Environmental and Social Analysis and Environmental and Social Management Framework

IDB Project “PROMOTING CLIMATE-RESILIENT FOREST RESTORATION AND SILVICULTURE FOR THE SUSTAINABILITY OF WATER-RELATED ECOSYSTEM SERVICES”

I. Background

In Honduras, the Inter-American Development Bank (IDB) funds and oversees the project “Sustainable Forest Management - SFM (HO-L1179)” through a US$25 million loan. The general purpose of the SFM is to recover and maintain ecosystem services of forests in priority basins affected by the pine-bark beetle plague. It includes 3 components: Sustainable Forest Management and Agroforestry, Technological Improvement for Adaptation to Climate Change, and Improvement of the Climate Change and Risk Management Governance. This project is intended to leverage additional resources to broaden the restoration to other areas within (and potentially outside) such identified prioritized basins: The HO-L1179 operation covers 35,000 Ha., and with the resources of this Project, it is expected to reach 269,602 Ha. (including restoration and sustainable forest management). 82,235 Ha will be restored, from which 52,235 Ha correspond to pine forests affected by the pine-bark beetle and 30,000 Ha through the adoption of agroforestry systems - AS - in forest vocation areas. In addition, Adaptive Forest Management practices will be fostered in 187,367 Ha.

As part of the SFM project preparation, in September 2016, IDB developed an Environmental and Social Analysis (ESA), along with its corresponding Environmental and Social Management Plan (ESMP) focused on the following matters: (i) natural disaster risks, (ii) participation of community and other key actors in the operation execution, (iii) equitable and inclusive mechanism of forest incentives, (iv) biodiversity protection and use of native species for reforestation activities, and (v) institutional capacity analysis for related environmental and social risk management. The ESA and ESMP are available in the Bank webpage.

The ESA development implied gathering and analyzing primary (through field works) and secondary socio-environmental information from the 29 intervention basins. The ESA presents the socio-environmental context of the intervention scope and the main environmental and social impacts expected from the operation activities. In turn, the ESMP proposes mitigation measures necessary to prevent or reduce impacts identified in the ESA. Additionally, a series of programs are proposed, aimed at achieving a better relation among the project and the involved populations, prevention and risk management of natural disasters to avoid work contingencies in forestry activities.

Both documents have been taken as main input for the development of the Environmental and Social Analysis (ESA) and the Environmental and Social Management Framework (ESMF). The main purpose of the ESA is identifying potential environmental and social impacts and risks for the Project activities. The purpose of the ESMF, on the other hand, is to propose an environmental and social framework with management tools, requirements, and guidelines to be used for the socio-environmental management of activities to be developed during the execution of the Project.

The development of socio-environmental assessments and their corresponding management plans is part of the IDB standard process to prepare loan operations (complying with the IDB OP-703 policy and others applicable). This ESA and ESMF will be complemented during such stage to ensure compliance with the applicable Bank policies (Section 5.2).

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1 Approved on December 14, 2016 by the IDB Board of Governors and ratified by the Congress of the Republic through the Decree 50-2017, published in the official journal on August 7, 2017.
2 http://www.iadb.org/es/proyectos/project-information-page,1303.html?id=HO-L1179
II. Objectives of the ESA and ESMF

This Environmental and Social Analysis (ESA) and Environmental and Social Management Framework (ESMF) present the general context of the Project, its expected impacts and risks, the required mitigation measures as well as the capacity, roles and responsibilities, appraisal and supervision processes and resources available to manage the risks of the institutions involved. The ESMF, specifically, is a safeguard instrument that describes how the environmental and social impacts and risks of the Project will be managed and supervised when funding from GCF is accessed.

The ESA presents broad description and overview of the environmental and social contexts relevant to the Project and the likely environmental and social risks and impacts including national policies and institutional arrangements. It also identifies applicable national regulations and policies and provides an overview of the environmental and social context for the country. The ESMF, on the other hand, proposes an environmental and social framework, with management tools, requirements, and guidelines to be used as guide for the socio-environmental activities to be developed during the execution. The ESMF also describes and establishes a methodological approach (workflow) to managing environmental and social risks and impacts in a structured way, on a continuous basis. An overview of institutional arrangements for managing the Project and the management procedures is also provided. The ESMF identifies applicable national regulations and policies and provides an overview of the environmental and social context for the country.

The purpose of the ESA and ESMF is to:

- Guide the executing entity, local financial institutions, and other involved agencies on how to screen, scope, assess and manage environmental and social safeguard issues that arise during implementation;
- Identify the roles and responsibilities related to environmental and social management of the Project and involved agencies including identification on any capacity building requirements; and
- Present broad description and overview of the environmental and social contexts relevant to the Project and the likely environmental and social risks and impacts including national policies and institutional arrangements.

IDB will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and Bank’s policies and procedures with regards to the Project.

The ESA and ESMF follow the standards of IDB’s Environmental and Safeguards Compliance Policy (OP-703), those of other relevant IDB safeguards policies (see below) and, when relevant, sector guidelines of the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and World Bank Group (WBG) Environmental, Health and Safety (EHS) Guidelines.

III. Project Description and Objectives

3.1. Objectives

The project target is to improve the resilience of the coniferous forest by implementing adaptive forest management actions in critical water supply areas, with a paradigm shift in the forest management, creating governance and financial sustainability conditions that enable shifting from a reactive model to a preventive one.

3.2. Intervention Scope

The Project intervention area is comprised by 29 prioritized critical sub-basins identified as the ones that will be more affected by climate change in terms of water availability in the coming years. These were selected taking in consideration that (i) in these, a zero or negative water balance during the low water season in 2025 is forecasted; (ii) they are considered for the future water supply for the Capital City of Honduras; and/or (iii) they surround El Cajón dam, which provides around 25% of the electrical power consumed by Honduras.
The 29 prioritized sub-basins comprise the departments of Choluteca, Comayagua, El Paraíso, and Olancho, covering a total of 52 municipalities (see Map 01).

Map 01. Priority intervention municipalities, departments, and sub-basins

3.3. Project Components

The Project shall be executed via three components:

Component 1. Forest cover restoration in prioritized areas to improve forest resilience to climate change.

This component considers the implementation of forest activities within the Management Plan of prioritized hydrographic basins, as well as the establishment of agroforestry systems (AS) addressed to improve forest resilience towards climate change and to maintain the ecosystem service supply (erosion control and water regulation) in critical zones of such basins.

1.a. Restoration of forests more resilient to Climate Change

This activity aims at forest restoration in areas degraded by the recent pine-bark beetle plague by applying forest management practices (thinning, fire control, and diversification of the coniferous forest) so these may be more resilient to climate change. These forests may be recovered in a much shorter period than they would be if they lack management. At the same time, they would have a structure (density, combination of species in transitional territories) that will make them more resilient to climate change.

Financing: Financing granted by IDB’s sovereign guarantee loan will cover the restoration of 34,571 Ha of public forests and 7,000 Ha of private forests affected by the beetle. The restoration of another 10,664 Ha in private management forests will be financed by the sovereign guarantee loan granted by the GCF. This ensures achieving forest restoration of a total of 52,235 Ha (100% of the area affected by the pine-bark plague in water supply areas in prioritized basins).
Adaptive management activities (thinning, fire control) required beyond the period of funding requested will be financed through Local Watershed Management Funds. Their creation and management are described in Component 3.

1.b. Forest cover restoration through AS for adaptation to Climate Change

Under a resilient landscape approach, AS implementation will be co-financed for 30,000 Ha located in the forest vocation zones adjacent to pine forests used for agriculture and livestock activities before the recent pine-bark beetle plague. This will allow increasing the forest cover within the prioritized basins and reducing pressure regarding land use change. This approach will allow developing experiences for policy harmonization in a territory by combining actions fostered by the Agriculture Secretariat and the Institute for Forest Conservation.

To avoid inducing land use change, this modality will be applied in areas lacking forest cover before the pine-bark beetle plague and according to the land use capacity. Agroforestry systems will allow incorporating the forest component, improving agricultural plots’ infiltration capacity to provide forest products and by-products to rural families and ecosystem services for the population downstream. Agroforestry arrangements ad-hoc for the conditions in each site will be developed. This model is based on successful IDB experiences in the region, such as the PAGRICC project case in Nicaragua where direct support is provided to low-income producers to encourage the adoption of AS. Conditions of access for potential beneficiaries of this component are described in the annex section.

Financing: This sub-component will be funded through a sovereign guarantee loan granted by the GCF.

Component 2. Strengthening ICF capacities to promote forests more resilient to CC. This includes:

- Strengthening ICF’s Forest Health Department which includes establishing an early alert system for forest plagues and a permanent entomology-phytopathology laboratory at Universities as support to ICF.
- Research and the creation of a germplasm bank for agroforestry species resilient to CC. Such species will be used to promote adaptive transformation of the coniferous forest.
- Strengthening ICF’s agricultural extension service
- Development of a certification course on forest health with a climate change adaptation approach.

Financing: IDB Loan

Component 3. Governance and financial sustainability to increase forest resilience to CC.

This component supports the Government of Honduras through investments addressed to:

- Development of enabling conditions decentralization of forest management aimed at water production. This activity includes: (i) set up of 200 Water Management Boards (WMB), with their legal capacities updated and approved, (ii) makeup of 10 basin committees, (iii) training of the 200 WMBs and 53 municipalities (including the municipality of Tegucigalpa) on funds management and SFM, (iv) development of legal bases (including regulations, governance mechanisms, and opening of bank accounts) for the establishment of a Water Fund for local watershed management (including the City of Tegucigalpa, El Cajón and Coyolar dams), (v) basin management plans developed and approved by ICF and municipalities to establish priority activities for the conservation and management of forest resources, (vi) updating of the forest cadastre and definition of rights for forest management in intervention areas, and (vii) approval of a national forest incentives mechanism. Based on incentives established by the Forest Law, an analysis will be carried out in order to identify which are cost-benefit incentives regarding contribution to the forest management and conservation aimed at water production and such incentive will be executed by the ICF and SEFIN through the development of a national incentive fund that will replenish local funds.
Implementing a system of payments for ecosystem services. It will include the incorporation of payments for the basin management in the water payment fees in the City of Tegucigalpa, energy company, WMBs, and Coyolar dam (private funds), to complement public funds set aside for forest management (fund for forest incentives), as well as resources granted by local actors (water boards). Such funds will be used to finance preventive adaptive forest management activities in the non-infested forest (thinning, fire control, enrichment with new species, and other activities considered within the management plans) to improve forest resilience to climate change. It is proposed that the Water Fund be progressively replenished by central government funds, climate financing resources, and payments for basin management included in the service fees (private funds). This will be carried out by means of a performance grant mechanism through which contributions to funds aimed at activities for the sustainability of restoration activities, SFM, and AS foreseen in Component 1 will be carried out based on the compliance with milestones defined as enabling conditions for the decentralization and contributions provided by different sources.

Financing: AGROLAC funds; GCF traditional grant for capacity building; GCF Performance Grant funds

Development of a coordination mechanism for the access to and implementation of climate financing resources for SFM. It is proposed to design and develop an inter-ministry coordination mechanism to foster access to and implementation of financing resources for the SFM. This mechanism pursues the creation of a scheme that complies with climate fund requirements and that increases GoH capacities to leverage funding to handle problems arising from climate change.

Financing: IDB Loan

3.4. Beneficiaries
Approximately 1,796,286 individuals live within the influence area (according to data from Census 2001) who will indirectly benefit from the recovery of the ecosystem service of water regulation of forests.

It is expected that 27,000 homes receive direct support through the Project for adaptive forest management and that 2.5 million people in the central zone of Honduras have a greater water security during the dry season and increase their resilience to climate change.

Given that the Incentive Project is voluntary, the precise structure of the beneficiaries will be defined during the execution. The following will have access to incentives: (1) social organizations, including rural communities organized as associations, agroforestry cooperatives, water boards, or co-manager of protected areas, with right to usufruct and those who have a management plan; y (2) private owners with titles and a management or protection plan.

In recent years, the ICF has made an effort to regularize the forests to the ethnic groups that inhabit them. In the context of the SMF operation, the presence of indigenous peoples within the intervention area (29 watersheds) was analyzed. As a result, 45 forest areas that have been given as a concession to ethnic groups were identified, 38 through management plans, and 7 through forest management contracts; but none coincided with the project area. In addition, the ICF was consulted and no ethnic groups were identified in the intervention area of the Project. Nonetheless, a map of indigenous territories produced by the IUCN show that some of the areas of intervention overlap with territories of 2 ethnic groups (Lenca and Tolupan). During the preparation phase of this operation, the presence/absence of indigenous populations within the project intervention area will be confirmed. If the existence of indigenous population in the intervention area is determined, the studies and plans necessary to comply with the Bank's applicable safeguards will be carried out (e.g., Socio-cultural Analysis, Indigenous Peoples Action Plan, etc.). Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, aimed at complying with the Bank's policies.
This framework will include specific management procedures in case areas present indigenous territories are identified.

IV. Environmental and Social Risk Category

Based on IDB’s Directive B.3 of the Environment and Safeguards Compliance Policy (OP-703), through which operations are pre-assessed and classified according to potential environmental and social risks, and using the Project’s preliminary available information, it is expected that this Project will be classified as “Category B”\(^3\). According to the valid regulation system in Honduras, the Project would be within “Category 1”\(^4\), since its potential environmental impacts or risks are classified as very low; therefore, these are not subject to the environmental impact assessment procedure.

The associated environmental and social risks and impacts are expected to be small-scale, reversible, and readily mitigated using accepted and available measures and practices. The Project will exclude activities that (i) could have significant adverse environmental and social impacts (Category A); (ii) involve involuntary resettlement of people, (ii) have a potentially adverse impact on communities and/or indigenous populations, and/or (iii) involve conversion or degradation of critical natural habitats or cultural sites; and (iv) have potentially adverse transboundary impacts (see Exclusion List on Appendix 1.).

A more detailed analysis of the Project categorization is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan. The identification and characterization of the associated negative environmental and social impacts will be reviewed as the operation design progresses and as more details are obtained on the activities to be carried out.

V. Policy and Legal Framework

5.1. National policies and multilateral agreements

The Project shall comply with national, provincial and municipal applicable laws and all their requirements. In accordance with the environmental and social due diligence process described in the ESMF, applicable laws, their requirements and authorities with competent jurisdiction for each component (mainly at provincial level), shall be identified and specified by the Project proponent at the screening and scoping stage and further detailed during the assessment.

The table below summarizes the current principal environmental laws in Honduras and the specific laws and multilateral agreements on climate change and forestry relevant to the Project:

<table>
<thead>
<tr>
<th>LEGISLATION</th>
<th>PROGRAMME BOUND MANDATE</th>
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</thead>
<tbody>
<tr>
<td>Constitution of the Republic</td>
<td>The State of Honduras has the purpose to guarantee the development and wellbeing of its inhabitats, and the National Human Rights</td>
</tr>
</tbody>
</table>

\(^3\) Category B operations, according to IDB Policy OP-703, are likely to cause mostly local and short-term negative environmental and associated social and cultural impacts and for which effective mitigation measures are readily available. The magnitude/intensity of Category B projects are moderate in terms of direct, indirect, regional and cumulative impacts and standard procedures, know-how, and skills for the design of the mitigation measures are readily available and implementable

\(^4\) Category 1 corresponds the national categorization of projects, works or activities considered to be of Low Potential Environmental Impact or Low Environmental Risk.
<table>
<thead>
<tr>
<th>Law Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>Commissioner (CONADEH)</td>
<td>The protection, conservation, restoration, and sustainable management of the environment and natural resources are of public and social interest. The Central Government and Municipalities are accountable for fostering a rational use and sustainable management of such resources, in order to enable their preservation and economic exploitation. In addition, the Environmental Sector Steering Committee is created, assigning the ICF and the National System of Environment Impact Assessment as part of the sector. According to the valid regulation for this system, the Project would be within Category 1, since its potential environmental impacts or risks are classified as very low; therefore, these are not subject to the environmental impact assessment procedure.</td>
</tr>
<tr>
<td>General Environmental Law</td>
<td>It holds the ICF accountable for the management of forest resources, protected areas, and wildlife, including their protection, restoration, exploitation, conservation, and fostering, encouraging the sustainable development according to the social, economic, environmental, and cultural interests of the country. The Forestry Sector Steering Committee is created, granting the mandate to the ICF as the sector steering authority to coordinate actions with all the agencies that form it. The status of the agroforestry cooperatives is defined, and it is determined that ethnic groups may manage national forests through agreements and management plans.</td>
</tr>
<tr>
<td>Law to Streamline Public Administration, Improve Services to Citizenship and Strengthen Government Transparency</td>
<td>It pursues the reform of the Law of Public Administration, Law of the Procedural Administrative, and other related laws, so the Executive Branch may be more efficient and effective in the decision-making. It recognizes the right that indigenous and Afro-Honduran populations have on forest areas, factor not affecting the Project, since these groups are not within the influence area.</td>
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<tr>
<td>Climate Change Law</td>
<td>It establishes the necessary principles and regulations to plan, prevent and respond to impacts caused by climate change in the country, in an appropriate, coordinated and sustained manner.</td>
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<tr>
<td>National Risk Management System Law</td>
<td>It defines the instruments useful to assess risks in the intervention areas.</td>
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<tr>
<td><strong>Municipalities Act</strong></td>
<td>The Municipality is the Government entity in charge of achieving inhabitants’ wellbeing, fostering their comprehensive development, and preserving the environment, with authority granted by the Republic Constitution and other laws.</td>
</tr>
<tr>
<td><strong>Land-Use Planning Act</strong></td>
<td>It states that the land-use planning is established in a State policy incorporated to the national planning and fosters the comprehensive, strategic, and efficient management of the Nation resources.</td>
</tr>
<tr>
<td><strong>Transparency and Access to Information Law</strong></td>
<td>It guarantees that citizens may exercise their right to participate in the management of public matters.</td>
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<tr>
<td><strong>General Water Law</strong></td>
<td>It establishes principles and regulations applicable to the proper management of the water resource for its protection, preservation, valuation and exploitation to foster the comprehensive management of such resource nationwide.</td>
</tr>
<tr>
<td><strong>Water and Sanitation Sector framework Law</strong></td>
<td>It defines the role of Water Councils as accountable of the water system management, including the management of water-supply basins.</td>
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**MULTILATERAL AGREEMENTS**

| **Agreement on Biological Diversity** | It guarantees the conservation of the biological diversity and the sustainable use of its components. Likewise, it fosters the fair and equal sharing of benefits arising from the use of genetic resources. |
| **Convention on International Trade of Endangered Species of Wild Fauna and Flora** | It sets a list of endangered species for which international trade is either prohibited or subject to permissions in order to prevent illegal trade and overexploitation. |
| **Convention on the Conservation of Migratory Species of Wild Animals** | It requires parties to protect endangered migratory species and to intend formalizing international agreements for the conservation of vulnerable species not yet endangered. |
| **United Nations Framework Convention on Climate Change (UNFCCC)** | It is intended to stabilize the concentration of greenhouse effect gases in the atmosphere at such level to prevent the hazardous anthropogenic interferences with the climate system. |
| **VPA-FLEGT Process** | Honduras negotiates the FLEGT mechanism with the European Union and seeks improving the governance on the exploitation, transformation, and trade of wood and forest by-products in order to guarantee the sustainable and legal wood production through an agreement (VPA). |

5.2. **IDB applicable policies**

At the Project level, relevant IDB environmental and social safeguards standards will be contractually required in accordance with IDB policies and procedures, the AMA and/or such other related arrangements. As assessed during
the accreditation process to the GCF, IDB environmental and social safeguards are fully consistent with the interim GCF standards.

