



SCF – Forest Investment Program (FIP)

**PROJECT TITLE: LOW-CARBON, CLIMATE-RESILIENT, AND INCLUSIVE DEVELOPMENT
IN EL CAJÓN AND LAKE YOJOA WATERSHEDS IN HONDURAS**

COUNTRY: HONDURAS

MDB: IDB

Cover Page for Project/Program Approval Request ^[a] Forest Investment Program			
Country/Region	Honduras	CIF Project ID#	Auto Generated by CCH
Type of CIF Investment:	<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		
Project/Program Title (same as in CCH)	Low-carbon, climate-resilient and inclusive development in El Cajón and Yojoa Lake watersheds in Honduras		
Sector/Focus/Pillar (Please select all that apply)	<input checked="" type="checkbox"/> Agriculture and Food Security <input checked="" type="checkbox"/> Agroforestry <input checked="" type="checkbox"/> Capacity Building / Institutional Strengthening and Governance Reform <input type="checkbox"/> Enabling Environment <input checked="" type="checkbox"/> Forest Monitoring / MRV <input checked="" type="checkbox"/> Indigenous Peoples / Local Communities <input checked="" type="checkbox"/> Landscape Approaches <input checked="" type="checkbox"/> Sustainable Forest Management <input type="checkbox"/> Other (_____)		
Project Lifetime (MDB Board/Management) approval to project closure)	April 2024-October 2029		
Is this a private sector program composed of sub-projects?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Financial Products, Terms and Amounts (same as CCH)			
	USD (million)	EUR (million) ^[b]	
PPG (Project Preparation Grant)	0.05		
Grant	1.4		
MDB Project Implementation and Supervision Services (MPIS) ¹	0.1		
Public sector loan – Senior loan	1.4		
First loss guarantee			
Second loss guarantee			
Equity			
Senior loan			
Senior loan in local currency hedged			
Senior loan in local currency unhedged (EXCEPTIONAL REQUEST)			
Subordinated debt/loan/ mezzanine instrument with income participation			

¹ MPIS - CIF Operational Modalities For New Strategic Programs [here](#)

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Subordinated debt/loan / mezzanine instrument with income participation local currency unhedged (EXCEPTIONAL REQUEST)		
Subordinated debt/loan /mezzanine instrument with convertible features		
'Convertible/contingent recovery' grant/loan/guarantee (loans convertible to grants or vice versa)		
Convertible Loans (convertible to equity only)		
For loans and guarantees – is this a revolving structure? ^[2] <input type="checkbox"/> Yes <input type="checkbox"/> No		
Specify local currency type here		
Other (please specify)		
Total	2.95	
Co-Financing		
	Please specify as appropriate	Amount (Million USD)
MDB 1	Estimated amount from ongoing IDB-financed projects in the intervention area	25
MDB 2 (if any)		
Government		
Private Sector		
Bilateral		
Others (please specify)		
Total Co-financing		25
Total Financing (Co-financing + CIF Funding)		27.95
Proportion of Total Financing for Adaptation	2%	
Proportion of Total Financing for Mitigation ^[e]	77%	Includes overlap with adaptation

2 With a revolving structure, after the loan or guarantee matures, instead of returning the funds to the Trustee, the funds are redeployed as a new loan or guarantee.

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CIF Financial Terms and Conditions Policy	Link Is this request in accordance with the CIF Financial Terms and Conditions Policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (if no, please specify detailed information under the justification section)
Justification (exceptional request) ^{[c][d]}	
Implementing MDB(s) <i>(please enter full name, job title and email address)</i>	
MDB Headquarters-Focal Point:	Gloria Visconti Climate Change Lead Specialist gloriav@iadb.org
MDB Task Team Leader (TTL)	Ana R. Rios Natural Resources and Climate Change Senior Specialist arios@iadb.org
National Implementing Agency <i>(please enter full name, job title and email address)</i>	
Country Focal Point/s	Yamileth Gonzales Director of Environment, ENEE yamilethenee@gmail.com
Brief Description of Project/Program (including objectives and expected outcomes) ^{[c][d]}	

