance of a large layer of population living in a situation of monetary poverty.

Besides, it will focus in protecting future generations living in rural areas of monetary poverty expanding their access to formal and informal training, access to means of production, technology, public services and promoting their active participation in decision-making processes.

From the perspective of gender inequality, the action will promote equal participation between men and women, will contribute to increase female economic autonomy and access to decent "green" employment especially for the youngest and those who live in rural areas, guaranteeing their contribution to existing social protection schemes.

The governance components of the action will privilege the generation from public authorities of strategic instruments more sensitive to the variety of social inequalities (including those linked to ethnicity/race, gender, age, disability, taxes and the migratory dimension). They will also strengthen inclusive participation and the sensitive data collection reflecting inequalities.

Democracy

Strengthening the capacity of state actors and institutions is one of the main objectives of the Action. Capacity building should enable them to better fulfill their mandates in areas of sustainable water basins and protected areas management.

Moreover, the action will support the effective implementation of participatory water basins management thus involving local and indigenous communities in the management and use of public water resources and protected areas. Local authorities play a crucial role in facilitating dialogue among the different stakeholders and co-managing natural resources through their formal associations.

Conflict sensitivity, peace and resilience

The Action will address conflicts related to land tenure insecurity. In fact, the Action will address land tenure issues throughout the project areas. A recent conflict analysis review conducted in February 2023 in Honduras clearly indicated that land tenure insecurity due to the lack of land ownership titles was one of the main causes of violence across the country. In this sense, the Action will contribute to reducing violence in the project's sectors. Opportunities for conflict prevention will be sought, particularly in implementing free, prior, and informed consent protocols for indigenous and Afro-descendant peoples and through a participatory and inclusive approach.

The execution of the Action is also expected to have positive effects on the resilience of local communities and citizens by supporting them in natural resources management, and enhancing the productive capacity of their environment (agroforestry, fisheries/aquaculture).

Disaster Risk Reduction

It is recognized that good natural resources management including water, forests and anti-floods infrastructures has a positive effect on the hydrological systems of the impacted area; in this regard, this action, contributes to reducing the risks of floods and droughts by regulating wells and rivers during the dry season.

Other considerations if relevant

Contribution to TEI “Green Partnership: Climate Change and Natural Resource Management” (Honduras) – Spain, France, Germany and Switzerland.¹³

The outputs reflected in section 3.1. for both components (Yojoa Lake and El Tablón) directly contribute to three of the expected outcomes of ongoing Honduras TEI, namely: i) Terrestrial and marine ecosystems as well as the biodiversity of Honduras are adequately preserved, including sustainable natural resource management systems; ii) The commitment of the public and private sectors and civil society in Honduras increased on responsible production and consumption, including the management of solid and liquid waste and iv) Honduras undergoes transition to sustainable, healthy, and affordable food systems, promoting a climate change resilient food production sector and improvements in the food chain.

The total amount of the TEI “Green Recovery” in Honduras as updated in March 2023, was EUR 350,178,652, broken down as follows: EUR 155 million non reimbursable; the EUR 195 million credit lines were to be confirmed yet a by PROPARCO (EUR 100 million for green projects through private national banks and EUR 60 million through private sector for power plants); EUR 35 million from FONPRODE-AECID for rural development.

¹³ https://www.eeas.europa.eu/delegations/honduras/equipo-europa-honduras-2023_es