The Project is expected to comply with the applicable policies and practices of IDB as the entity accredited by the GCF to have the management systems in place to manage environmental and social risks and impacts that may arise from activities financed by the GCF. These include the IDB Environment and Safeguards Compliance Policy (OP-703); Natural Disaster Risk Management Policy (OP-704); Access to Information (OP-102); Operational Policy on Gender Equality in Development (OP-761); Indigenous Peoples Policy (OP-765); and sector guidance documents.

The key requirements for the IDB Operational Policy on Indigenous Peoples (OP-765) that are relevant to this project are as follows:

- The Bank will seek to support the initiatives of governments and indigenous peoples designed to promote indigenous social, economic, political and organizational development through socio-culturally appropriate activities and operations and innovative mechanisms. To be considered by the Bank, these operations specifically targeting indigenous beneficiaries must have the respective country’s support or non-objection and be based on socio-culturally appropriate processes of consultation with indigenous peoples concerned. The consultations will be carried out in a manner appropriate to the circumstances, with a view to reaching agreement or obtaining consent.

- In its efforts to facilitate dialogue and support the mainstreaming of indigenous issues, the Bank will seek to address the various facets of development with identity, as far as feasible and appropriate. Of particular importance is the development of specific initiatives to implement socio-culturally appropriate project alternatives for better access by indigenous peoples to labour, production, and financial markets, technical assistance and information technology; and support for the participation and leadership by and protection of women, the elderly, youth and children and for the promotion of equal rights.

- The Bank will take into account respect for the rights of indigenous peoples and individuals as established in the applicable legal norms according to their relevance to Bank operations.

- The Bank will conduct its operations in a way that prevents or mitigates direct or indirect adverse impacts on indigenous peoples or their individual and collective rights or assets.

The policy on Involuntary Resettlement OP-710 is not applicable since the Project is not foreseen to cause physical displacement.

The following table shows the policies applicable to the Project and the minimal preliminary measures proposed to ensure their compliance. A more detailed analysis of the Project applicable policies and measures to assure compliance is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan.

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5 The guidelines below are specifically taking into consideration preliminary: B.1 Bank Policies; B.2 National Legislation and Regulations; B.3 Pre-assessment and Classification; B.4 Other Risk Factors; B.5 Requirements for Environmental Assessment; B.6 Queries; B.7 Monitoring and Compliance; B.9 Natural habitats and cultural sites; B.10. Hazardous Materials; B.11. Pollution Prevention; and B.17 Procurement.
<table>
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<tr>
<th>ID</th>
<th>Policy</th>
<th>Contents</th>
<th>Compliance requirements</th>
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<tbody>
<tr>
<td>1</td>
<td>OP-102</td>
<td>Access to Information</td>
<td>The Bank will publish the Environmental and Social Assessment (EIA) and the Environmental and Social Management Framework (ESMF) in its web site prior to present the Project to the Board of Governors.</td>
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| 2  | OP-761  | Gender equality in the development            | • The Project takes into account social promotion activities as part of the technical assistance activities with Water Boards and Agroforestry Cooperatives that will contribute to gender equality, through the promotion of equity in the boards of directors of the organizations and the increase of women’s participation in restoration activities.  
• In addition, socio-economic data of participating families in the Project will be broken down by sex.  
• The mechanism of incentive payments for forest management will include specific measures to ensure an equal participation of males and females in the decision-making spaces of social beneficiary organizations and in employments related to restoration activities.  
• The Stakeholder Engagement Plan will include guidelines to foster a full and equal participation of males and females in consultation processes. |
| 3  | OP-704  | Risk Management for Natural Disasters         | • Honduras, and specifically areas foreseen for the project implementation, are vulnerable to natural disasters, especially droughts, landslides, and floods.  
• As part of the ESMF, general measures are included to mitigate the risk of natural disasters in the Project influence area, as well as a Fire Control and Management Plan, using methodologies developed by the Permanent Commission on Contingencies (COPECO). |
<p>| 4  | OP-765  | Indigenous Peoples                            | According to IUCN information, the project’s area of influence overlaps 2 indigenous territories. The presence/absence of indigenous population within the intervention area will be confirmed during the preparation stage of the financing operation and, according to the results, a socio-economic analysis will be carried out in order to identify potential differentiated impacts on indigenous populations and to propose the necessary mitigation measures. Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, aimed at complying with the Bank’s policies. This framework will |</p>
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<tr>
<td>5</td>
<td>OP-703</td>
<td>Compliance with IDB policies</td>
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<td></td>
<td>B.01</td>
<td>The various Bank policies applicable to this Project will be complied with, as detailed in the corresponding Operating Rules and the Bank’s internal preparation documents.</td>
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<tr>
<td>6</td>
<td>B.02</td>
<td>Compliance with the country’s environmental regulations and legislation and actions established in the agreement</td>
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<td></td>
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<td>• The Project will be executed according to the Honduran law and environmental and social regulation requirements, as well as to the IDB policies. If there is any discrepancy between the national and the IDB requirements, the strictest will be applied.</td>
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<td></td>
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<td>• For the type of interventions foreseen in the Project, the Honduran legislation require neither public consultation, nor environmental study, or environmental management plan.</td>
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<tr>
<td>7</td>
<td>B.03</td>
<td>Pre-assessment and classification of the operations according to their potential environmental impacts</td>
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<td>Based on the Project’s preliminary available information, it is expected that this Project will be classified as Category B. The environmental and social risks and impacts are expected to be small-scale, reversible, and readily mitigated using accepted and available measures and practices.</td>
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<td></td>
<td>A more detailed analysis of the Project categorization is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan.</td>
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<tr>
<td>8</td>
<td>B.04</td>
<td>Other risks: Management capacity of the executing agency, of the agency responsible of the technical assistance, and other actors</td>
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<td>As part of the Project, Component 2, the ICF will be supported to strengthen their management capacities for the prevention and early response to plague attacks. This component includes: (i) Strengthening the ICF Forest Health Department, including the implementation of an early alert system for forest plagues, and of a permanent entomology-phytopathology laboratory at Universities as support to the ICF; (ii) Research and the creation of a germplasm bank of agroforestry species resilient to CC. Such species will be used to promote adaptive transformation of the coniferous forest; (iii) Development of a certification course on forest health with a climate change adaptation approach.</td>
</tr>
<tr>
<td>9</td>
<td>B.05</td>
<td>Environmental assessment requirements according to risk classification</td>
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</table>
|   |   | According to the national legislation: Resolution N.° 1714-2010 of the Secretariat of Environment and Natural Resources defines an Environmental Categorization Table intended to identify activities, constructions or projects subject to an environmental assessment process. Given that the Project is focused on the restoration of the impact caused by the pine bark beetle, actions foreseen are considered as Very Low
Environmental Impact or Very Low Risk; therefore, these are not subject to the environmental impact assessment procedure.

**According to IDB policies:** As this is considered a Category “B” Project, it was deemed necessary to have an Environmental and Social Analysis (ESA) and an Environmental and Social Management Framework (ESMF). These have been created using as input the socio-environmental documents developed during the preparation stage of the SFM operation and will be delved into and complemented according to IDB requirements, during the preparation stage of this operation. Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, aimed at complying with the Bank's policies.

The following activities will be developed:

- Review and update, as necessary, the national policies and regulations section applicable to the Program.
- Reinforce the social baseline of the intervention area.
- Strengthen the environmental baseline with information on the presence of flora and fauna species in danger of extension / endemic and habitats and sensitive / priority ecosystems in the intervention areas.
- Review and update the identification and characterization of socio-environmental impacts of the EAS, distinguishing between direct, indirect and cumulative impacts, using an appropriate specific methodology (e.g., RIAM matrix). Take special consideration of the following potential impacts: impacts on sensitive fauna and flora species, use of hazardous materials, and contamination by the use of agrochemicals and hydrocarbons.
- Develop a management framework that details the procedure to be followed in the case of identifying new areas of intervention during the execution stage of the Project, aimed at complying with the Bank’s policies. This framework should include management procedures in case said areas present indigenous communities, in compliance with the guidelines of policy OP-765 and national legislation.
- Develop a Response Plan for Natural Disasters in line with policy OP-704 and the guidelines established by the Permanent Contingency Commission (COPECO).
- Design a Monitoring Plan for Deforestation and Early Warning, with emphasis on protected areas, through satellite images (using information that is already available).
- Update of the Program Monitoring Plan.
- Review, validate and update the budget and schedule of the management and monitoring measures proposed in the ESMF.

| 10 | B.06 | Public Consultation | As part of the SFM, four public consultation events were held in August 2016, with population potentially affected by related activities and other key actors. A total of 126 individuals, 29 women, took part.

- Campamento, Department of Olancho 08/30/20. 37 individuals.
- Guaimaca, Department of Francisco Morazán 08/30/2016. 25 individuals.
- Dani, Department of El Paraíso 08/31/2016. 30 individuals.
- Siguatepeque, Department of Comayagua 09/01/2016. 25 individuals.

Likewise, five events on socialization of the Project were held in May 2018; one in Tegucigalpa, three in the Department of Comayagua and one in the Department of Francisco Morazán. A total of 423 people participated (154 females), including the participation of government officers, executing agency, communities, municipalities, hydroelectrical administrators, electric company and irrigation users to understand investment challenges, to define the relevance of seeking GCF support and the relevant financial instruments and technical cooperation activities and to fine-tune the Project design.

In order to comply with the B6 guidelines of the OP-703, prior to submitting the Project to the IDB Board of Governors, three additional consultation events were carried out in the departments of Olancho, El Paraíso, and Choluteca.

Additionally, during this Project execution and pursuant to the ESMF Stakeholder Engagement Plan, the social and environmental mitigation measures will be disseminated to the affected parties. Keeping an ongoing interaction with the interested and affected parties contributes to improve the design, fosters a better understanding on the operation, and increases the probabilities of success and sustainability.

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6 As of May 2018, there has been initial contact with hydroelectric companies who manage “El Coyolar” and “El Cajon” dams.
7 There has also been initial contact with the ENEE (Empresa Nacional de Energía Eléctrica).
8 Both the hydroelectric companies and ENEE will provide letters where they manifest their interest to participate in the project.
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<td><strong>11</strong></td>
<td><strong>B.07</strong></td>
<td>Monitoring and compliance</td>
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| **12** | **B.09** | Natural habitats and cultural sites | • Within the Project influence area there are 23 declared Protected Areas, including 3 water-production zones, 7 biological reserves, 1 cultural monument, 5 national parks, 2 wildlife refuges, 1 national forest, 2 multiple-use areas, 1 anthropological reserve, and 1 resource reserve.  
• There are also recognized areas of international biological importance, including 1 Key Biodiversity Area (KBA) and Alliance for Zero Extinction (AZE) area: Cerro Cantagallo.  
• No impact is foreseen in these areas, since only restoration actions with community workforce will be carried out. The removal of dead wood will be carried out with oxen and no new roads will be opened in order to reduce the restoration activities impact.  
• The Project will only use native species to prevent introducing invasive species that may affect the biodiversity.  
• The reforestation of protected areas will comply with the regulations of actions allowed in these areas.  
• AF activities will be applied in areas lacking forest cover before the pine-bark beetle plague and according to the land use capacity, in order to avoid land use change.  
• During the preparation phase of this Project, a detailed assessment will be carried out on potential endangered and/or endemic flora and fauna species within the Project influence area for the due mitigation of potential impacts in line with IDB policies. |
| **B.10** | Hazardous Materials | • The ESMF has a Work Safety and Health Plan that regulates the use of hazardous materials in intervention forests, including agrochemicals and hydrocarbons.  
• The use of agrochemicals or other hazardous materials is not expected in the project activities. However, if deemed necessary, during the preparation stage of the loan operation, guidelines for adequately handling other hazardous materials (mainly agrochemicals and hydrocarbons) will be included as part of the MGAS.  
• The use of pesticides, if necessary, will be restricted only to products permitted under the IDB's policies and applicable international standards |
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<th>B.11</th>
<th>Pollution Prevention and Reduction</th>
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<td>• The use of agrochemicals or other materials that could generate environmental contamination, is not expected as part of the project activities. However, if deemed necessary, during the preparation stage of the loan operation, guidelines to prevent and reduce pollution resulting from the use of hazardous materials (mainly agrochemicals and hydrocarbons) will be included as part of the MGAS.</td>
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<td>• Likewise, standard measures of Pollution Prevention and Reduction have been included in the Occupational Health and Safety Plan (e.g., solid and liquid waste management, etc.).</td>
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<td>• The bidding and agreement specifications for the procurement of goods and services for the Programme will include environmental and social safeguard requirements.</td>
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5.3. International Regulatory Framework

On the other hand, the Project will also take into account the national context regarding:

**REDD+ Safeguards**

The country is in the process of building national REDD+ safeguards; therefore, analyzing the Project compliance with Cancun safeguards has been taking into account.

**Measures complementarity or compatibility with targets of the national forestry programmes and conventions and international agreements on the matter**

The Project lies within the framework of the sectoral policies and targets of the National Forest Program PRONAFOR 2010 - 2030 regarding:

- Implementation of participatory forestry or other ways of community involvement in public forest management (national and communal).
- Development and execution of Forest Management Plans related to the production and productivity of high-value products in the global market.
- Conservation of biodiversity, encouraging the protection and regulation capacity of forests regarding the water resource and fostering of the sustainable use of ecosystem goods and services.

**Transparency and efficiency of national forest governance structures, taking into account the national sovereignty and legislation**

The Project lies within the executive ICF structure and takes into account the agencies created to guarantee the forestry sector governance, such as the Municipal Environmental Units, Forestry Consultative Councils, Water Boards, and the Social Forestry System.

**Full and efficient participation of interested parties in REDD+**
As part of the SFM, four public consultation events were held in August 2016, with population potentially affected by related activities and other key actors (see Annex 1). A total of 126 individuals, 29 women, took part.

- Campamento, Department of Olancho 08/30/20. 37 individuals.
- Guaimaca, Department of Francisco Morazán 08/30/2016. 25 individuals.
- Dani, Department of El Paraíso 08/31/2016. 30 individuals.
- Siguatepeque, Department of Comayagua 09/01/2016. 25 individuals.

Events as well as outcomes incorporated to the ESA and ESMP of the SFM and to this document were considered to be meaningful.

Likewise, five events on socialization of the Project were held in May 2018; one in Tegucigalpa, three in the Department of Comayagua and one in the Department of Francisco Morazán. A total of 423 individuals, including 154 females, took part. These consultations were held at regional level for the project HO-L1179 that was proposed for the same area of intervention of the present project. Consultation report is available at the following link: https://www.iadb.org/en/project/HO-L1179

Outcomes of these events have been incorporated into the ESMF.