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In Honduras, the El Cajón and Lake Yojoa watersheds are critical due to their contribution in terms of water resources, hydroelectric generation, livelihoods, and biodiversity. Despite their importance, these watersheds are undergoing a process of accelerated degradation, particularly due to the loss of forest cover and unsustainable production practices. This degradation is exacerbated by the impacts of climate change. To address this issue, the Government of the Republic of Honduras has requested IDB support to contribute to resilient, low-carbon, and inclusive development in these watersheds. This development requires a comprehensive approach that considers the nexus between forest cover, water security, and energy generation, as well as the needs of people and Micro, Small, and Medium-Sized Enterprises (MSMEs) in the area that depend on these natural resources. This innovative project is the first globally to utilize resources from two funding windows of the Strategic Climate Fund (FIP and PPCR) to simultaneously implement actions to improve climate resilience and reduce deforestation and forest degradation.

The overall objective of the project is to contribute to resilient, low-carbon and inclusive development in the El Cajon and Lake Yojoa watersheds. The specific objectives are: (i) to promote the adoption of Climate Smart (CS) and/or agroecological technologies and practices by Micro, Small, and Medium-Sized Enterprises (MSMEs); and (ii) to promote the adoption of forest cover and/or soil restoration technologies or practices by key stakeholders in the target area.

Consistency with investment criteria (please refer to design document)³[c][d]

This proposal will contribute to the project-level results of the Forest Investment Program (FIP) related to (i) reducing pressure on forest ecosystems, (ii) institutional and regulatory frameworks that support sustainable forest management and protect right of local communities (men and women) and Indigenous Peoples, (iii) empowering local and indigenous communities, and (iv) leveraging financing for forests. Additionally, this proposal is aligned with National Strategic instruments including the NDC, National Adaptation Plan, National Strategy for Decarbonization and Climate Resilience, Strategic Plan for the Yojoa Lake Watershed, and Conservation Plan for the Influence Area of the Yojoa Lake Watershed and Surroundings.

Social Inclusion and Stakeholder Engagement [c][d]

³ Link to FIP Design Document [here](#)

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The project contributes to: (i) social inclusion and equality by supporting MSMEs with non-reimbursable grants and technical assistance to improve their net profits and food security; (ii) gender equality, by allocating specific funds to support MSMEs led by women; and (iii) diversity, specifically indigenous peoples through support for indigenous producers that promote the adoption of culturally relevant technologies and practices.

The public consultation process took place in accordance with the Stakeholder Engagement Plan (SEP) on November 22 and 23, 2023, in Lake Yojoa and El Cajón. During these consultations, local stakeholders emphasized the significance of the project and expressed an interest in participating. Additionally, a Multisectoral and Interinstitutional Committee will be formed in which the required national and local entities will participate to ensure due technical and strategic coordination and complementarity in the development of activities. In fact, active participation of ENEE, SERNA, Secretariat of Agriculture and Livestock (SAG), National Institute of Forest Conservation (ICF), and Secretariat of Finance (SEFIN) contributed to the elaboration of the project.

Gender Considerations ^{[c][d]}

Gender Analysis

(Please insert the text from the project document on the analysis of gaps in access to services, markets, and jobs by women in relation to the project sectors)

Studies conducted in rural Honduras indicate that there are gender gaps in MSMEs. Female-led enterprises are more vulnerable to external shocks (Arias-Granada, 2022). It is also noted that companies led by women, compared to their male-led counterparts, have less access to technical assistance (21% vs. 33%), and the annual net profits of MSMEs led by women are equivalent to 33% of the average of those led by men (Romero and Zerón, 2021). Regarding technical assistance for women, there is a need for assistance focusing specifically on training for the adoption of new technologies and practices, including those for soil and water conservation, as well as value-added generation (Rios et al., 2023). Specifically, in the forestry sector, women’s participation is limited, with only 25% participating in forestry activities (nurseries, plantations, and forest protection) and around 30% as members of agroforestry cooperatives (FAO, 2023). Disparity in land titling and property size is also highlighted: only one in three land titles was granted to women between 2011-2020 (Ordóñez and Pacheco, 2020), with men holding larger plots (FAO, 2023).

Gender Activities

(Please insert the text describing gender-specific activities included in the project)

Technical assistance will support the definition and implementation of the solution to be implemented under a Forest Cover Plan and/or Soil Restoration Plan (FCSR), incorporating adjustments to address the profiles of women.

Development of a pilot proposal to address land use planning and/or land tenure with a gender perspective.