3.4 Risks and Lessons Learnt

| Category | Risks | Likelihood (High/ Medium/ Low) | Impact (High/ Medium/ Low) | Mitigating measures |
|--|--|---|-------------------------------------|---|
| Category 4- legality and regulation aspects | Lack of coordination at Government level due to political instability | Low | Medium | Set up an efficient and inclusive coordination mechanism |
| Category 3 People and organisational risks | Deficient and potentially conflictual public-private dialogue | Low | Medium | Coordination mechanisms and public-private dialogue platforms using also other resources from Support Measures and other EU facilities |
| Category 3 People and organisational risks | Conflicting interests of economic actors (in particular for El Tablón or Morolica dams) | Medium | Medium | Public-private and private-private dialogue platforms using also other resources from Support Measures and other EU facilities |
| Category 1 - Risks related to the external environment | The potential human and environmental impacts associated with the infrastructure | Medium | Medium | Support to address human rights concerns are part of the planned activities; permanent dialogue with Government and IFIs to evaluate the respect of human rights approach |
| Category 3 People and organisational risks | Vested interests of agencies managing national parks and cultural heritage sites | Low | Low | Ensure community participation across the projects |
| Category 1 - Risks related to the external environment | Adverse business environment (e.g. unpredictable tax policy and collection) | Low | Low | Public-private dialogue platforms using also other resources from Support Measures and other EU facilities |
| Category 2- planning, processes and systems | Deficiency of technical and operational skills on the local market. | Low | Low | Activate and use proper scouting services. Make attractive proposals |
| Category 3 People and organisational risks | Human Rights are not fully respected during the implementation phase, posing a threat to EU's reputation Limited engagement in favour of gender equality and the empowerment of | Medium | High | Beyond activities foreseen to ensure constant dialogue with all stakeholders, the EU should reserve the right to retire its support if serious threats to human rights are proved. The project will provide adequate resources to work with institutions and non-state actors on the importance of |

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|--|---|--|--|---|
| | women, and human rights-based approach, by the targeted institutions and non-state actors | | | integrating gender equality, and human rights-based approach, |
|--|---|--|--|---|

Lessons Learnt:

- ✓ Wide consultation with stakeholders disclosed that one of the major constraints for the success of such a complex action is the establishment of a sound, effective and comprehensive governance structure. Previous experiences in Honduras and elsewhere proved that to be sustainable such governance body must involve from the scratch all stakeholders and be accompanied/coached by skilled external experts. The TA team recruited under the present action can do this job and progressively pass hands to the appropriate national institution.
- ✓ In terms of implementation of funds and execution of activities, key Government institutions and agencies must be deeply involved, strengthened and motivated and their respective roles clearly identified, even if they are not the contractual counterpart.
- ✓ Local Government institutions play a fundamental role for the success of complex actions with a precise geographic and social objective: their involvement as individual institution or -better- associations and their role of facilitator of discussion between the parties on the ground, is of utmost importance.
- ✓ Participatory approach in environment projects proved to be a winning option.
- ✓ As clearly demonstrated in other projects funded by the EU in Honduras, Central America and other regions, it is possible and even proficuous converting “issues” such as contaminants, invasive species and waste from human productive activities into “opportunities” provided that we use innovative solutions adapted to the local reality.

3.5 The Intervention Logic

The underlying intervention logic for this action aims at enhancing the resilience and sustainability of ecosystems and communities in the Lake Yojoa basin and the Sula Valley (El Tablón), through proper investments in infrastructures, sustainable and inclusive practices, social and environmental safeguards, and active community participation (targeting low income population, women and youth).

Two main outcomes are identified in the Logical Framework as:

Outcome 1: Restored and protected the aquatic and terrestrial ecosystems of the Lake Yojoa basin through the implementation of economically, environmentally and socially sustainable and innovative practices and active participation of local communities.

whose activities are:

- Install and operate wastewater treatment systems.
- Implement proper waste management and pollution control measures.
- Reforest and restore degraded areas.
- Conduct educational and awareness programs for local communities.
- Strengthen the capacity of local institutions for resource management.

IF these activities are undertaken **AND** the assumptions hold true, **THEN** the following Outputs will be produced:

1. Water quality is improved through operational wastewater treatment systems.
2. Hectares of reforested and restored areas increase.
3. Local communities, in particular vulnerable groups, are more aware and engaged in sustainable management practices.
4. Local institutions have enhanced capacity to manage natural resources effectively.

Assumptions:

- Adequate funding and technical support are available.
- Local communities and institutions are willing to participate and cooperate.
- There is political and legal support for environmental initiatives.

IF these Outputs are delivered **AND** the assumptions at the level of Outputs hold true, **THEN** the Outcome will be realized:

- The aquatic and terrestrial ecosystems of the Lake Yojoa basin will be restored and protected leaving no one behind.