In order to comply with the B6 guidelines of the OP-703, prior to submitting the Project to the IDB Board of Governors, three additional consultation events will be carried out in the departments of Olancho, El Paraíso, and Choluteca.

Adoption of measures to reduce the displacement of emissions

The restoration of areas affected by the pine-bark beetle guarantees that there will not be any displacement of emissions caused by the natural regeneration of forest and reforestation activities to be implemented.

Even though the use of agrochemicals or other materials that could generate environmental contamination, is not expected as part of the project activities, if deemed necessary, during the preparation stage of the loan operation guidelines to prevent and reduce pollution will be included as part of the MGAS. Likewise, standard measures of Pollution Prevention and Reduction have been included in the Occupational Health and Safety Plan (e.g., solid and liquid waste management, etc.).

VI. Environmental and Social Context

6.1. Selection of the project´s intervention area

The basins where the Project will intervene were selected considering their importance for the ecosystem services they produce. This importance was defined by identifying the basins at the national level where, in the 2025 scenario, the water demand exceeds or equals the supply for at least one month, considering the affection by pine-bark beetle plague. Applying this criterion and the affection of pine-bark beetle plague, 29 basins were selected for the intervention. The characteristics of this intervention area are described below. A detailed analysis of the environmental and social characteristics of every Project area is part of the IDB loan preparation standard process; this analysis will be complemented during said stage in order to achieve compliance with Bank policies.
6.2. Social context of the intervention area

The project scope includes an estimated current population of 2.1 million people (28% of the national population), of which 1.1 million are in poverty and represent 22% of the country’s total population in poverty. The average poverty rate estimated for the 29 basins is 65%, with a variation between 49 and 92%. There are 8 basins with poverty rates between 74 and 92%, which correspond to the north of Comayagua, Olancho, and the central zone of El Paraíso (Map 02).

**Map 02. Poverty within the Project’s Municipalities of intervention.**

Regarding livelihoods, in the area of the Comayagua Valley and El Cajon, coffee and horticulture predominate. The upper area of the Choluteca river basin is mainly urban. In the middle zone of the Choluteca river basin, basic grains and wood predominate, and in the area of the Patuca river, wood, livestock and basic grains (Map 03).
The main ethnic groups of the country are concentrated in the west: the Chortis (department of Copán) and Lencas (department of Intibuca, Lempira and La Paz). In the center the Tolupanes, concentrated in the department of Yoro, the Pech, with settlements in the community of Silín (department of Colón), El Carbón, and Dulce Nombre de Culmí (department of Olancho), the Miskitos and Tawakas that are located in the department of Gracias a Dios and the Afro-descendant communities that are located in the departments of Cortés, Atlántida, Colón and Gracias a Dios. All of these, departments that are not included within the project’s area of influence.

In recent years, the ICF made an effort to regularize the forests to the ethnic groups that live in them, in the context of the SFM. As a result, 45 forest areas that have been given as a concession to ethnic groups were identified, 38 through management plans, and 7 through forest management contracts; but none coincided with the project area (Map 04).
Regardless of the above, a map of indigenous territories produced by the IUCN show that some of the areas of intervention overlap with territories of 2 ethnic groups (Lenca and Tolupan), as presented in Map 05. During the preparation phase of this operation, the presence/absence of indigenous populations within the project intervention area will be confirmed.

A study was conducted in January 2019 on the presence of Indigenous People in the Project area for intervention; the executive summary of the study is presented in Appendix V.
6.3. Environmental context of the intervention area

The area of the four departments included within the area of influence of the Project is 5,026,101 ha, of which 1,257,299 ha correspond to coniferous forests (857,147 ha of dense pine forest and 400,152 ha of thin or mixed forest).

The Program is located in an area of influence of five water regions:

- Basin 1. Sula Valley
- Basin 2. Lean Valley
- Basin 3. Biósfera
- Cuenca 4. Sur
- Cuenca 5. Lempa

Within these water regions there are 26 legally declared micro-basins, which are intended to provide water security to a large part of the Honduran population within the area of influence of the project and, mainly, to those who inhabit the capital city (Map 06).
In terms of biodiversity conservation, within the project’s area of influence, there are 23 protected areas under national legislation, including 3 Water Production Areas, 7 Biological Reserves, 1 Cultural Monument, 5 National Parks, 2 Wildlife Refuges, 1 National Forest, 2 Areas of Multiple Use, 1 Anthropological Reserve and 1 Resource Reserve (Map 07).
Likewise, there are areas of international biological importance, including 1 Key Area for Biodiversity (KBA) and Alliance for Zero Extinction area (AZE): Cerro Cantagallo.

Finally, it is important to note that there are 103 primary industries of forest transformation in the four departments where the project will intervene, which report processing a total of 109,362,000 board feet. This confirms the forestry activity as the main activity in the area.

VII. Description of Potential Environmental and Social Impacts

7.1. Description of Expected Positive Impacts

As advanced before, the Project will have the following positive impacts:

- 27,000 homes receiving direct support for adaptive forest management.
- 2.5 million people in the central zone of Honduras having a greater water security during the dry season and increasing their resilience to climate change.
- 270,000 Ha. of areas suitable for forests being protected and increasing their resilience to climate change.
- 10.5 million tCO2eq reduced due to forest restoration (enhancing carbon stock) and avoided deforestation.
7.2. Description of Potential Negative Risks and Impacts
Main negative environmental and social impacts identified during the due diligence and the proposed mitigation measures are shown below. As abovementioned, this analysis is based on the ESA developed within the SFM framework. A more detailed analysis of the Project potential environmental and social adverse impacts is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan in order to assure full compliance with IDB policies. Likewise, the existence of indigenous lands within the Project area will be confirmed during the preparation stage and, in that case, a socio-cultural analysis will be carried out in order to identify potential impacts and develop the necessary mitigation measures (for example, Indigenous Peoples Action Plans) to properly manage associated risks. Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, aimed at complying with the Bank's policies. This framework will include specific management procedures in case areas present indigenous territories.

7.2.1. Social risks and impacts
i. Impacts to indigenous populations
Only if their socio-cultural characteristics are not taken into account. This, in case the project’s area of intervention includes indigenous territories.

ii. Social conflicts within communities/organizations and among communities/organizations to access to Project benefits
The community vision does not always match the organization vision. This may cause some communities, not part of the organization, to be excluded of the incentive benefit. This also occurs with owners of lands called “enclosed” which are property of third parties (private owners who through a selling letter have acquired lands adjoined to communities). It could be that if these people feel excluded from the incentive Project they may create a negative environment.

Also, lack of clarity and transparency regarding requirements for communities and other organizations to become Project beneficiaries could also create social conflicts due to exclusion feelings.

iii. Weakness of participating social organizations (basically Water Boards and Agroforestry Cooperatives), scarce boards representation and low participation of their members.

The existing organizational weakness in agroforestry cooperatives, forest common lands, and water boards may on one hand limit the Project launching and create considerable delays. On the other hand, it may cause the Project benefits to be inadequately distributed within the organization and create additional conflicts.

iv. Unequal access for women to the decision-making and Project benefits
The Project must ensure the equal participation of males and females in decision-making levels and field work.

v. Exclusion of potential beneficiaries from the incentive mechanism due to their lack of Forest Management Plans
Those forest owners lacking the corresponding Forest Management Plan may be excluded from the Incentive Programme. The Article 71 of the LFAPVS states that “owners of forest vocation lands with titles of Public Domain whose forests are not subject to a Management Plan, will have the responsibility to develop and execute a Protection
Plan against removal of debris, irrational felling, fires, plagues and diseases based on guidelines established by the ICF. This opens the necessary space to include those forest owners lacking a Management Plan as beneficiaries of the Program.

vi. **Exclusion of small owners with forest surfaces smaller than 15 hectares**

According to Article 153 of the LFAPVS “the minimum area for cultivated fields that may be incentivized is 15 Ha continuous”. Many of the possible users for the forest incentives do not reach the minimum area.

vii. **Most vulnerable social groups lacking resources to pay forestry treatments required for natural regeneration and forest plantations**

Leaders of agroforestry cooperatives are aware of the need to carry out protection practices against forest fires and management of pine population density, activities hard to perform due to their economic limitations. The project has taken into consideration payment of benefits upon labor carried out, factor that limits these groups’ participation.

viii. **Business owners of certain capacity to accumulate financial resources**

Another concerning matter of participants in social consultation is that business owners, taking advantage of their technical capacity and closeness to the Project decision makers, may accumulate the resources available for the forest incentive payments.

ix. **Child Labor**

Within the Project influence area, child labor is a common practice due to the existing poverty level.

x. **Accidents during felling of trees affected by the pine-bark beetle and in security stripes**

In general terms, after the construction sector, the forestry sector presents a greater rate of working accidents and diseases coming from the occupation. Accidents during felling of trees affected by the pine-bark beetle and in security stripes are mainly due to:

- Security elements of machinery in use
- Lack of individual protection equipment
- Lack of workers’ training on job safety matters
- Organization and safety work techniques, and
- Equipment maintenance

The main risk factors to which workers are exposed to are:

- Chemical agents related to gases, fuels, and lubricants
- Mechanical agents related to the use of machinery, chainsaws, and tools
- Physical agents related to soil, land slope, topography, and weather
- Ergonomic agents related to man-machine relationship and their working conditions

A more detailed analysis on main accident causes in this work reveals that the forest exploitation phase and, particularly, work regarding felling of trees, pruning, and cutting with chainsaw is the one with the highest accidents rate.
In the intervention zone, many accidents have been reported caused mainly for the overconfidence in the use of chainsaws, lack of expertise, lack of safety in working areas, and lack of use of proper equipment to perform such tasks. Cleaning activities in areas that need to be restored due to the beetle attack, have the characteristic of being located in lands with high slopes, with large-diameter dead trees that limit the motion, which increases the risk of accident incidence.

xi. **Limited Executor’s Capacity for Risk Management**

Including topics regarding environmental and social safeguards and national requirements.

7.2.2. **Environmental risks and impacts**

i. **Plague recurrence due to lack of technical teams for its management**

The insufficient knowledge nationwide for the phytosanitary management of the pine-bark beetle limits the prevention and fosters new appearance spots. The risk of lacking these professionals limits research programs necessary to treat the pine-bark beetle and other possible attacks.

ii. **Plants availability**

Lack or limited availability of appropriate plants in nurseries for forest restoration activities may be a limiting factor for the Project implementation. There is no seedling production strategy.

iii. **Forest fires during the first years of the forest life**

The Project execution area is subject to forest fires, as shown in Map 08. The vulnerability of the Project area to forest fires compels to protect forests remaining after the pine-bark plague, as well as forest plantations during the Project execution period.
iv. **Natural disasters, including droughts, forest fires, floods, and landslides, and climate change effects**

Honduras faces one of the greater environmental crisis due to the disruption in the precipitation spatial and temporal distribution and impacts coming from changes in the overflow rates of aquifer replenishment and agricultural productivity, which causing less rain in the Pacific and more rain in the Caribbean coast, concentrating rains in fewer months of the year.

If the accumulative effect of the forest cover loss caused by the pine bark beetle is added to this scenario, it would seem that the main risk for the Project will be natural disasters related to floods and landslides, besides forest fires. These risks occur mainly in hillside zones where erosive effects are more significant.

v. **Greater pressure on forests and biodiversity**

Activities related to dragging, loading, and transportation of the wood removed, if carried out with heavy machinery, may encourage opening of new roads, which would not only create a greater instability in hillsides but also increase of pressure regarding removal of resources from forests within the intervention area, and the consequent expansion of the agriculture boundary. Likewise, the Project activities may contribute to a larger affluence of people to areas that are not affected by the pine-bark beetle, causing a negative impact in the site fauna.

vi. **Risk of introducing invasive species**

There is risk of introducing invasive species during forest reforestation and agroforestry activities.

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9 National discussion document on water resource adaptation to climate change. UNDP, August, 2010.
vii. Change of land use

In the case of the AF activities, these may contribute to land-use change if implemented in areas that had forest cover before the impact of the beetle plague, thus the project will only apply AF activities in areas lacking forest cover before the pine-bark beetle plague. Another associated risk is to use agroforestry systems as a mechanism to justify land use change from forest areas to agricultural or livestock areas activity (agroforestry or agrosilvopastoral systems).

viii. Impacts on protected areas and critical habitats

If zoning of protected areas as well as uses allowed in such are not respected, these could be affected by the Project activities. The presence/absence of endangered and/or endemic species will be confirmed during the preparation stage. Once the final locations of the intervention areas will be determined, a detailed assessment will be carried out on potential endangered and/or endemic flora and fauna species within the Project influence area for the due mitigation of potential impacts in line with IDB policies.

ix. Pollution due to the use of hazardous materials

Mainly hydrocarbons (through the use of chainsaws), and potentially hydrocarbons if these are not managed adequately.

VIII. Environmental and Social Management Framework (ESMF)

8.1. Environmental and social screening and scoping

During the screening and scoping phases, the scope of the Environmental and Social Analysis will be defined using available information on the Proposed Project location and design, known baseline situation/trends, results of early stakeholder engagement and applicable legal requirements. This stage requires:

- Proposed Project design data, including alternative sites, and details of design configurations and construction methods;
- Initial baseline description, including identification of potential environmental and social receptors, and known trends in the status of receptors, that may be affected by the Proposed Project; and
- Stakeholder engagement: views of stakeholders on the key impacts to be assessed. Stakeholder engagement can also provide useful baseline information and help to identify receptors.

During this stage, the initial Proposed Project Area of Influence is identified which entails consideration of areas affected by a) direct and indirect impacts (in terms of indirect impacts, the focus is specifically on impacts affecting biodiversity and ecosystem services upon which Affected Communities’ livelihoods are dependent), b) impacts from unplanned, but predictable developments caused by the Proposed Project that may occur later or at a different locations, c) Associated Facilities and d) cumulative impacts arising from a Project and other existing, planned or reasonably defined developments at the time Environmental and Social Analysis process is conducted.

Baseline studies are undertaken during the scoping and screening phases are relatively 'high-level' baseline data are required to assist identification of likely key impacts. Baseline data used for scoping forms the core of the baseline data used in the impact analysis.

Receptors are environmental and social components that may be affected, adversely or beneficially, by a Project. Potential receptors are identified, and their sensitivity determined in scoping and screening work and baseline
studies. Four high-level categories of Project receptors can be identified: Environmental (such as air quality, waterbodies, landscapes, terrestrial soils and geology); Biodiversity (such as habitats, species etc.); and Social (such as residents of local communities, businesses, land and other resource users, and cultural heritage resources).

8.2. Environmental and social analysis

Main elements of the Environmental and Social Analysis are the following:

- **Environmental and Social Baseline**: Preparation and analysis of social and environmental issues baseline information, including a description of the present condition of the project area, hydrological and geological characteristics, soil quality, natural environment, climate, natural hazards and disasters, built environment, land use, land tenure, socio-demographic conditions (age, gender, education level), socio-economic (economic sectors, formal/informal employment) and socio-cultural context (ethnic distribution, languages spoken, key cultural aspects relevant to the project), poverty and social vulnerability (size and main types of vulnerable groups), relevant gender issues in the project area, etc. Information on the Environmental and Social Context is included in Section 6 of this ESMF.

- **Environmental and Social Analysis (ESA) and Environmental and Social Management Plan (ESMP)**: Identification and assessment of direct, indirect and cumulative environmental, social and health and safety impacts and risks caused by the Project. The expected impacts and risks will be summarized in a matrix to assess the main expected temporary and permanent environmental and social impacts of the operation, arising its construction and operation phases. The main negative environmental and social impacts are included section 7 of this ESMF. Based in the results of the impact analysis, an Environmental and Social Management Plan (ESMP) will be designed in order to prevent, mitigate, correct or compensate all potential impacts identified in the previous stages as well as the optimization of positive environmental and social outcomes (potentially in a separate chapter “proposed additional actions”). All the mitigation measures included at the ESMP must clarify its projected capital, recurrent costs, timing and responsibilities. The key mitigation measures identified at the current stage are proposed in Section 8.4 of this ESMF.

- **Stakeholder Analysis, Consultation and Participatory Strategy and Grievance Mechanism**: The stakeholder analysis will include a stakeholder map of affected and interested parties: local communities, public agencies, private companies, civil society organizations, academia, media, etc. A Consultation and Participatory Strategy and a Grievance Mechanism will be prepared for the Project based on the Community Liaison Plan attached in Appendix 4. Meaningful Consultation Reports will be prepared including minutes of the meeting, attendance sheets, photos, etc.

8.3. Indigenous Peoples Planning Framework

Based on OP-765, the term Indigenous peoples (IPs) refers to those who meet the following three criteria: (i) they are descendants from populations inhabiting Latin America and the Caribbean at the time of the conquest or colonization; (ii) irrespective of their legal status or current residence, they retain some or all of their own social, economic, political, linguistic and cultural institutions and practices; and (iii) they recognize themselves as belonging to Indigenous or pre-colonial cultures or peoples.