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<p>Gender Indicators (Please insert the text on selected gender specific indicators, including annual targets from the Project Log Frame that the project is committing to report on)</p>	<p>Areas with forest cover and soil restoration plans intervened with gender criteria and cultural relevance to indigenous peoples 2,601ha (By project closure)</p> <p>Pilot proposal, for relevant government entities, on land use and/or land tenure planning with a gender perspective (# proposal) 1 (By project closure)</p> <p>Strengthening plan for key entities linked to the implementation of nature-based solutions implemented with a gender focus and cultural relevance to indigenous peoples (# plan) 1 (By project closure)</p> <p>Communication strategy designed and implemented with a focus on gender and diversity and behavioral change 1 (By project closure)</p>
<p>Just Transition ^{[c][d]}</p>	
<p>Just Transition Analysis</p>	<p>N/A</p>
<p>Just Transition Activities</p>	<p>N/A</p>
<p>Just Transition Indicators</p>	<p>N/A</p>
<p>Expected Results (M&R)</p>	

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Project/Program Timeline	
Expected MDB Board Approval date ^[d]	April 2024
Expected project closure date ^[d]	October 2029
Expected lifetime of GHG results in years (including beyond project closure)	5 years
Category 1 FIP Reporting Themes	Project-Defined Indicators/Targets
<i>Please identify which of the indicators below are relevant to your project proposal, list the corresponding project-defined indicator(s), and report all targets, including disaggregated targets. (See the FIP Monitoring and Reporting Toolkit for additional guidance.)</i>	
FIP 1.1a: GHG emissions reduced/avoided or carbon sequestered (mt CO ₂ eq) <i>(Please specify the target by project closure + the lifetime target and its duration, e.g., 20 years, 25 years, etc.)</i>	
<i>By Project Closure</i>	6,247
<i>Cumulative Lifetime</i>	156,489 (20 years)
FIP 1.1b: Land area covered by sustainable forestry or land management practices (ha) <i>(Please specify whether this is reforestation/afforestation/REDD+ or another type of SLM intervention.)</i>	
<i>Reforestation</i>	831
<i>Afforestation</i>	460
<i>REDD+</i>	1,310
<i>Other SLM (please identify)</i>	
<i>TOTAL</i>	2,601 ⁴
FIP 1.2: Number of people receiving livelihood co-benefits (disaggregated by male/female and IPLCs). <i>Please also identify the type of livelihood co-benefits.</i>	
<i>Male</i>	
<i>Female</i>	
<i>Indigenous Peoples and Local Communities (if applicable; sub-disaggregate by male/female IPLCs if feasible)</i>	
<i>TOTAL</i>	
Category 2 FIP Reporting Themes	Project-Defined Indicators/Targets
<i>If the project addresses any of the following FIP Category 2 reporting themes, please identify at least one project-specific indicator and target relevant to that reporting area.</i>	

⁴ Distribution among categories will be defined in the implementation phase.

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FIP 2.1: Biodiversity and other environmental services	Water erosion rate in intervened areas without tree cover before the start of the project (Ton/ha per year) 30.3 (Initial - 2023) 27.8 (By project closure) Water infiltration rate in intervened areas (mm/ha per year) 151 (Initial - 2023) 164.6 (By project closure)
FIP 2.2: Governance	
FIP 2.3: Land tenure, rights, and access	Pilot proposal, for relevant government entities, on land use and/or land tenure planning with a gender perspective (# proposal) 1 (By project closure)
FIP 2.4: Capacity development	Strengthening plan for key entities linked to the implementation of nature-based solutions implemented with a gender focus and cultural relevance to indigenous peoples (# plan) 1 (By project closure)
<i>Please also submit the full project results framework to the CIF Secretariat upon MDB Board approval of the project.</i>	
Expected Date of MDB Approval	April 2024
Additional Details (to Members)	

Version: February 2024

Link to Documents Management – [here](#)

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CCH – [here](#)

CIF Website – [here](#)

CIF Pipeline Management and Cancellation Policy - [here](#)

CIF Financial Terms and Conditions Policy updated for FY24 - [here](#)

CIF Operational Modalities For New Strategic Programs - [here](#)

FIP Design Document [here](#)

FIP Monitoring and Reporting Toolkit [here](#)

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