BECAUSE improved water quality, restored ecosystems, active community engagement, and strengthened governance have been observed in similar contexts to lead to better environmental and socio-economic outcomes.

Outcome 2: Supported the implementation of social and environmental safeguards in the flood control actions of multipurpose dams in the Sula Valley - El Tablón.

whose activities are:

- Establish governance and coordination mechanisms for flood control activities.
- Develop and implement social adaptation mechanisms, including community consultation and relocation if necessary.
- Plan and regulate water resource use and undertake reforestation and soil recovery activities.

IF these activities are undertaken **AND** the assumptions hold true, **THEN** the following Outputs will be produced:

1. Effective governance and coordination mechanisms are in place.
2. Equitable social adaptation measures are developed and implemented.
3. Sustainable water resource management and conservation plans are operational.

Assumptions:

- Stakeholders cooperate and coordinate effectively.
- There is community buy-in and participation in social adaptation measures.
- Adequate technical and financial resources are allocated.

IF these Outputs are delivered **AND** the assumptions at the level of Outputs hold true, **THEN** the Outcome will be realized:

- Social and environmental safeguards are effectively implemented in flood control actions.

BECAUSE equitable and well-coordinated governance, effective social adaptation mechanisms, and sustainable water management have been shown to mitigate the negative impacts of large-scale infrastructure projects and enhance community resilience.

3.6 Logical Framework Matrix

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

| | <u>Results chain (@):</u> | <u>Indicators (@):</u> | Baselines | Targets | Sources of data | Assumptions |
|------------------|---|--|------------------------------------|-------------------------------|---|--|
| Results | Main expected results (maximum 10) | (at least one indicator per expected result) | (values and years) | (values and years) | | |
| Impact | To contribute to the sustainable and inclusive (targeting low income population, women and youth) recovery of the Yojoa Lake Basin and the construction of multipurpose dams in the Sula valley (El Tablón), established as GGIA investment priorities in Honduras. | (Direct economic loss in relation to global GDP, damage to critical infrastructure and number of disruptions to basic services, attributed to disasters) | 1 tbd from CABEI feasibility study | 1 tbd | 1 tbd | <i>Not applicable</i> |
| | | (Proportion of the population living below the international poverty line by sex, age, employment status and geographic location (urban/rural)) | | | Encuesta Hogares de Usos Multiples (in geographic locations) | |
| | | * Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support. | | | Government of Honduras (Communication under UNCCC) Institute of Forestry | |
| Outcome 1 | Restored and protected the aquatic and terrestrial ecosystems of the Lake Yojoa basin through the implementation of economically, environmentally and socially sustainable and innovative practices and active participation of local communities. | 1.1 Water quality: (Number of people with access to improved drinking water source and/or sanitation facility with EU support) | 1.1 tbd | 1.1 tbd | 1.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention | Investment commitment is approved and put in place (sovereign loans with IFIs) |
| | | 1.2 (Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha)) | 1.2 tbd | 1.2 tbd | 1.2 Progress reports for the EU-funded intervention | |
| | | 1.3 Biodiversity: (Areas of terrestrial and freshwater ecosystems under sustainable management with EU support (Ha)) | 1.3 tbd | 1.3 tbd | 1.3 Baseline and endline surveys conducted and budgeted by the EU-funded intervention | Continuous availability of financial and technical support. |