Safeguarding IPs and their rights against adverse impacts and exclusion in IDB funded development projects is one of the main objectives of the Bank.
If IPs are present in the project area, an Indigenous Peoples Plan (IPP) is required to prevent or mitigate direct or indirect adverse impacts on Indigenous Peoples or their individual or collective rights or assets. This should at a minimum describe the following:

- Sociocultural impact evaluations (SCA);
- Culturally appropriately consultation processes;
- Plan for mitigation measures, monitoring, and fair compensation;
- Good faith negotiation processes and agreements;
- Procedures for dealing with complaints and claims that are specific, affordable and appropriate to the project, so that it is possible to identify, address and resolve complaints / consultations of the affected indigenous communities during the execution of the project.

The Socio-Cultural Analysis is an evaluation to determine the seriousness of potential adverse impacts on Indigenous Peoples or their individual or collective rights or assets, including physical and food security, lands, territories, resources, society, the traditional economy, way of life and identity or cultural integrity of indigenous peoples; and to identify the indigenous peoples affected and their legitimate representatives and internal decision-making procedures. This evaluation will include preliminary consultations with potentially affected indigenous peoples.

The complexity of the Socio-Cultural Analysis should be proportional to the type and magnitude of the potentially adverse impacts and risks of an operation, considering the characteristics which might make the IPs especially vulnerable to project impacts, such as: language different from the official language(s) of the country, lack of established land rights, weak representativeness, inadequate participation in the relevant decision-making instances, etc.

Main components of the Socio-Cultural Analysis are:

1. Baseline studies

   Analysis of the legal framework related to Indigenous Peoples; characterization of the Indigenous communities; community structure and institutional functioning (norms, values, rules, customs, behaviors, and decision-making mechanisms); gender aspects; analysis of symbolic aspects (characterization of values, norms, traditions, customs, beliefs, aspirations and attitudes of local communities in relation to the project).

   Prepare a social vulnerability analysis (socio-economic vulnerability and potential risk of exclusion from expected project benefits); people’s expectations, aspirations, perceptions and attitudes towards the project; sources of livelihood.

2. Socio-cultural impact assessment

   Existing liabilities and contextual risk; analysis of the risks to physical, territorial, or cultural integrity of the affected populations (including natural resources, food security, rights, economy, identity, etc.); analyze the possible impacts generated by the presence of construction workers; cultural changes and generational disruption potentially generated as a result of the project; analysis of risk of conflict.

   Analysis of potential indirect impacts related to tenancy and use of lands; analysis of other risks and possible adverse social impacts (including direct, indirect, and accumulative, induced or residual impacts on Indigenous communities). Mitigation measures to manage the potential social risks and impacts.

3. Consultation Plan,

   Describing the requirements – language, location, participants, logistical needs – for the consultation to be both meaningful and socioculturally appropriate.
4. Culturally appropriate consultations

Public consultations with Indigenous Peoples should be socio-culturally appropriate, preferably using one or more Indigenous facilitators, ensuring that those people who don’t speak the mainstream language have the opportunity to pose questions and express their opinions and concerns; that consultation events are held at times and in spaces that are accessible to the local Indigenous population, and that they respect the decision-making mechanisms of the Indigenous groups. The process of socioculturally appropriate consultation should be an ongoing and open two-way process between the IPs and the implementing agency. The process should continue during project implementations.

Socioculturally Appropriate Consultation process include:

a. Preliminary consultation: The evaluation of potential impacts will include preliminary consultations with potentially affected Indigenous Peoples to obtain the support for the project and to properly identify potential impacts. For the consultation process to be meaningful, special attention must be given to aspects such as language, meeting format and logistics to ensure that IPs can physically access the meeting location and effectively understand the project and voice their opinion about the potential impacts and the upcoming consultations of the project.

b. Consultation: All operations that may affect IPs require consultation consistent with the legitimated decision-making mechanisms of affected indigenous peoples. For operations with minimal impacts on IPS, consultation on the proposed mitigation plans can be part of general consultation.

c. Good faith negotiation: When either moderate or significant potential negative impacts are identified, it is necessary to carry out good faith negotiation that permits a genuine exchange to confirm the support for the project and the agreements for the related mitigation and compensation measures. At a minimum two meetings, which need not be formal. Must be documented, socioculturally appropriate and consistent with the legitimate decision-making mechanisms of affected Indigenous peoples or groups.

d. Documented agreement: For cases of particularly significant potential adverse impacts that carry a high degree of risk to the physical, territorial or cultural integrity of the affected indigenous peoples or groups, the good faith negotiation process must culminate on clearly documented agreements, including in the form of signed documents. In practice, it amounts to a level of acceptance similar to the notion of Free, Prior, Informed Consent (FPIC).

5. Indigenous Peoples Plan. Inclusion of specific measures to reduce, mitigate and/or compensate the potential impacts on Indigenous communities, following the mitigation hierarchy. The impacts identified should be associated with the mitigation measures, explaining clearly the relation between the impacts and the measures. This plan, and its measures, should have an assigned budget, tentative timeline, required personnel to execute them, institutional responsibilities, among other practical details that facilitate its eventual implementation. Monitoring of Sociocultural Aspects: Definition of sociocultural indicators that serve as a baseline for eventual monitoring of changes generated by the project, defining a monitoring system specifically for Indigenous communities, analyzing the possibility of implementing participatory monitoring systems, when that is practical.

An outline for developing Sociocultural Analysis and Indigenous People Plans are presented in Appendix IV.

8.4. Mitigation measures proposed
As abovementioned, the purpose of the ESMF is to define an environmental and social framework, with management tools, requirements, and guidelines to be used for the socio-environmental management of activities to be developed in the execution.

The following table includes social and environmental risks and impacts identified in Section 7 and summarizes mitigation measures proposed for their management. As abovementioned, these measures are based on the ESMP developed within the SFM framework. A more detailed analysis of the Project potential environmental and social adverse impacts, and the corresponding mitigation measures, is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan in order to assure full compliance with IDB polices. Likewise, the existence of indigenous lands within the Project area will be confirmed during the preparation stage and, in that case, a socio-cultural analysis will be carried out to identify potential impacts and develop the mitigation measures to properly manage associated risks. Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, aimed at complying with the Bank’s policies. This framework will include specific management procedures in case areas present indigenous territories.

Table 3. Potential environmental and social impacts and mitigation measures

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<tbody>
<tr>
<td>1</td>
<td>Impacts to indigenous populations (in case the project’s area of intervention includes indigenous territories)</td>
<td>• If the existence of indigenous population in the intervention area is determined, the necessary studies and plans will be carried out to comply with the Bank’s safeguards (e.g., Socio-cultural Analysis, Plan of Action of Indigenous Peoples, etc.).&lt;br&gt;• Additionally, a management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the Project execution stage, oriented to comply with the Bank’s policies. This framework will include management procedures in case said areas present indigenous communities</td>
</tr>
<tr>
<td>2</td>
<td>Social conflicts within communities/organizations and among communities/organizations to access to Project benefits.</td>
<td>• Implementing a Stakeholder Engagement Plan (see Section 8.1.1) that informs about the Project progress, the incentive mechanism, and criteria to take part in it, and about social beneficiaries for a better forest management. Through this Plan it must be assured that communities and other Project execution actors get involved.&lt;br&gt;• Implementing a grievance mechanism within the ICF (see Section 8.1.2).&lt;br&gt;• Hiring a firm in charge of the design and implementation of a Communication Plan addressed to disseminate selection criteria to beneficiaries and to create transparency in the Process.&lt;br&gt;• Also, the Stakeholder Engagement Plan must include minimum communication guidelines that must be taken into account by technical assistance firms when intervening communities.</td>
</tr>
<tr>
<td>3</td>
<td>Weakness of participating social organizations (basically Water Boards and Agroforestry Cooperatives), scarce boards representation and low participation of their members</td>
<td>Firms in charge of providing technical assistance to organizations will have specialists in social organization and promotion and will help groups to renew their board of directors, strengthen their management capacities, and foster a more participatory approach. This responsibility will be</td>
</tr>
<tr>
<td></td>
<td>Unequal access for women in the decision-making and Project benefits</td>
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<td>-------------------------------------------------------------------</td>
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<tr>
<td>4</td>
<td>• Payment of Forest Incentives to social organizations: Including in agreements commitments of minimum 40% of females’ participation in: (i) board of directors that will be renewed as part of the Programme activities; and, (ii) employments associated to restoration activities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Payment of Forest Incentives to private owners: the operating regulation of the incentive mechanism will clearly establish that every person complying with the requirements may opt to the incentive in equal conditions, regardless of their sex or marital status.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The Community Liaison Plan (see Section 8.1.1), as well as the Communication Plan (to be designed and implemented by the specialized firm) will foster the equal participation of males and females in the Project activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Exclusion of potential beneficiaries from the incentive mechanism due their lack of Forest Management Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>• Performing a review of the existing Management Plans to adjust them to the Project requirements.</td>
</tr>
<tr>
<td></td>
<td>• Supporting the creation of a Forest Management Plan, if lacking one, but rights of forest use are clearly defined.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Exclusion of small owners with forest surfaces smaller than 15 hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Fostering grouping of small owners so they may achieve the minimum surface required by the LFAPVS to jointly access to forest incentives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Most vulnerable social groups lacking resources to pay forestry treatments required for natural regeneration and forest plantations</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Advanced financing for the purchase of plants to reforest as well as necessary supplies to build firewall rounds and to clean the land.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Business owners of certain capacity to accumulate available financial resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>• Guiding business groups towards the existing mechanism of deduction of Net Taxable Income</td>
</tr>
<tr>
<td></td>
<td>• Establishing limits to the maximum amount of incentives to which a businessperson may access. An amount of USD50,000 is advisable as limit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Child Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Including in the agreements of payment of forest incentive the express banning to employ child workforce.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Accidents during felling of trees affected by the beetle and in security stripes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>• Implementing a Work Safety Plan (see Section 8.1.3).</td>
</tr>
<tr>
<td></td>
<td>• Purchase of protection equipment for workers (helmets, boots, spectacles, etc.).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Limited Executor’s Capacity for Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Implementing an institutional strengthening plan (see Section 8.1.4).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental risks and impacts</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Plague recurrence due to lack of technical teams for the phytosanitary management</td>
<td>Implementing ICF and community training programmes to ensure the early detection of plagues and its appropriate management.</td>
</tr>
<tr>
<td>13 Plants availability</td>
<td>Working with materials existing in nurseries during the first year so a strategy based on real need of plants may be designed in the second year in order to determine the possibility of production in existing nurseries, or if a larger infrastructure is required, or if communities take part in the plant production through gender equity mechanisms.</td>
</tr>
<tr>
<td>14</td>
<td>Forest fires during the first years of the forest life</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| 15 | Floods and landslides caused by high runoffs | • In line with OP-704, the technical assistance firm will develop the “site evaluations” of each of the intervention areas, following the methodologies established by COPECO, and will propose the necessary risk management and mitigation measures.  
• The firm will be trained in this aspect by COPECO.  
• Additionally, during the loan preparation stage, a Response to Natural Disaster Plan will be prepared. |
| 16 | Greater pressure on forests and biodiversity | • Activities related to dragging, loading, and transportation of the wood removed must be carried out with oxen to prevent heavy machinery from accessing the restoration area and, to the extent possible, prevent the creation of new roads as part of the programme activities to avoid the instability in hillsides.  
• Designing and implementing a Deforestation Monitoring and Early Warning Programme through satellite images (this Plan will be designed during the loan preparation phase, using available information).  
• Species plantations such as: Oaks Quercus spp, Quebracho Lysiloma spp, Nance de Montaña Byrsonima crassifolia, Chaparro Curatella americana, as protection throughout the cultivated field perimeter, encouraging the building of biological corridors.  
• Agroforestry and silvopastoral Systems using zone species amicable with fauna.  
• During the loan preparation stage a detailed study of the presence of endemic and/or endemic species within the project’s area of intervention will be conducted. The necessary mitigation measures will be developed. |
| 17 | Introduction of invasive species | • Restoring areas affected by the pine-bark beetle through a natural regeneration programme and reforestation with pine species in the zone.  
• Creating a suitable native species list for the active reforestation (seedlings to be planted in the nursery). Using exotic species will not be allowed (see Section 8.1.7). |
| 18 | Land use change | • Monitoring the land use change in areas suitable for forests through satellite images and applying corresponding penalties (this Monitoring and Early Alert Plan will be designed during the preparation stage of the operation, using the available information).  
• Strengthening the institution through technological mechanisms that enable monitoring land use change through satellite images and the necessary training for its interpretation and law enforcement.  
• Requesting the Sector Governing Entity (ICF) to coordinate jointly with the Honduran Institute of Coffee (IHCAFE) and with the Ministry of Agriculture and Livestock the application of sustainable cultural practices in the corresponding activities. |
<table>
<thead>
<tr>
<th>19</th>
<th>Affectation of protected zones and critical habitats</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Agroforestry activities will occur only in areas that did not have forest cover prior to the plague impacts.</td>
</tr>
<tr>
<td>-</td>
<td>The reforestation activities within the protected areas must comply with the regulations of actions allowed in these areas, as well as with the corresponding management plans. This factor must be properly monitored during the Project implementation.</td>
</tr>
<tr>
<td>-</td>
<td>During project execution the zoning of protected areas will be fully respected, as well as the different types of uses allowed in each zone according to the corresponding management plans.</td>
</tr>
<tr>
<td>-</td>
<td>Designing and implementing a Deforestation Monitoring and Early Warning Programme, with emphasis on protected areas (this Plan will be designed during the implementation stage of the operation, using available information).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20</th>
<th>Pollution due to hazardous materials use</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>There is a Health and Safety plan that regulates the use of certain hazardous material, including agrochemicals and hydrocarbons.</td>
</tr>
<tr>
<td>-</td>
<td>The use of agrochemicals or other hazardous materials is not expected in the project activities. However, if deemed necessary, during the preparation stage of the loan operation, guidelines for adequately handling other hazardous materials (mainly agrochemicals and hydrocarbons) will be included as part of the MGAS.</td>
</tr>
<tr>
<td>-</td>
<td>The use of pesticides, if necessary, will be restricted only to products permitted under the IDB's policies and applicable international standards.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21</th>
<th>Pollution Prevention and Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of agrochemicals or other materials that could generate environmental contamination, is not expected as part of the project activities. However, if deemed necessary, during the preparation stage of the loan operation, guidelines to prevent and reduce pollution resulting from the use of hazardous materials (mainly agrochemicals and hydrocarbons) will be included as part of the MGAS. Likewise, standard measures of Pollution Prevention and Reduction have been included in the Occupational Health and Safety Plan (e.g., solid and liquid waste management, etc.).</td>
<td></td>
</tr>
</tbody>
</table>
Figure 1 shows representations of programme structure and technical coordination.

The following tables show the details on mitigation measures for environmental and social impact risks, including responsibilities, timeline, financing sources, indicators, and frequencies.
### Table on Mitigation Measures for Social Impact Risks

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation measures</th>
<th>Institutional responsibilities</th>
<th>Timeline</th>
<th>Financing</th>
<th>Indicator</th>
<th>Unit</th>
<th>Measuring frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impacts on indigenous populations</td>
<td>If the existence of an indigenous population in the intervention area is determined, the studies and plans necessary to comply with Bank's safeguards will be carried out. A management framework will be prepared detailing the procedure to be followed in the case of identifying new areas of intervention during the programme</td>
<td>Programme Executing Agency(^\text{11}) and the ICF</td>
<td>XX (\text{Year 1}) XX (\text{Year 2}) XX (\text{Year 3}) XX (\text{Year 4}) XX (\text{Year 5})</td>
<td>The Programme ROP will include the Sociocultural Analysis and Indigenous People Plans A Social Specialist within the Executing Agency is included in the budget of the programme</td>
<td>The Sociocultural Analysis and Indigenous People Plans are implemented in indigenous people areas. Sociocultural consultations are developed, and consent letters achieved from IPs.</td>
<td></td>
<td>Annual</td>
</tr>
</tbody>
</table>

\(^{11}\) The Executive Agency will be SEFIN (the Secretary of Finance)
<table>
<thead>
<tr>
<th>Project execution stage, including management procedures in case areas present indigenous communities.</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing a Stakeholder Engagement Plan (see Section 8.1.1)</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Implementing a Grievance and Complaint Mechanism within the ICF (see Section 8.1.2)</td>
<td></td>
<td></td>
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<tr>
<td>Hiring a firm in charge of the design and implementation of a Communication Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Stakeholder Engagement Plan must include</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Programme ROP will include the Community Liaison Plan, the Grievance Mechanism and the Communication Plan as base for working with communities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Social Specialist within the Executing Agency is included in the budget of the programme Component 2. He/she will track the implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Community Liaison Plan, Grievance Redress Mechanism, and Communication Plan are implemented in every organization included in the Forest Incentive Programme.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Community Liaison Plan, Grievance Redress Mechanism, and Communication Plan are incorporated to the ROP.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weakness of participating social organizations</td>
<td>Appointing specialists on social organization and promotion to support groups to update their board of directors, fostering participatory assemblies.</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Unequal access for women to the decision-making process</td>
<td>Forest Incentives to social</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
</tr>
</tbody>
</table>
making and Project benefits

<p>| organizations: participation of 40% in: (i) board of directors that will be renewed as part of the Programme activities; and, (ii) employments associated to restoration activities. Forest Incentives to private owners: every person complying with the requirements may opt to the incentive in equal conditions, regardless of their sex or marital status. The Community Liaison Plan as well as the Communication Plan will be carried out. |
|---|---|---|---|---|
| Social specialists from the firm who will track to the compliance with this goal have been included in the Component 1 budget (as part of the technical assistance to communities) and one social specialist in the executing agency for the follow-up as part of the Component 2 budget. |
| females in the Project activities. |
| communities benefited by the Forest Incentive Programme. |</p>
<table>
<thead>
<tr>
<th>Exclusion of potential beneficiaries from the incentive mechanism due to their lack of Forest Management Plans</th>
<th>Performing a review of the existing Management Plans to adjust them to the Programme requirements. If no Forest Management Plan is available, supporting in its creation as part of the Forest Incentive which will be deducted from the payment to be made at the end of the year.</th>
<th>The Programme will provide such support through contracts with third parties (e.g., Cooperatives, NGOs, municipalities, etc).</th>
<th>The ROP will consider this mechanism as part of the technical assistance provided by the programme and addressed above all to agroforestry cooperatives and small private owners. Resources to create these management plans are part of the budget for technical assistance for Component 1.</th>
<th>Number of Forest Management Plans incorporated to the Forest Incentive Programme</th>
<th>Hectares</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion of small owners with forest surfaces smaller than 15 hectares</td>
<td>Fostering grouping of small owners so they may achieve the</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>No additional resources are required</td>
</tr>
<tr>
<td>Most vulnerable social groups lacking resources to pay forestry treatments required for natural regeneration and forest plantations.</td>
<td>Advanced financing for the purchase of plants to reforest as well as necessary supplies to build firewall rounds and to clean the land.</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>This mechanism will be included in the ROP. No additional budget is required.</td>
<td>Complying beneficiaries with economic limitations participating in the Forest Incentive Programme.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>Business owners of certain capacity to accumulate available financial resources.</td>
<td>Guiding business groups towards the existing mechanism of deduction of Net Taxable Income. Establishing limits to the maximum amount of incentives to which a businessperson may access. An amount of</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>This limit will be defined in the design of the pilot programme of forest incentives for private owners. No additional budget is required.</td>
<td>Mechanism of deduction of the net taxable income is applied to support business groups. Forest business people have a maximum limit to access Forest Incentive Programme resources.</td>
</tr>
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<td></td>
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</tr>
<tr>
<td>Limitation</td>
<td>Description</td>
<td>Agency/Executing Agency</td>
<td>Agreement</td>
<td>No budget required</td>
<td>Agreements on forest incentive payments ban such hiring</td>
<td>Annual</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------</td>
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<td>---------------------</td>
<td>--------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>USD50,000 is advisable as limit.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Child Labor</td>
<td>Including in the agreements of payment of forest incentive the express banning to employ child workforce.</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>No budget is required</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ICF, Secretariat of Labor and Social Security and Honduran Institute of Social Security</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>To be included in the ROP. Safety equipment was included in the budget of Component 1.</td>
</tr>
<tr>
<td>Accidents during felling of trees affected by the beetle and in security stripes.</td>
<td>Implementing a Work Safety Plan (see Section 8.1.3). Purchase of protection equipment for workers (helmets, boots, spectacles, etc.).</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>To be included in the ROP. Safety equipment was included in the budget of Component 1.</td>
</tr>
<tr>
<td>Limited Executor’s Capacity for Risk Management</td>
<td>Implementing an institutional strengthening plan (see Section 8.1.4)</td>
<td>Programme Executing Agency / ICF</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>The Institutional Strengthening Plan will be included in the ROP. The Institutional Strengthening Plan is implemented in every organization incorporated to the Forest Incentive Programme.</td>
</tr>
</tbody>
</table>


Implementation was included in the budget of Component 3.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation measures</th>
<th>Institutional responsibilities</th>
<th>Timeline</th>
<th>Financing</th>
<th>Indicator</th>
<th>Unit</th>
<th>Measuring frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plague recurrence due to lack of technical teams for phytosanitary management</td>
<td>Implementing ICF and community training programmes to ensure the early detection of plagues and its appropriate management.</td>
<td>ICF, ESNACIFOR with Project support.</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td>Plants availability.</td>
<td>Working with materials existing in nurseries during the first year so a strategy based on real need of plants may be designed</td>
<td>ICF with Project support.</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td></td>
<td>Annual</td>
</tr>
</tbody>
</table>
in the second year in order to determine the possibility of production in existing nurseries, or if a larger infrastructure is required, or if communities take part in the plant production through gender equity mechanisms.

<p>| Forest fire risk during the first years of the forest life. | Designing and implementing prevention and fight plans against forest fires in all the Programme influence area and in regeneration and reforestation areas (see Section 8.1.5). | The ICF will be responsible for the implementation of the Management Plan for forest restoration of areas within the Project influence area | XX | XX | XX | XX | To be included in the technical assistance description within the ROP. Equipment for fire control squads was included in the budget of Component 1. | Decrease of hectares affected by forest fires. | Hectares | Annual |</p>
<table>
<thead>
<tr>
<th>Natural Disaster Areas</th>
<th>Action</th>
<th>MIAMBIENTE, ICF, COPECO, Municipalities with Project support</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>ROP must specify that the site exploration will be included as part of the management plan development. An additional budget has been taken into consideration (see table) to include this matter in the induction to companies that will provide technical assistance.</th>
<th>Beneficiaries of the Forest Incentive and the general population having an early alert plan</th>
<th>Early alert plan</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flooding and landslides caused by high runoffs</td>
<td>Performing a site exploration to identify areas prone to these threats (using methodologies approved by the Permanent Commission on Contingencies, COPECO). The technical assistance firm will be responsible for such evaluations, receiving specific trainings from COPECO. During the loan preparation stage, a Natural Disaster Risk Response Plan will be prepared.</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater pressure on forests and biodiversity</td>
<td>Activities related to dragging, loading, and transportation of the wood removed must be carried out with oxen to prevent heavy machinery from accessing the restoration area and, to the extent possible, prevent</td>
<td>ICF with Project support</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>These technical aspects will be included in the ROP. As part of the studies foreseen to monitor the programme, monitoring of biodiversity</td>
<td>Project influence areas preserving biodiversity. Studies on potential impacts, mitigation measures, and monitoring of flora and fauna species within the Project influence area.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
the creation of new roads as part of the programme activities to avoid the instability in hillsides.

Designing (during preparation) and implementing a Deforestation Monitoring and Early Warning Programme through satellite images.

Species plantations such as: Oaks *Quercus* spp, Quebracho *Lysiloma* spp, Nance de Montaña *Byrsonima crassifolia*, Chaparro *Curatella americana*, as protection along the cultivated field perimeter.

Fostering the building of biological corridors.

Agroforestry and silvopastoral

will be included in Component 2. This will be performed by an environmental specialist included in the budget as part of the monitoring personnel within the ICF.
Systems using zone species amicable with fauna.

During the loan preparation stage a detailed study of the presence of endemic and/or endemic species within the project’s area of intervention will be conducted. The necessary mitigation measures will be developed.

| Land Use Change of areas suitable for forests. | Monitoring the land use change in areas suitable for forests by the ICF and applying corresponding penalties (this Monitoring and Early Warning Plan will be designed during the operation execution stage) | Strengthening the institution through technological mechanisms that | ICF. Programme Executing Agency | XX | XX | XX | XX | Component 2 includes resources to strengthen satellite monitoring of land use. Activities with IHCAFE and MAG do not require resources. | ICF has a baseline to 2015 to monitor the land use change of areas suitable for forests. IHCAFE and the Ministry of Agriculture increasing their coffee and livestock output per surface unit in the Project influence zone. | Base Map Decrease in transformed hectares. | Annual | Annual |
enable monitoring the land use change through satellite images and the necessary training for its interpretation and law enforcement.

Requesting the Sector Governing Entity (ICF) to coordinate jointly with the Honduran Institute of Coffee (IHCAFE) and with the Ministry of Agriculture and Livestock the application of sustainable cultural practices in the corresponding activities. Agroforestry activities will occur only in areas that did not have forest cover prior to the plague impacts.

<table>
<thead>
<tr>
<th>Affectation of protected areas and critical habitats</th>
<th>Reforestation activities within the protected areas must comply with the</th>
<th>ICF. Programme Executing Agency</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>These technical aspects will be included in the ROP.</th>
<th>Inventory of protected flora and fauna within the Project area.</th>
<th>Amount</th>
<th>Annual</th>
</tr>
</thead>
</table>

48
regulations of actions allowed in these areas, as well as with the corresponding management plans. This factor must be properly monitored during the Project implementation.

Designing and implementing a Deforestation Monitoring and Early Warning Programme, with emphasis on protected areas. During project execution the zoning of protected areas will be fully respected, as well as the different types of uses allowed in each zone according to the corresponding management plans.

As part of the studies foreseen to monitor the programme, monitoring of protected areas and critical habitats will be included in Component 2. This will be performed by an environmental specialist included in the budget as part of the monitoring personnel within the ICF.

<table>
<thead>
<tr>
<th>Pollution due to the use of hazardous materials</th>
<th>There is a Health and Safety plan that regulates the use of certain hazardous materials</th>
<th>ICF. Programme Executing Agency</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>XX</th>
<th>These technical aspects will be included in the ROP.</th>
<th>Inventory of hazardous materials</th>
<th>Amount</th>
<th>Annual</th>
</tr>
</thead>
</table>

material, including agrochemicals and hydrocarbons. The use of agrochemicals or other hazardous materials is not expected in the project activities. However, if deemed necessary, during the preparation stage of the loan operation, guidelines for adequately handling other hazardous materials will be included as part of the MGAS. The use of pesticides, if necessary, will be restricted only to products permitted under the IDB's policies and applicable international standards.

Pollution Prevention and Reduction

If deemed necessary, during the preparation stage of the loan operation, guidelines to ICF. Programme Executing Agency will be included in the ROP. These technical aspects will be included in the ROP. Inventory of waste and water supply

Environmental incidents of soil pollution

<table>
<thead>
<tr>
<th>Amount</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
prevent and reduce pollution resulting from the use of hazardous materials (mainly agrochemicals and hydrocarbons) will be included as part of the MGAS. Likewise, standard measures of Pollution Prevention and Reduction have been included in the Occupational Health and Safety Plan (e.g., solid and liquid waste management, etc.).

| Environmental management equipment (waste containers, safe water tanks, etc.) was included in the budget of Component 1. |  |  |  |
8.4.1. Community Liaison Plan

Stakeholder engagement forms a key component of the environmental and social due diligence process for the Project. Stakeholders are persons or groups who are directly and/or indirectly affected by a project, as well as those who may have interests in a project intervention and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, civil society organizations and private sector organizations. Stakeholder engagement will be an iterative process undertaken throughout the lifecycle of the project interventions and will involve informed consultation and participation. The purpose of the stakeholder engagement is to ensure that all key stakeholders are involved early in the design of the project and remain involved throughout its implementation. Stakeholder engagement is a mechanism to capture the views and concerns of the stakeholders including government, civil society, communities and vulnerable population. The stakeholder engagement process aims to build and maintain constructive and collaborative relationships with stakeholders throughout the duration of the intervention and ensuring that stakeholders are engaged in a culturally appropriate manner and that relevant and understandable information is provided in a timely manner.

Project’s Stakeholder Engagement Plan:

The Stakeholder Engagement Plan is aimed at setting guidelines that contribute to a respectful and trustworthy environment among the Project, populations within influence areas, their organizations, other actors, and the general population, so these may participate without any problem in the Project execution. The document includes a Project Communication Plan and a tentative list of existing actors and initiatives in the Project area. The Plan describes the complaint mechanism and the appropriate conflict management. It also provides general instructions on how to use the mechanism. The Plan is annexed in the Appendix VI of this document.

8.4.2. Grievance Redress Mechanism

A mechanism for affected communities and stakeholders to lodge their grievance about the Project as well as provided with resolution and redress will be established consistent with the requirements of the GCF ESS standards particularly in relation to assessment and management of environmental and social risks and impacts and labor and working conditions. The grievance redress mechanism will be designed to receive and facilitate resolution of issues, concerns and complaints about the Project and in particular on the environmental and social risks and impacts and how these are mitigated and managed in the Project. The design of the mechanism will be scaled to the level of risks and impacts of the Project and will aim seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate, readily accessible, at no cost, and without retribution to the party that originated the issue or concern. The mechanism will not also impede access to judicial or administrative remedies and will be complemented by the accredited entity’s own grievance redress mechanism.

Project Grievance Redress Mechanism:

The Protocol for Information Request, Grievance Mechanism, and Conflict Resolution is proposed to be implemented in the System of Grievance and Complaint, and Information Requests, as well as for conflict resolutions due to interventions/affectations of social, economic, and environmental impacts caused in communities or municipalities in the Project influence area. This protocol includes a grievance classification and describes general guidelines of the mechanism. A detailed description of the instruments and forms to be used is included in the Protocol, as well as the general instructions to use the forms. The Protocol is annexed in the Appendix VI of this document.
8.4.3. Work Safety and Health Plan
The Work Safety and Health Plan is aimed at protecting and maintaining the physical integrity and work safety of people directly participating in Project activities, through the implementation of practical occupational safety and health guidelines. The Plan includes health and occupational safety guidelines of the Project, payment and wage conditions for activities executed within the Project framework, information about working conditions (for example, workdays, and personnel turnover) and information about the applicable regulation. Also, general measures are provided to protect human and environmental health.

8.4.4. Institutional Strengthening Plan
The Institutional Strengthening Plan is addressed to train institutions directly involved in the Project implementation. Each institution or organization will be asked to appoint a person in charge who will be trained not only to be accountable for the Project but also to act as trainer within his/her organization (training for trainers).

It will be very important to include leader women in the area in these groups. In addition, the Project must have a social promoter (extension agent) to support the organizational model from the organizations and to be accountable of keeping the beneficiary population informed. The capacity strengthening by institution is shown below.

Table 5. Capacity strengthening by institution

<table>
<thead>
<tr>
<th>INSTITUTIONS</th>
<th>TRAINING AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICF, MEUs</td>
<td>Risk management.</td>
</tr>
<tr>
<td>ICF, MEUs, Secretariat of Labor and Social Security and Honduran Institute of Social Security.</td>
<td>Work safety in forest activities.</td>
</tr>
<tr>
<td>ICF, MEUs, social organizations, businesspeople.</td>
<td>Fire prevention and fighting</td>
</tr>
<tr>
<td>ICF, MIAMBIENTE, Ministry of Education.</td>
<td>Environmental education.</td>
</tr>
<tr>
<td>ICF, social organizations.</td>
<td>Monitoring of wild fauna.</td>
</tr>
</tbody>
</table>

8.4.5. Forest Protection Plan
The target of the Forest Protection Plan is to implement prevention and control measures on forest fires, which contribute to recovery and maintain ecosystem services of forests in priority basins affected and not affected by the pine-bark beetle within the Project influence area. The Plan includes action lines on protection, as well as guidelines for the use and management of fire within the project framework, and guidelines to carry out prescribed burnings.
8.4.6. Guidelines for mitigation of natural disaster risks

**Diagnosis**

Honduras is considered one of the countries worldwide with greater risk to disasters: historic impact of hydrometeorological phenomena show that in the past 18 years, the Honduran society recorded more adverse effects associated to weather events than any other country in the occidental hemisphere, only compared with Bangladesh and Birmania on Climate Risk Index terms.\(^{12}\)

According to EMDAT database,\(^{13}\) which registers mainly disasters with enough impact to raise the interest of national authorities and/or international support, during the past 30 years, the country has recorded 48 disasters that caused losses over USD 392 million as shown in the Table below.

<table>
<thead>
<tr>
<th>TRIGGERING PHENOMENA</th>
<th>NUMBER OF CASES</th>
<th>DEATHS</th>
<th>AFFECTED</th>
<th>LOSSES IN USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>DROUGHTS</td>
<td>7</td>
<td>0</td>
<td>460625</td>
<td>10 000 000</td>
</tr>
<tr>
<td>FLOODS</td>
<td>24</td>
<td>871</td>
<td>1 137 034</td>
<td>378 800 000</td>
</tr>
<tr>
<td>LANDSLIDES</td>
<td>1</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FOREST FIRES</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HURRICANES</td>
<td>15</td>
<td>14 846</td>
<td>2 366 399</td>
<td>4 033 179</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48</td>
<td>15 734</td>
<td>3 964 058</td>
<td>392 833 179</td>
</tr>
</tbody>
</table>

*Source: National Plan of Comprehensive Risk Management of Honduras (Plan Nacional de Gestión Integral de Riesgos de Honduras). 2012*

Even though this data indicates huge problems for the country’s development, the “small” and recurrent disasters are the ones that gradually aggravate poverty conditions, since this rarely is brought to the national and worldwide attention, to undertake reconstruction processes that prevent the relapse of the preexisting risk. This way, recurrent and everyday disasters, such as droughts, floods, landslides, and forest fires which are the ones that may be expected in the Project area and which do not receive external support, reduce the development possibilities of the poorest segments, precisely, the ones with a greater relative exposure. So, the vicious circle of everyday risk and disaster risk mutually reinforced is closed.