| | | | | | | |
|---------------------------------------|---|---|-----------|-----------|---|---|
| | | 1.4 Socio-economic conditions: (Number of people directly benefiting from EU supported interventions that aim to reduce social and economic inequality) disaggregated at least by sex and age (GAP III) | 1.4 tbd | 1.4 tbd | 1.4 Monitoring reports | Stability and cooperation between duty bearers and right holders across different sectors |
| | | 1.5 *Number of business initiatives aimed at preserving and restoring the environment.* | 1.5 tbd | 1.5 tbd | 1.5 Monitoring reports | Positive markets expectations (agriculture prices, tourism, green businesses) refrain people to migrate |
| Outcome 2 | Supported the implementation of social and environmental safeguards in the flood control actions of multipurpose dams in the Sula valley - El Tablón | 2.1 (Number of people directly benefiting from EU supported interventions that aim to reduce social and economic inequality) disaggregated at least by sex and age (GAP III) | 2.1 tbd | 2.1 tbd | 2.1 Monitoring reports | Stability and cooperation between duty bearers and right holders across different sectors |
| | | 2.2. (Number of cities with climate change strategies: (a) developed with EU support) | 2.2 tbd | 2.2 tbd | 2.2 Text of strategies and policy documents | |
| Output 1 relating to Outcome 1 | 1.1 Water quality improvement: Water pollution reduced through proper waste management and control of pollution sources; | 1.1.1 Wastewater treatment annually: nutrient recapture (Nitrogen (N)); (Phosphorus (P)); (Potassium (K)) | 1.1.1 tbd | 1.1.1 tbd | 1.1.1 Progress reports for the EU-funded intervention | |
| Output 2 relating to Outcome 1 | 1.2 Ecosystem restoration: Degraded areas restored and critical ecosystems protected in the Lake Yojoa basin; | 1.2.1 Number of studies supported (technical, economic, environmental, gender) | 1.2.1 tbd | 1.2.1 tbd | 1.2.1 Progress reports for the EU-funded intervention | |
| | | 1.2.2 Number of biodiversity and ecosystem protection and restoration interventions in line with national, regional or local flood risk management strategies and plans at river basin scale developed with support of the EU-funded intervention | 1.2.2 tbd | 1.2.2 tbd | 1.2.2 Progress reports for the EU-funded intervention | |

| | | | | | | |
|---------------------------------------|--|--|-----------|-----------|---|--|
| | | 1.2.3 Number of hectares under afforestation/reforestation | 1.2.3 tbd | 1.2.3 tbd | 1.2.3 Progress reports for the EU-funded intervention | |
| | | 1.2.4 Number of smallholders adopting improved technologies and innovation (improved varieties/processing techniques etc.), disaggregated by location | 1.2.4 tbd | 1.2.4 tbd | 1.2.4 Progress reports for the EU-funded intervention | |
| Output 3 relating to Outcome 1 | 1.3 Community education and awareness: Awareness and participation of local communities in the conservation and sustainable management of the basin are increased; | 1.3.1 Number of people reached with EU-funded awareness raising campaigns, disaggregated by sex and age, income level, area of residence, disability | 1.3.1 tbd | 1.3.1 tbd | 1.3.1 Progress reports for the EU-funded intervention | |
| Output 4 relating to Outcome 1 | 1.4 Governance strengthening: Capacity of local institutions and further relevant stakeholders to effectively manage the natural resources of the basin improved; | 1.4.1 Number of Water Basin Management Plans or Monitoring Plans developed/improved with support of the EU-funded intervention | 1.4.1 tbd | 1.4.1 tbd | 1.4.1 Progress reports for the EU-funded intervention | |
| Output 1 relating to Outcome 2 | 2.1 “Governance”: Activities’ governance and coordination mechanisms are set-up and working; | 2.1.1 Number of water governance participative committees including women and people in vulnerable situations (such as ethnic minorities, indigenous people and people with disabilities) with support of the EU-funded intervention | 2.1.1 tbd | 2.1.1 tbd | 2.1.1 Committee Records | |
| Output 2 relating to Outcome 2 | 2.2 “Communities”: Free, preliminary, and informed consultation process is carried out and considered in the communities affected by infrastructure construction; | 2.2.1 All communities living in the area of the multipurpose dam received proper information on the impact of the dam and a mitigation & compensation mechanism is set up | 2.2.1 tbd | 2.2.1 tbd | 2.2.1 Progress reports for the EU-funded intervention | |

| | | | | | | |
|---|---|--|-----------|-----------|---|--|
| Output 3 relating to Outcome 2 | 2.3 “Environment”: Contribute to ensuring the perpetuity of water resources for consumption, energy production, and biodiversity, ensuring protection and conservation through the regulation of use and ecological planning of the watershed, including reforestation activities and soil and forest recovery. | 2.3.1 Number of cases of water pollution at the headwaters and recharge areas due to deforestation, over abstraction, degradation, fertilizers/pesticides, disaggregated by cause of pollution | 2.3.1 tbd | 2.3.1 tbd | 2.3.1 Progress reports for the EU-funded intervention | |
| | | 2.3.2 Number of people trained in environment preservation and water management by the EU-funded intervention who increased their knowledge and/or skills, disaggregated by sex and age, income level, disability, area of residence | 2.3.2 tbd | 2.3.2 tbd | 2.3.2 Training Reports | |
| | | 2.3.3 Number of hectares under afforestation/reforestation | 2.3.3 tbd | 2.3.3 tbd | 2.3.3 Official Statistics on forestry (FAO/Govt) | |