**General Target**

Reducing the natural disaster risk of actions to be carried out in the Programme.

**Specific measures**

Droughts. Enrichment and reforestation activities will require water availability, so plants may develop. Weather forecasts must be taken into consideration and the development of a very thorough planning (taking into account foreseen months of rain and development status of plants during such months) to ensure that droughts do not affect these activities.

Floods and landslides. Floods and landslides are threats that depend on location. In this sense, it is proposed to apply the assessment method of the site to identify areas prone to these threats when carrying out management plans for areas to be restored in order to exclude these areas prone to threats. This method enables a simple way to identify

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\(^{13}\)For the EMDAT database, a disaster is registered when it implies at least one of the following criterion: (i) at least 10 individuals reported dead, (ii) at least 100 individuals reported as affected, (iii) one formal request from government for international assistance, and/or (iv) formal statement as state of emergency.
zones prone to hillside movements by applying a criteria matrix. On the other hand, the Programme must avoid actions that may aggravate the risk of landslides, such as opening rural roads.

**Action Strategy**

The National System for Risk Management (SINAGER) through the Decree 151-2009, Article 4, Section 6 establishes that risk management is a State policy of permanent nature and requires every entity pertaining to SINAGER, governmental and non-governmental sector to incorporate the risk management component as part of the national development in their plans, programmes, institutional territory strategies, specific actions on Risk Management. In this sense, it is considered necessary to incorporate a mainstreaming process of risk management in the Project technical analysis and Forest Management Plans which takes into account the following steps:

Step 1: Assessment of the exposure to threats and socio-natural disasters in the Project “influence area” defining coordinates and verifying them with threat maps.

Step 2: Use of secondary information to assess existing threats in specific sites selected for the Project location, for which it is recommended to apply the Component 1 “Geomorphology and Basins” of the COPECO2 Manual.

Step 3: Use of field information for a detailed assessment of existing threats in specific sites selected for the Project location, for which it is recommended to apply the Component 2 “Socio-Cultural Threats” of the COPECO Manual.

Step 4: In case a high-risk is identified it is advisable not to carry out restoration activities in that place. A report that details zones that will not be intervened because of their exposure to natural threats must be carried out and annexed to the management plan.

8.4.7. **List of species to be used for restoration activities**

Most part of the site reforestation will be performed using the same existing species in the zone, protecting the natural regeneration against threats (livestock, land use change, forest fires, etc.).

In some sites, it will be necessary to reforest with plants from nurseries developed by the Project, which must produce native plants of pine species from the Project areas free of bark plague.

The Project areas are naturally covered by pine forests and it is advisable to work with the spreading of pines suitable for the site height (Table 11). It is not recommended to perform monocultural plantations with either same species, same age, nor seedlings coming from the same father tree since it is necessary to reestablish forests resilient to climate change and plagues.

<table>
<thead>
<tr>
<th>Specie</th>
<th>Height (masl)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Pinus caribaea</em></td>
<td>0-650</td>
</tr>
<tr>
<td><em>Pinus oocarpa</em></td>
<td>700-1800</td>
</tr>
<tr>
<td><em>Pinus maximinoi</em></td>
<td>800-1800</td>
</tr>
<tr>
<td><em>Pinus tecumumani</em></td>
<td>400-2000</td>
</tr>
<tr>
<td><em>Pinus ayacahuite</em></td>
<td>1800-2800</td>
</tr>
<tr>
<td><em>Pinus pseudostrobus</em></td>
<td>1800-2800</td>
</tr>
<tr>
<td><em>Pinus hartwegii</em></td>
<td>2500-2800</td>
</tr>
</tbody>
</table>
Broadleaf species may also be planted as native species of oak (*Quercus*), quebracho (*Lysiloma acapulcensis*), nance de montaña (*Byrsonima crassifolia*) and chaparro (*Curatella americana*) advisable to be used in firewall rounds and against the pine-bark beetle.

No invasive species must be used for forest reforestation within the Project. The final list of species that may be used must be approved prior to their use.

8.5. Monitoring Plan

The follow-up or monitoring is proposed as an exercise intended to identify systematically the performance quality of the process to make corresponding and timely adjustments or changes in order to avoid, to the extent possible, incidence of identified risks and impacts.

Within the proposed framework it is sought to identify real or potential success and failures, without delay, and to make timely adjustments to the execution, being clearly aware that what cannot be measured cannot be managed to be improved. Thus, monitoring indicators for environmental and social risk and impact are presented in order to minimize identified risks under a prevention and control scheme.

The indicators proposed seek assessing risk threats in the Project execution, progress achieved in the mitigation measures proposed, identifying opportunities to improve them to positively influence the Project and the awareness and incentive of the beneficiary population.

Monitoring of environmental and social risks falls directly to the ICF as technical executing agency of the Project, who jointly with MIAMBIENTE will define an institutional framework that enables incorporating municipalities through Municipal Environmental Units (MEUs), which supported by the Project will carry out field visits, so they may, quarterly, inform about the work being executed to mitigate identified risks to the environmental and forest ministers with copy to the Project director.

A bi-annual meeting is advisable to be held among the three parties (MIAMBIENTE, ICF, MEUs) with the Project Directorate and to invite SINAGER to learn about the achievements reached in the previous semester and the planning of the coming one.

The ICF must make public the regionalization and decentralization at least in the regions where the Programme will be implemented, delegating to the ICF Regional Chief everything related to requests of beneficiaries who aim for the forest incentive benefit, as well as the approval of required Forest Management Plans and Control Plans, and the technical tracking of field activities from the Forest Incentive Programme.

The monitoring and follow-up actions consider the following:

− Continuation of the collection of baseline data throughout the lifecycle of the project interventions;
− Evaluation of the implementation of mitigation measures, or compliance with project standards or requirements;
− Assessment of any unintended impacts that may not have been previously predicted; and
− Involvement of local communities in monitoring efforts through participatory monitoring ensuring that the collection and dissemination of monitoring data and results will be transparent and available to interested specific project intervention stakeholders.

Throughout execution, the Bank will contractually require SEFIN to manage the Project taking into consideration the following:
1) The Project shall comply with all applicable environmental, social, health and safety, and labor regulatory requirements of Honduras.

2) SEFIN will confirm that stakeholders and institutions participating in the Project financed through this Project comply with all applicable environmental, social, health and safety, and labor regulatory requirements of Honduras.

3) To strengthen its capacity to discharge its environmental and social responsibilities, SEFIN will appoint an Environmental and Social Coordinator for the duration of the Project.

The IDB will supervise Environmental, Social, Health and Safety (ESHS) and labor aspects related to the use of the proceeds of the Project, as necessary either by an IDB in-house specialist or with external consultants, hired by the IDB. To this end, SEFIN will provide and facilitate access by IDB to all relevant documentation, personnel and projects facilities. If necessary, IDB and SEFIN will agree on corrective actions or measures necessary to address impacts and risks and/or to enhance their management.

The development of a more detailed environmental and social monitoring plan is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the operation in order to assure full compliance with IDB polices.

8.6. Tentative Budget
There are environmental and social measures that are part of the Project execution, and which have not been included in the ESMF implementation budget. The budget below includes those activities which costs have not been taken into consideration.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>COST IN USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive programme socialization through communication means, schools, key actors in the Programme intervention zone. Communication strategy: personnel work, posters, radio broadcast, etc.</td>
<td>US$ 100,000</td>
</tr>
<tr>
<td>Training for companies that will carry out management plans in the assessment of site threats to avoid work risks</td>
<td>US$ 20,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>US$ 120,000</td>
</tr>
</tbody>
</table>

This budget will be validated and considered during the preparation stage of the loan operation.
APPENDIXES

Appendix I. Excluded Activities List
Appendix II. List of IDB Policies
Appendix III. List of stakeholders involved in the Project preparation phase - stakeholder engagement
Appendix IV. Outline for developing Sociocultural Analysis and Indigenous People Plans
Appendix V. Executive summary of the study on the presence of Indigenous People
Appendix VI. Community Liaison Plan
Appendix I. Excluded Activities List

The IDB does not finance projects or companies involved in the production, trade, or use of the products, substances or activities listed below.

- Those that are illegal under host country laws, regulations or ratified international conventions and agreements
- Weapons and ammunitions
- Tobacco\(^\text{14}\)
- Gambling, casinos and equivalent enterprises\(^\text{15}\)
- Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)\(^\text{16}\)
- Radioactive materials\(^\text{17}\)
- Unbonded asbestos fibers\(^\text{18}\)
- Forestry projects or operations that are not consistent with the Bank’s Environment and Safeguards Compliance Policy\(^\text{19}\)
- Polychlorinated biphenyl compounds (PCBs)
- Pharmaceuticals subject to international phase outs or bans\(^\text{20}\)
- Pesticides/herbicides subject to international phase outs or bans\(^\text{21}\)
- Ozone depleting substances subject to international phase out\(^\text{22}\)
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
- Transboundary trade in waste or waste products\(^\text{23}\), except for non-hazardous waste destined for recycling
- Persistent Organic Pollutants (POPs)\(^\text{24}\)
- Non-compliance with workers fundamental principles and rights at work\(^\text{25}\)

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14 This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations.
15 This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations.
16 www.cites.org
17 This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded.
18 This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is<20%.
19 GN-2208-20, Environmental and Safeguards Compliance Policy, dated 19 January 2006, approved by the Board of Executive Directors on 19 January 2006.
21 Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int).
22 Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (www.unep.org/ozone/montréal.shtml).
23 Defined by the Basel Convention (www.basel.int).
24 Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs) (September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int).
25 Fundamental Principles and Rights at Work means (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examination; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin. (International Labor Organization: www.ilo.org)
The Project will also exclude activities that:

- projects that could have significant adverse environmental and social impacts (Category A.)
- involve involuntary resettlement of people
- have a potentially adverse social impact on communities and/or indigenous people
- involve conversion or degradation of critical natural habitats or cultural sites
- have potentially adverse transboundary impacts
- use invasive species
Appendix II. List of IDB Safeguards Policies

IDB’s Safeguard Policies are publicly available on IDB’s website located at:


The following safeguards are available:

- Environment and Safeguards Compliance Policy and Guidelines OP-703
- Natural Disaster Risk Management and Guidelines OP-704
- Involuntary Resettlement and Guidelines OP-710
- Indigenous Peoples and Guidelines OP-765
- Gender Equality in Development and Guidelines OP-761
- Access to information Policy and Guidelines OP-102
Appendix III. List of stakeholders involved in the Project preparation phase - stakeholder engagement

<table>
<thead>
<tr>
<th>Tipo de actor</th>
<th>Taller 03May</th>
<th>Taller 04May</th>
<th>Taller 07May</th>
<th>Taller 08May</th>
<th>Taller 09May</th>
<th>Totales por tipo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mujeres</td>
<td>Hombres</td>
<td>Mujeres</td>
<td>Hombres</td>
<td>Mujeres</td>
<td>Hombres</td>
</tr>
<tr>
<td>Taller de lanzamiento</td>
<td>49</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representantes de organizaciones comunitarias</td>
<td>0</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representantes Municipalidades</td>
<td>6</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representantes otros actores institucionales</td>
<td>13</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prensa</td>
<td>3</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representantes instituciones ejecutoras del proyecto</td>
<td>27</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totales por taller</td>
<td>124</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talleres Regionales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>52</td>
<td>28</td>
<td>64</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Representantes de organizaciones comunitarias</td>
<td>4</td>
<td>23</td>
<td>11</td>
<td>30</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Representantes Municipalidades</td>
<td>5</td>
<td>11</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Representantes otros actores institucionales</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Representantes instituciones ejecutoras del proyecto</td>
<td>10</td>
<td>17</td>
<td>11</td>
<td>18</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Totales por taller</td>
<td>73</td>
<td>92</td>
<td>46</td>
<td>88</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Mujeres en talleres regionales: 105
- Hombres en talleres regionales: 194
- Total de participantes en talleres regionales: 299
- Mujeres en taller de lanzamiento: 49
- Hombre en taller de lanzamiento: 75
- Total de participantes en taller de lanzamiento: 124
- Total Mujeres en talleres de socialización: 269
- Total hombres en talleres de socialización: 423
Appendix IV. Outline for developing Sociocultural Analysis and Indigenous People Plans

When the socio-cultural analysis is prepared as a document, the following items could serve as a starting point for the elaboration of the Sociocultural Analysis and Indigenous People Plan:

- **Analysis of the legal framework related to Indigenous Peoples**: Identification of the main applicable instruments, from national legislation as well as international conventions ratified and subscribed to by the country, and principles and guidelines established in the Policy (OP-765) of the IDB.

- **Characterization of the Indigenous communities**: Detailed description and analysis of the Indigenous population located in the area of influence (direct and indirect) of the project. Based on this characterization, the analysis will determine whether it is necessary to expand the indirect area of influence of the project in specific places, justifying the reasons why it should be expanded.

- **Community structure and institutional functioning**: Norms, values, rules, customs, behaviors and decision-making mechanisms that have been institutionalized through inter and intra-group relations, relevant for the project, to take into account in the public consultations and the management measures to be proposed.

- **Gender aspects**: Identification of gender dynamics as an integral part of the SCA, identifying sociocultural patterns such as the exclusion of women from decision-making processes or public life, economic or professional life, harmful attitudes or practices towards women and girls (like their exclusion from education), physical violence against women (whether by strangers, acquaintances or intimate partners), using both qualitative and quantitative data and indicators. Identify special measures necessary to ensure that women and girls participate in decision-making processes about the project like the public consultation. It would also be important to analyze if as a result of the project there could be negative impacts differentiated by gender, or worse for women and girls than for men and boys, or if preexisting gender inequalities could be exacerbated as a result of the project.

- **Symbolic aspects**: characterization of values, norms, traditions, customs, beliefs, aspirations and attitudes of the community related to the project, with special emphasis on ceremonial sites and other places with symbolic meaning for the population.

- **Social vulnerability analysis**: Situation of the Indigenous population in the area of the project according to its levels of socioeconomic vulnerability, historic and cultural vulnerability, linking that situation with potential risk of exclusion from the potential benefits of the project.

- **Population expectations**: Aspirations, perceptions, and attitudes towards the project within the Indigenous communities, including the history of interactions with the agencies of the public sector and the level of confidence or distrust that Indigenous communities have in them.

- **Production and connection with the regional commercial system**: Analysis of how the changes generated by the project could provoke changes in the interactions between the Indigenous population and agents related to the commercialization of products and subsistence activities currently existing in Indigenous communities.

- **Existing liabilities and contextual risk**: Identification of the presence of potential sociopolitical liabilities and risks associated with the context in which a project will be constructed and operate.

- **Risks of physical, territorial, or cultural integrity** of the potentially affected population, including natural resources, food security, rights, economy, identity, etc.

- **Possible impacts generated by the presence of external contractors**: Analyze the possible risks associated with the construction works (health, accidents, unwanted pregnancies, etc.), with particular emphasis on the behavior of personnel of the contractors in their interactions with the local Indigenous population.
• **Cultural changes and generational disruption**: Analyze the internal cultural changes and tensions that could be generated or identified as a result of the project, in the framework of the changes that the project could introduce or intensify.

• **Risk of conflict**: Identification of latent conflicts and potential new conflicts that could be generated or intensified as a result of the project.

• **Potential indirect impacts related to tenancy and use of lands**: Analyze the principal threats in this area that could be created or intensified as a result of the project, including land titling issues, rent or leasing, invasion of Indigenous lands, ancestral territories they aspire to recover, etc.

• **Other risks and possible adverse social impacts**, including direct, indirect, and accumulative, induced or residual impacts on Indigenous communities.

• **Public consultations with Indigenous Peoples**: Guidelines and criteria for conducting public consultations with Indigenous Peoples, reflecting the requirements established in Policy OP-765 of the IDB on Indigenous Peoples. These measures would be additional to the consultation activities to be carried out in the context of the ones required by OP-703. These consultations should be socio-culturally appropriate, preferably using one or more Indigenous facilitators, ensuring that those people that don’t speak Spanish (for the Honduras case) have the opportunity to form questions and express their opinions and concerns; that they are held at times and in spaces that are accessible to the local Indigenous population, and that they respect the decision-making mechanisms of the Indigenous groups.

• **Indigenous Peoples Plan**: Inclusion of specific measures to reduce, mitigate and/or compensate the potential impacts on Indigenous communities. Compensation does not necessarily mean economic compensation, but mainly replacement of the affected functionality or replacement in kind, as in land for land. The impacts identified should be associated with the mitigation measures, explaining clearly the relation between the impacts and the measures. This plan, and its measures, should have an assigned budget, tentative timeline, required personnel to execute them, institutional responsibilities, among other practical details that facilitate its eventual implementation.

• **Monitoring of Sociocultural Aspects**: Definition of sociocultural indicators that serve as a baseline for eventual monitoring of changes generated by the project, defining a monitoring system specifically for Indigenous communities, analyzing the possibility of implementing participatory monitoring systems, when that is practical.

• **Field visits**: To write the sociocultural analysis, and to gather the primary information related to Indigenous communities required, there should be field visits to the Indigenous communities in the direct and indirect area of influence of the project, in coordination with the executing agency, and advising the executor to carry out the specific consultations with Indigenous Peoples.
Appendix V. Executive summary of the study on the presence of Indigenous People

Study on the Presence of Indigenous People
January 2019

Executive Summary
(Courtesy English translation)

This document presents the results regarding the verification process of the of indigenous peoples presence in the area of intervention of the Project”. The Projects main objective is to improve the resilience of the coniferous forest, implementing adaptive forest management actions in areas critical for water supply, with a paradigm shift in forest management, creating governance and financial sustainability conditions that allow the transition from a reactive to a preventive approach.

Four sources of information or consultation were used to verifying the presence of Indigenous Peoples in the Project area: (1) Bibliographical sources (Documentary studies, Theses and researches), (2) Population Census and Demography studies, (3) cartographic and geographical references and; (4) Field verification by interviewing experts and Leaders of Indigenous Peoples who validated the information of the first three sources.

The main bibliographic sources and references in the country, in terms of the characterization of indigenous peoples, have been:
Profile of the Indigenous and Black Peoples of Honduras by Gloria Lara Pinto (2002), within the framework of the Regional Unit for Technical Assistance (RUTA) of the Secretary of State in the Offices of the Interior and Justice.

The, a cartography analysis has been carried out intersecting "shapefile" archives of the Map of Indigenous Peoples and Ecosystems of Central America created by the International Union for the Conservation of Nature (IUCN) in the 2015, the National Map of Indigenous Peoples of the National Information System Territorial (SINIT) and the Intervention areas corresponding to the 52 Municipalities and the 24 sub-basins prioritized in the Project.

IDB Policy OP-0765 defines "Indigenous Peoples" as peoples that meet the following criteria: (i) They are descendants of the peoples that inhabited the region at the time of the conquest or colonization, (ii) Whatever their legal status or current location, they partially or totally preserve their own social, economic, political, linguistic and cultural institutions or practices and (iii) they self-assign as belonging to indigenous or pre-Columbian peoples or cultures.

Under the framework of IDB Indigenous Peoples Policy OP-0765, there is evidence of the presence of the Lenca and Tolupán Peoples in 9 of the 52 municipalities in the area of influence of the Project. The towns and several settlements of the municipalities (1) Ajuterique, (2) Humuya, (3) Eyes of Water, (4) The Libertad and (5) San Sebastián in the department of Comayagua; (6) Lepaterique, (7) Reitoca and (8) Ojojona, in the department of Francisco Morazán are considered peasants of indigenous tradition Lenca due to their sociocultural, institutional and organizational practices. On the other hand, the Tolupán Town in the municipality of (9) Orica, department of Francisco Morazán.is considered indigenous territories and is clearly recognized in all sources of consultation,

In a hydrographic context, the municipalities with the presence of Indigenous Peoples previously described as Lenca Towns, are found in: (1) Ajuterique and (2) Humuya in the Humuya Alta Sub-basin, (3) Water Eyes in the Humuya Baja Sub-basin, ( 4) La Libertad in the Humuya Media Sub-basin, (5) San Sebastián in the Humuya Alta Sub-basin, (6) Lepaterique and (7) Reitoca in the Río Grande de Reitoca Sub-basin, (8) Ojojona in the Verdugo Sub-basin, El Pueblo Tolupán is located in (9) Orica in the Sub-basins of Río Siale and Guayape Alta.

26 The overall studies is available in Spanish.
Appendix VI. Community Liaison Plan

I. COMMUNITY LIAISON PLAN

1. Introduction

Forestry projects have different ways of managing their relations with communities. The ones that establish good relations with them have a better capacity to obtain and maintain access to land and to have a stable work environment and conciliate social pressures. One of the main complaints of social organizations in the Project area is the lack of communication between technicians in charge of offering spaces for the transfer and adoption of knowledge on technologies, especially if these come from international cooperation. Therefore, this project has hired a Specialized Firm to provide technical assistance directly to communities and it is responsible for the implementation of this plan. The governance framework responds to the IDB Policies and Safeguards, as well as to the National Forest, Protected Areas and Wildlife Policy.

As for the population’s involvement in sustainable forest management, and in order to achieve an adequate management of the social and environmental risks identified in the Environmental and Social Management Plan, as well as the expected positive effects, this plan includes: targets, influence area, principles, regulatory or normative framework, intervention guidelines and a Project Communication Plan. In addition, it indicates who are actors involved in its implementation and, it also includes a Complaint Mechanism aimed at a proper conflict management.

The actions proposed are intended to strengthen communication channels with the population, inform inhabitants adequately about the project and foster positive impacts that will be generated in the area.

As established in the ESMF, it is considered that the project influence area could potentially overlap with indigenous territories. This will be confirmed during the preparation stage of the project, and, if appropriate, this plan will be complemented with the necessary information to ensure that potential impacts are correctly addressed according to IDB policies.

2. Targets

General target

Establish guidelines that contribute to a respectful and trustworthy environment among the Project, the populations in the influence area, their organizations, other actors and general population, so that they may participate in the execution of the project without difficulties.

Specific targets

a) Fostering communication and dialogue capacities between the beneficiary population and the project team to accomplish positive environmental and social impacts of the Project.

b) Keeping inhabitants in the Project influence are informed through a Communication Plan and a Complaint and Claim Mechanism.

c) Ensuring the incorporation of gender equity in the Project implementation.

d) Designing a complaint and claim mechanism to address the difficulties and problems caused by Project.

3. Influence Area

The project influence area includes affected and not affected areas by the pine bark beetle, located in the fifty-two municipalities of the departments of Francisco Morazán, Comayagua, Olancho, Choluteca and El Paraíso, where forestry use is defined (protected areas, water supply micro-basins located in public forests (national and communal) which were granted to forestry organizations, or water management boards).

This zone includes three areas: the sub-basins that supply water to the capital city, the Comayagua valley and the sub-basins that surround El Cajón dam.
4. Regulatory or Normative Framework

IDB Policies applicable to the project are the following:

Policy 102 - Access to information - to disseminate the information and documents developed in the project.

Policy 761 - Gender Equality in Development - to mitigate the risk of exclusion due to gender, economic opportunities and benefits coming from the Program.

Policy 703 - Environment and Safeguard Compliance. The Program will be executed according to requirements of Honduran environmental and social laws and regulations, as indicated in the Environmental Management Plan.

Policy 704 - Natural Disaster Risk Management - Risks associated with droughts, landslides, and floods.

Policy 765 - Operational Policy on Indigenous Peoples (IP), if applicable.
5. Basic Principles

Considering the high sensitivity that the bark beetle problem has caused to pine forests, the basic principles for the intervention, with which the communities in the influence area develop their activities are the following:

- Every action will be framed within the targets of the project.
- Every operation will be based on a permanent and transparent Communication.
- In public consultations, risks, conflicts and impacts, linked to the execution of the project in the community must be identified in each stage of the project.
- The influence area must be identified though a methodology, and beneficiary organizations must be prioritized according to the criteria defined (document on prioritization of areas).
- This document must be reviewed at least once a year.
- Approach on gender and social inclusion in the development of the forest incentive program.
- Co-responsibility in the different intervention levels, based on established mandates and commitments made.
- Operation of the complaint and claim mechanism.

6. Intervention guidelines

Strengthening of environmental governance

Target: To facilitate the decision-making process

Impact mitigated: Limited participation, illegality and lack of transparency

Activities: Public consultations, community assemblies, and open town councils

The governance framework seeks to strengthen the existing institutional mechanisms, in a setting of dialogue, involvement and collaboration among the participating actors.

This project supports national, regional, and municipal decision-making processes for the environmental governance. It contributes to strengthening capacities to implement international environmental agreements nationwide through legal and institutional measures. Environmental governance is understood as the institutions’ quality or ability to govern the forest restoration matter to foster and ensure the sustainable, responsible, rational, and ethical use of natural resources and of the environment in order to contribute to the comprehensive, social, economic, and cultural development of communities.
As part of the organizational consultancy, the Specialized Firm will contribute to protect the rights of people and communities that depend on forests and will assist community organizations by contributing to learning and establishing synergies, during the project life.

Governance must be articulated and complemented in the project execution, based on established mandates and commitments made by the involved parties to strengthen the existing governance mechanisms in institutions and from local governments, considering the hierarchies and preeminence of law and regulations used to keep good practices of community liaison and peaceful coexistence. This contributes to transparency in the project actions, allowing for an effective accountability on the part of organizations, by using social control and participation.

If a claim or complaint already addressed in the abovementioned complaint mechanism arises because its resolution was not satisfactory for the parties, the Specialized Firm will do efforts to properly handle the conflict.

If there is a conflict due to ungovernability in the municipality, the Specialized Firm may address the issue through public Consultations, community Assemblies, or with participation in open town councils. In all cases, each process must be recorded in Municipal Councils’ minutes or in the organizations’ minutes books.

**Gender criteria**

Target: Maintain equal opportunity relations between men and women.

Activities:

- Build equal relationships in every area of the project life.
- Promote the full participation of men and women, starting from the consultation processes up to receiving benefits and defense of human rights.
- Include gender criteria transversally: In every phase of the project, the Specialized Firm will ensure, along with other public institutions involved, that the project is developed taking into consideration a gender approach.
- The beneficiary organization will apply gender criteria in: Equal participation of women and men in training processes, collection of income coming from the incentive program, and decision making.
- Inclusion will be fostered in processes regarding ability, capacity and knowledge building in order to comply with the IDB Policy on Women in Development (OP-761). Additionally, women’s participation in organizations will be fostered through a significant effort to raise awareness in communities and to develop standards related to the composition of work committees, that will be issued through relevant channels ensuring a minimum percentage of women’s participation.
- Within the framework of the organizational consultancy that the Firm will provide to the organizations and as part of the training plan, it must carry out consultancies on organizational behavior, legalization of organizations, among others. Women’s participation will be fostered in such activities, where the target is to increase by 20% the inclusion of women in boards of directors, as well as in the forest restoration work.

To achieve this, the Specialized Firm will make efforts when calling for all project activities, as well as in the processes to elect boards of directors, monitoring boards and other committees established according to the organization’s bylaws, in addition to the personalized motivation that women must receive, in any space where it is appropriate to address the matter.
7. Project Communication Plan

In the analysis regarding the potential impacts this project may have on the environment and people, communication is crucial to avoid misunderstandings with communities. Information must be provided to invalidate or affirm concerns and expectations derived from it. This will help the population to fully participate in the achievement of the project targets and avoid a negative response to its execution.

Main social risks:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Measure</th>
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<tbody>
<tr>
<td>Lack of information on the targets and direct benefits for the populations within the forest and surrounding areas.</td>
<td>The project execution information is public, this mitigates misunderstandings, complaints and claims by the community.</td>
</tr>
<tr>
<td>The organizational capacity does not meet the project requirements to be eligible for the forest incentive program.</td>
<td>Community Liaison Plan of the project in the intervention area. Prior development of an actors’ mapping and identification of potential project beneficiaries and institutions to establish strategic alliances.</td>
</tr>
<tr>
<td>Low level of community commitment in the restoration of forests located in water supply areas.</td>
<td>Establishing usufruct agreements where their responsibilities are specified.</td>
</tr>
</tbody>
</table>

7.1 General Guidelines for Approaching Beneficiaries

Socialization

Socialization process

The socialization is vital to begin with the project, as it is the process that informs people, organizations, and institutions about the targets, components, and actions, so they become aware of it and understand its operation.

Basic steps for an effective project socialization:

Selection of audience

The calling will be only for people or organizations related to the project, or for those who show interest.

Language

Adapt the language considering the audience to whom the presentation is aimed at.

Exposition

The individual who makes the presentation, must find phrases or quotations to encourage the audience to be part of the matter and grab their attention.

Introduction
A personal introduction is basic when it comes to making the project’s effective socialization since this will allow for a good first impression.

**Knowledge on the subject**

Deep knowledge on the subject is fundamental. This will make the audience feel comfortable and will be useful to solve questions easily.

**Maintaining control**

The presentation must be dynamic at all times to keep the audience attentive and interested.

**Importance of the project**

Show the validity and importance of the project and how it affects society either positively or negatively.

**Use of images**

Images must complement the speech without distracting the audience from what is being said.

**Content**

Address the problems that will be addressed through the project.

Explain the background of the project.

What is the project? Targets, length, influence area and access to it.

Socialization will be carried out by levels.

**Level I** Strategy level. Event where the representatives of the Secretaries of State, Government agencies, co-managers of protected areas, and second-tier organizations will participate, since due to their tasks, they are related to the project targets. The responsible entity will be the Executing Unit of the project.

**Level I Participants:**

- Secretariat of Finance
- National Institute for Conservation and Forest Development, Protected Areas and Wildlife (ICF)
- Secretariat of Agriculture and Livestock (SAG)
- Energy, Natural Resources, Environment and Mining Secretariat (MiAmbiente)
- Public Education Secretariat
- Ministry of Labor and Social Security
- Technical and International Cooperation Secretariat
- Property Institute (PI)
- Public Ministry - Public Prosecutor’s Office (MP)
- Permanent Contingency Commission (COPECO)
- Ministry of the Interior, Justice, and Decentralization (SGJD)
- Governors of the Departments of Francisco Morazán, Comayagua, Olancho, Choluteca and El Paraíso
- The National Autonomous University of Honduras (UNAH)
- University of Forestry Sciences (UNACIFOR)
- Forest Professional College (COLPROFORH)
Level II. Regional. It will cover the Mayors’ Offices of each department (Comayagua, Francisco Morazán, Olancho, Choluteca and El Paraíso). The participants will be: Departmental Governors, Municipal Mayors, public dependencies with presence in the departments, directors of the water management boards, agroforestry cooperatives, development projects that carry out activities related to the project. The responsible entity will be the Executing Unit of the project. The number of events will depend on the number of expected participants.

Level III. Events will be developed one for each municipality or micro-basin, depending on the access conditions, participants, the availability of adequate premises, among other aspects. These will be developed with local participants of each municipality in the project influence area. The participants will be: Municipal Mayors, Municipal Environmental Units (MEU), Municipal Women's Office, public dependencies with presence in the municipalities, Water Management Boards, agroforestry cooperatives or other organizations, Boards, local project delegates, school principals, individuals in charge of Health Centers, National Police, among others. In this level, the responsible entity will be the Specialized Firm providing technical assistance to the communities.

Meetings for the socialization of results will be held on a permanent basis to be coordinated with each of the organizing, managing or decision-making institutions to facilitate management and action consultation processes in compliance with the project targets. At the end of each meeting, the agreements and commitments made by the parties will be written down to reinforce follow-up.

This project is based on restoration incentives, so the inter-institutional coordination, at every level, facilitates the planning and the execution of viable institutional arrangements according to the project Communication and Visibility Plan, which will be developed and implemented by a Consulting Firm different from the Firm for community strengthening.

Community methodological process

The methodological process is put into operation through a wide range of participatory techniques: communication, animation, presentation, relaxation, organization, planning, among others, which in a creative and planned manner play an educational/pedagogical role in conferences, courses, workshops, and lectures.

Techniques are used as tools that enable the group process of analysis, reflection, collectivization of knowledge and joint creation of new knowledge that is at the service of each and every one, with the guarantee that these will be understood.

First phase: It is a dynamic process where actors meet; an approach where the project and its potentialities are made known. The community starts to understand the project and make it their own by taking part of it. They become interested in the incentive program and recognize the environmental benefits.
It is an encounter between the project and the community. At this time, the targets, components, background and other interest aspects of the project are exposed to the community, as well as communication instances for a viable exchange. On the other hand, the community states its situation and organization, summarizes its problems and discusses the expectations regarding the project.

It starts with the socialization, presenting the project to Municipal Corporations. The first contact with the communities involved will be held at the Mayors’ Office, as municipal autonomous body and government headquarters. It is the entity in charge of the local administration of each municipality. Then, contact will be made with the government sector in the municipalities, and later with local social organizations and other actors linked to the activity.

Interest groups and the steps to follow in order to contact them must be identified. Public consultation meetings must be promoted, where appropriate techniques must be used to learn about their opinions, concerns, and expectations. Interviews with key relators, focus groups, public hearings and participation in open meetings must be also carried out. Mass media must be chosen: radio, community presentations, visit program, newspapers ads, etc.

The institutional coordination must be established, by means of some of the existing organizational structures in the region, such as: Mayors’ Offices, Municipal Forestry Offices, Municipal Environmental Units (MEU), Forestry Consultative Councils, Water Management Boards, Cooperatives, among others, to foster greater integration, and institutional and organizational coordination.

The next contact will be through community leaders, providing them with information about the Project and about the intention to disseminate it to the community.

Once agreed with the leaders, the project technicians should meet with the community to inform as much as possible and in a simple and understandable way the targets of the Project, the actions intended and the necessary requirements to be part of it. Likewise, the organizational behavior existing in the communities must be verified in order to be beneficiaries of the project.

During the implementation of this stage, deadlines and internal decision-making processes of each community must be fully respected. The next phase should not start until the community has understood the implications of their participation in the Project and has voluntarily and freely decided to participate in it.