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

The Grant aims at accompanying the investments in large infrastructures foreseen in the GGIA extended programme, by providing all necessary “soft” and connective support. Major activities under the grant could be the facilitation of contacts, meetings and operation of the governance structure adopted by the action for the management of activities in the Lake Yojoa basin and El Tablón area; undertaking specific studies, instrumental for the design and execution of major infrastructure works, including suggestions and pilot tests on innovative solutions for addressing problems of water pollution, waste management, collection of invasive species and their conversion into marketable products; promotion of eco-friendly practices in agriculture, forestry, aquaculture, fisheries and livestock production (non-exclusive list).

A further fundamental activity relates to institutional capacity building of public authorities and civil society organisations with a view to mitigate and prevent conflicts and create positive conditions for the successful implementation of the action.

Under this grant, small mitigation infrastructure or complementary physical works can be envisaged, such as closure and “bonification” of inadequate landfills, pilot waste water treatment units, demonstrative solid waste management, reforestation accompanying works.

(b) Type of applicants targeted

Potential applicants are national and international civil society actors including local authorities, public bodies, international organisations, NGOs, economic operators, academia and groups of farmers/producers. Consortia including representatives from all sectors are encouraged.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.3 below.

4.3.2 Direct Management (Procurement)

Technical assistance will be contracted for supporting the achievements of outcomes 1 and 2 by providing:

- The coordination of the implementers of the 2 components of the action and their national counterparts;
- The technical advice and capacity building for the implementers, institutions and beneficiaries;
- The proper functioning of the governance structure at both actions (steering committee) and geographic (Lake Yojoa basin and El Tablón area) levels,
- The support to the EU Delegation in the monitoring, follow up and visibility in order to achieve the technical and administrative provisions of the Financing Agreement effectively.

4.3.3 Indirect Management with an entrusted entity

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Solid technical experience in environment management projects, including all facets of the issue: water, forests, agriculture, livestock, fisheries, communities development, local authorities and further relevant subjects.
- Proven experience in managing EU-funded projects;
- Availability of procedures for awarding direct grants to implementing partners;
- Able to mobilize a multidisciplinary team of experts related to targeted subjects on water basin management;
- Experience in working with the private sector and the civil society;
- Experience in providing support to private sector and to public institutions

The implementation by this entity could entail outcome 1 of the action.

4.3.4 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case the actions as described in section 4.3.1 (direct management/grants) and 4.3.2. (direct management/procurement) cannot be implemented through direct management due to circumstances outside of the Commission's control, then the relevant part of this action will be implemented through indirect management with a pillar assessed entity which will need to demonstrate the same criteria as above.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

| Indicative Budget components | EU contribution (amount in EUR) |
|---|------------------------------------|
| Implementation modalities – cf. section 3 | |
| Objective 1 composed of “Restore and protect the aquatic and terrestrial ecosystems of the Lake Yojoa basin ” | |
| Grants (direct management) – cf. section 4.3.1 or alternatively Indirect Management with an entrusted entity –cf section 4.3.3 | 11,000,000 |
| Procurement (direct management) – envelope under section 4.3.2 | 2,850,000 |
| Objective 2 composed of “Support the implementation of social and environmental safeguards in the flood control actions of multipurpose dams in the Sula valley - El Tablón ” | |
| Grants (direct management) – cf. section 4.3.1 | 6,000,000 |
| Procurement (direct management) – envelope under section 4.3.2 | 2,850,000 |
| Grants – total envelope under section 4.3.1 | 17,000,000 |
| Procurement – total envelope under section 4.3.2 | 5,700,000 |
| Evaluation – cf. section 5.2 | 300,000 |
| Audit – cf. section 5.3 | 100,000 |
| Contingencies | 400,000 |
| Totals | 23,500,000 |

4.6 Organisational Set-up and Responsibilities

The overall coordination of the programme will be done by the EU Delegation, in coordination with the Ministry of Environment and Natural Resources (Secretaría de Recursos Naturales y Ambiente - SERNA) in the case of Yojoa and the National Electricity Company/Ministry of Energy in the case of ‘El Tablón’.

A project Steering Committee (PSC) will be established to oversee and to provide overall guidance to the implementation of the action.

The PSC will comprise of at least representatives of the EU Delegation, SERNA (Yojoa), Ministry of Energy/ENEE (‘El Tablón’), public bodies involved in the programme (in particular the Ministry of Finance) and the implementing partners. Meetings of the PSC will be convened twice a year for each initiative, with the possibility to organise additional ad-hoc meetings whenever there is a need or a request. The TA team will assure the secretariat for the PSC.

A Technical Coordination mechanism (Programme Implementation Unit-PIU) will be set up at the beginning the programme with coordination meetings to be organised twice a year at least 3 weeks before the PSC, and on ad-hoc basis according to the needs. The PIU will be responsible for coaching, supporting and monitoring daily programme activities implemented by partners in the field. In the case of ‘El Tablón’, the technical assistance team will directly support the activities of the PIU.

A wider governance mechanism (Governance Body) covering the lake Yojoa basin will be promoted under the aegis of the Government¹⁴, while in the case of ‘El Tablón’ the PIU will explore the options of setting-up a basin-wide governance mechanism. The PSC will share their conclusions and recommendations regarding the action with the Governance Body for information. All donors and agencies/implementers operating in the Lake basin and ‘El Tablón’ basin might be associated to the activities of the Governance Body.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

4.7 Pre-conditions

The EU co-funded together with BCIE and KfW an assessment on the opportunity and options for the multipurpose dam in El Tablón as well as the sustainable recovery of the Yojoa Lake basin. Both studies experienced considerable delays though preliminary data have been shared and used for the formulation of the present Action Document. Once approved, the respective final reports will be used for adjusting features of the Action Document, if necessary.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner’s strategy, policy or reform action plan list (for budget support). Relevant indicators included in logical framework matrix shall be disaggregated at least by income. All monitoring and reporting shall assess how the action is taking into account inequality reduction.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

A monitoring system will be implemented from the beginning of the project with indicators disaggregated by gender and other relevant criteria. A mid-term and a final evaluation will be conducted to determine among others the extent to which the objectives have been achieved, to propose corrective measures and to identify lessons learned for future interventions.

¹⁴ Ideally the Governance Body should already exist and operate under HONDULAGO. Unfortunately, though clearly prescribed in the relevant law, HONDULAGO has never taken any action nor responsibility in coaching the governance process. If this situation persists, the present action will support SERNA and local authorities in setting up alternative, efficient and sustainable governance structure.

5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluations may be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to functioning of coordination mechanism, involvement of partners and stakeholders and development of key activities.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action is quite complex and involves many actors of different nature and with different interests. Moreover, innovative solutions might be undertaken, deserving a dedicated and deep assessment.

All evaluations shall assess to what extent the action is taking into account inequality reduction as well as how it impacts the most vulnerable (bottom 40% and socio-economically disadvantaged individuals). Expertise on inequality reduction will be ensured in the evaluation teams.

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities].

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented

by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

| | | |
|--|----------------------|---|
| Action level (i.e. Budget Support, blending) | | |
| <input type="checkbox"/> | Single action | Present action: all contracts in the present action |
| Group of actions level (i.e. top-up cases, different phases of a single programme) | | |
| <input type="checkbox"/> | Group of actions | Actions reference (CRIS#/OPSYS#): |
| Contract level | | |
| <input checked="" type="checkbox"/> | Single Contract 1 | To be defined |
| <input checked="" type="checkbox"/> | Single Contract 2 | To be defined |
| | (...) | |
| Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other) | | |
| <input type="checkbox"/> | Group of contracts 1 | |