Likewise, all the implications, both traditional and modern, in the management of local natural resources will be analyzed and assessed from the environmental and social point of view.

**Second phase: Selection of organizations and empowerment**

In the project influence area there are two large groups of organizations:

- Agroforestry/productive (cooperatives, associative companies or associations of producers) and
- Social organizations (Water management boards, boards and co-management associations of protected areas).

Community organizations will freely choose to participate as a beneficiary of the project. This process entails a series of actions, which will respond to the particular dynamic of each one of them.

It is essential to register the moment in which this determination is made.

Verification sources will be: In the case of a town meeting, include a certification of the item of minutes issued by the city clerk, where the matter was discussed. In the case of meetings of members or subscribers, the secretary of the organization will issue a certification of the item of minutes, where such determination was made. An attendance list of participants with the corresponding signatures must be included to confirm that the commitment is not only made by the board of directors.

How does an organization become beneficiary of the project?

R / When it meets the necessary requirements established for that purpose.
Organizational requirements

1. Organization must have Legal Personality.

<table>
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<tr>
<th>REQUIREMENTS TO OBTAIN LEGAL PERSONALITY</th>
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<td>WATER BOARDS</td>
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1. Submit a request addressed to the Secretary of State in the Human Rights, Justice, Governance and Decentralization Offices, including complete address, contact person, landline and mobile telephones.
2. Power of Attorney in favor of the proxy, authenticated by a Notary. It must include principal’s signature, particulars and faculties granted, address and telephone number for professional matters. This Power of Attorney must be granted by the Board of Directors authorized for this type of procedure, according to Bylaws or by General Assembly.
3. Certification containing:
   a) Charter of incorporation or foundation, recording the names of the founding members (at least 10 people). If constituted by legal persons, it must include proof of their existence and of the representation granted to act on behalf of said organizations.
   b) Election of Board of Directors (no relation in fourth degree of consanguinity, nor second of affinity)
   c) Discussion and Approval of Bylaws
   d) Item of minutes where the general assembly authorizes the legal representative of the entity to empower an attorney to carry out the proceedings before the Ministry of the Interior and Justice. All documents duly authenticated.
4. A Bylaws draft including the following structure:
   - Chapter I: Constitution, Denomination, Term and Exact address
   - Chapter II: Targets
   - Chapter III: Members (classes of members, duties and obligations)
   - Chapter IV: Bodies. (Including articles relating to governing bodies: General Assembly, Board of Directors, Committees, etc. with a description of the functions of each).
   - In the case of boards, the prosecutor must be regarded as an independent body from the board of directors, and the requirements must meet the provisions of article 63 of the Municipalities Law, as amended (D.127-2000).
   - Chapter V: Patrimony
   - Chapter VI: Dissolution and Liquidation
   - Chapter VII General Provisions
5. Photocopy certified by a notary of the identity cards of the members of the board of directors. These must be provided on official paper sheets and both sides. Cropped, dark or illegible copies on either side will not be accepted.
6. Include a diskette or CD containing the Bylaws of the legal entity
7. Original domicile certification issue by the Municipal of the Water Board,

Note:
- Certificate of authenticity for signatures
- Certificate of authenticity
  
Authenticated copy and two stamps for L.520.00 - purchased in Banco de Occidente = total payable L.1,042.00 (value payable as of March 2018).

2. A bank account under the name of the organization, at any commercial or savings bank in the country or a credit cooperative. (The account must be opened for the amount indicated by the bank, then the certification can be required.)

3. Certification of item of Minutes of Election of Board of Directors where term is specified.
4. Certification of the Minute authorizing the President to sign the Agreement. (The Assembly authorizes the President to sign agreements to be part of the project.)

5. Certification of the Board of Directors duly registered in the Registry and Monitoring Civil Associations Unit, URSAC.

6. National Tax Registry TIN certification. A copy of the identity card and public receipt is required to fill out form 410.

7. Beneficiary Registration at SIAFI

Requirements for Legal Entity Registration at SIAFI:

a) Copy and Original of Charter of Incorporation and modifications, if any.
b) Original bank account receipt of the requested payment (addressed to SIAFI).
c) Copy and Original of TIN number of the Company, organization or cooperative (the address of the Company, email, telephone or, mobile must be noted in this copy).
d) Copy of Identity Card of Company Manager.
e) If no originals are enclosed, all copies must be authenticated.

8. Sign an agreement as a beneficiary of the incentives program.

Forest restoration Projects start within the community according to the incentive program and action planning. There may be several micro-projects in the same community carrying out restoration work in hydrographic micro-basins, obtaining benefits from the project through forestry incentives payments.

Empowerment; this action is concretized when the main participants of the project progressively master the project's targets and reaffirm their commitment to be part of the project.

In working with municipalities during the first approaches becomes difficult, the Specialized Firm will provide technical assistance to the communities to achieve their full participation in the project. It will carry out actions to: deepen information regarding targets; economic, ecological and social benefits, sensitization to the Municipal Corporation, identify and manage conflicts according to their interests, positions and attitudes.

This work will include participation techniques such as:

Coordination meetings with different actors.- The Specialized Firm, in coordination with the Municipal Corporation (Mayors and Councilors) will call different institutions, organizations and representatives of civil society, communities and organizations to hold analysis meetings about the opportunities and limitations they may face by being part of this project. The Specialized Firm will explain that owners are required to protect the forests, as well as all the people who depend on them. The number of meetings will depend on each case. The agreements, which will include a list of participants, will be recorded and certified by the Secretariat of the Municipal Corporation.

When there is more than one organization in a community (for example, a Water Administration Board, an Agroforestry Cooperative and an Association of Producers), the Specialized Firm will conduct an analysis of each of them, approaching each organization, separately. Then, focus groups with all organizations will be held. The technique will include guiding questions to obtain information about their real situation and if they are committed to the project. This way, the specialized Firm will carry out an organizational assessment with organizations and jointly reach agreements that may consist in:

The organization significantly outperforms and can be the beneficiary organization. Two or more organizations can merge. The resulting beneficiary organization can incorporate members from the other organizations to improve the development of its activities.

In any case, the Specialized Firm will record the minutes and all the representatives of the organizations will sign the minutes including the Specialized Firm, as witness.

If in the influence area there are actors in favor and against, whether these are individuals or groups of interest, the Specialized Firm will interview them to ensure that all actors have the information related to the
project and their connection to it. Key people from the community will be the first to be interviewed in order to identify the problem and review if number of people who are against the project increases.

The Specialized Firm will conduct participatory, inclusive and representative workshops in order to carry out situational analysis with the people who attend. It will also inform about the existence of complaints and claims mechanism, where information may be requested or submit a complaint related to the execution of the project. The Specialized Firm may use other participatory techniques to achieve the proposed objective. The Specialized Firm will carry out public consultations to identify in each stage of the project, the risks, conflicts and impacts, linked to its execution in the community.

If their incorporation to the work is not achieved and the goal of expected hectares is not reached, the promotion will continue in the following sub-zone of the defined influence area.

Third phase:
Training and community participation

Target: Prepare communities for the immediate and efficient execution of the various tasks required in the restoration process.

Activities: Courses, workshops, talks, field days etc.

Training for the community will be provided by the specialized consulting firm to provide technical assistance. The firm must prepare a training plan with diverse content to be developed, in a systematic manner, according to the needs of the population.

After identifying and prioritizing the training needs, these should be classified and organized in a timeline to define which are the most urgent or of greater importance. The central axes will be:

Technical aspects that contribute to the restoration of the forest. (Training by competences) such as: Organizational strengthening, leadership and self-esteem, administration, fund management, integral human development and human rights as well. Each training will be developed under a gender perspective.

Fourth phase: Incentive program

The beneficiaries work guided by an incentive program and a restoration plan; previously designed. At this moment they are ready to work. The organizations have legal personality, and the Specialized Firm is provides support to prepare the necessary documentation for fund request and management. This includes support to follow up the complaints and claims mechanism prepared by the Program Executing Unit, coordinated by the Social Specialist.

Fifth phase: Sustainability

The project is reaching its targets and progress in forest restoration can be seen.

Previously, a phase-out plan for the project has been drafted, which contemplates the strengthening of the institutional and organizational capacities that will provide continuity to the original actions of this project.

Sixth phase: Systematization

It consists in facilitating a historical reconstruction process of the experience, analyzing the results, considering their successes and failures, as lessons learned during the stages of the project. Depending on what is determined at executive level, systematization will be implemented at the middle and at the end of the project.

These phases occur successively and, at times, simultaneously, so a phase can start before the previous one has been completed.
8. Actors and initiatives present in the project area

Institutional actors

International cooperation

Inter-American Development Bank IDB, as a financial institution

The Inter-American Development Bank has the mission of improving lives. Its main target is to reduce poverty in Latin America and the Caribbean, promoting sustainable and lasting growth. The IDB is currently the largest regional development bank in the world and has served as a model for other similar institutions at the regional and sub-regional levels. It is the financial organism of the project.

US Forest Service OFDA

It provides technical assistance in: Climate change, forestry protection, training, research, geographic information systems for forest monitoring, protect natural areas and conservation of migratory birds.

United States Agency for International Development (USAID)

It leads international development and humanitarian efforts to save lives, reduce poverty, strengthen democratic governance and help people to progress beyond assistance. The foreign assistance of the United States of America has always had the dual objective of promoting the interests of the United States while improving life in the developing world.

German Technical Cooperation Agency GTZ

Owned by the Federal Republic of Germany, this company conducts various programs for sustainable development commissioned by the German Federal Government and other public or private sector principals. Their work contributes to the public, economic, ecological and social development, thereby improving living conditions.

The German Cooperation through the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) has supported the Government of Honduras to promote conservation, Assistance to ICF work teams within PROTEP framework linked to CLIFOR.

Program Adaptation to Climate Change in the Forest Sector - CLIFOR / GIZ

The CIiFor Program combines sustainable forest management with socioeconomic development of local rural communities, improving their capacity to adapt to climate change. It is based on the idea that organized agroforestry groups manage a public or intercommunity territory, oriented towards the sustainable use and commercialization of forest products, as well as agricultural production for food security and sale of surpluses.

Complementary Measures PROTEP / GIZ:

The goal: To support the Executive Directorate of the ICF guiding it to fulfil its institutional competencies with coordination management between the projects and budget support of the EuroFor Program and other cooperation projects in the Forestry sector.

Canada-Honduras Agroforestry Project Value Chains (CAHOVA).

Canada-Honduras Project Agroforestry Value Chains -CAHOVA- is a socio-economic development initiative that seeks to support socio-economic development of associative companies and expansion of markets for agroforestry products in wood chains, pine resin, coffee, cocoa and rambutan. The capacity of the associative companies will be strengthened through the transfer of knowledge and sustainable practices to the associates and managers of companies, ensuring the active participation of women and young people.
Budgetary Support Program for the Forestry Sector reinforcing ICF

PAPSFOR is implemented to favor and strengthen local communities that depend on forests, along with civil society organizations, to improve the sustainable management of forest ecosystems and productive systems in the forestry sector as well as agrosilvopastoral, agricultural and pasture system for livestock feed that contribute with better employment opportunities in rural areas anchored by European Union funds.

Fund for the Management of Protected Areas and Wildlife

Its Vision: To be the main agent of change and innovation in the conservation of protected areas and wildlife in Honduras, enhancing sustainability and credibility to obtain national and international resources.

Its Mission: to contribute to an efficient management of protected areas through a participatory and transparent management model for the perpetuity of Honduras' natural and cultural heritage

Government Sector

Secretariat of Finance of the Republic of Honduras

SEFIN, a State institution of Honduras, is responsible for the formulation, coordination, execution and assessment of policies related to public finances and General Budget of Revenues and Expenditures of the Republic. The Secretariat is entrusted to deal with public debt, public investment programming, within a framework of legality and transparency, to contribute to the economic development of the country. It will be the responsible body for loan administration resources for the Forest Management Program.

Environment Secretariat (MIAMBIENTE)

Energy, Natural Resources, Environment and Mining Secretariat (MIAMBIENTE) of the Republic of Honduras is responsible for coordinating and assessing policies related to the environment, ecosystems, national system of protected natural areas and national parks and protection of flora and fauna. Its function is to ensure and monitor the adequate operation of the Program.

National Institute for Conservation and Forest Development, Protected Areas and Wildlife (ICF)

ICF is responsible for the administration of forest resources, protected areas and wildlife, including protection, restoration, exploitation, conservation and promotion of sustainable development, in accordance with the social, economic, environmental and cultural interests of the country. It is in charge of executing the technical part of the Program.

Secretariat of Agriculture and Livestock SAG

It is the agency responsible for the formulation, coordination, execution and assessment of policies related to the production, conservation and marketing of food, the modernization of agriculture and livestock, fisheries, aquaculture, poultry, beekeeping, animal and plant health; the generation and transfer of agricultural technology, irrigation and drainage in agricultural activities; the distribution and sale of agricultural inputs purchased by the State in any capacity; the rules to which agricultural inputs will be liable, the coordination of actions related to forestry, the superior management of agro-meteorology services and the promotion of agricultural credit.

Public Ministry; Special Prosecutor for the Environment

The Special Prosecutor for the Environment is part of the organizational structure of the Public Prosecutor’s Office; it supports its actions in the principle of legality, trying to address all arising complaints, fulfilling targets and purposes established by the Law of the Public Ministry. It is obliged to demand compliance with international laws and treaties, going so far as to initiate legal actions against public officials of different categories for breach of their duties or acting outside the law.

Institute of Property

It is the governmental entity of Honduras in charge of executing and ensuring compliance of Property Law, which aim is that the nation has an inclusive property system that allows population to participate in recognized economic activities by the State, contributing to the eradication of poverty.
The main factor that enhances property as a source of wealth and a driver of human development is the "Legal certainty on property". To achieve legal certainty, the Property Institute also fulfills functions related to the regularization of property, modernization of property registers, administration of national cartography and the application of new techniques for the survey and updating of land registry systems in the country.

**Honduran Coffee Institute (IHCAFE)**

Promotes socio-economic profitability for Honduran coffee growers through Agro-industrial Coffee Chain competitiveness development. Using state-of-the-art eco-friendly technologies and providing our customers with excellent quality coffee, implementing efficient promotion programs and viable options for diversification as an alternative source of income.

**National Committee for Forest Protection (CONAPROFOR)**

CONAPROFOR is the coordinating body between public or private institutions and of other nature that seek to prevent and fight fires, plagues and diseases that damage forests.

**National Forestry Advisory Board (COCONAFOR)**

Environmental Sector Body. Environment and Natural Resources Ministry · National Institute of Ecology · Federal Attorney for Environmental Protection. National Commission for the Knowledge and Use of Biodiversity, National Commission of Natural Protected Areas and National Water Commission. Its target is to develop, favor and promote productive, conservation and restoration activities for the forestry.

**Permanent Contingency Commission (COPECO)**

Locally dictates policies regarding Risk Management covered by SINAGER law fostering community organizations like: CODED, CODEM, CODEL, CODECE and CODECEL.

Provides technical assistance to formulate or update their Emergency Plans with CODED, CODEM, CODEL, CODECE and CODECEL. Coordinate institutions for humanitarian assistance.

It has a close relationship with the technical scientific institutions in order to maintain a constant monitoring of the phenomena. Executes the response plans on behalf of the sectors involved in the emergency.

Coordinates damage assessments and needs through analysis, verifying the impact of the phenomenon on the affected areas, keeping superior authorities informed on prevailing situations and actions taken according to priorities.

Manage and coordinate actions related to the rehabilitation and reconstruction of physical, social and economic damage.

**Association of Municipalities of Honduras (AMHON)**

Representative, non-profit and non-partisan civil entity of national nature, with full capacity to exercise rights, contract obligations and intervene in court with own assets and free administration. It is comprised of the 298 mayors and councilors of the country that represent their municipality.

AMHON was established on April 11, 1962 according to Resolution No. 16-1962 by agreement of the Ministry of Interior and Justice, ordered by the then president Ramón Villeda Morales. In 1963, its Bylaws were amended to expedite demanded changes in the municipal government.

In the 2009 Assembly, the most recent amendments to the Bylaws were approved.

**Regulatory Entity of Drinking Water and Sanitation Systems (ERSAPS).**

Responsible for the regulation and control of the provision of drinking water and sanitation services in the municipalities, applying criteria and rules that allow monitoring and assessing providers, encouraging citizen participation and ensuring that users to receive quality services, efficient and sustainable, thereby contributing to the population’s social welfare.
Registration and Monitoring Unit of Civil Associations (URSAC) now DIRSAC

Responsible for the registry of all civil associations and monitoring their activities, with the purpose of ensuring these comply with the purposes and targets for which they were established and authorized by the State.

To fulfill its functions, URSAC may request from civil associations, the information deemed necessary, including the Financial Statements, General Balance and other documentation.

Municipalities

Within the priority area of intervention, there are 52 municipalities within the influence area of the project which are listed in the ESMF document.

Direct beneficiaries of the incentives:

Co-managers of protected areas


National Federation of Boards of Honduras (FENAPAH)

Promotes social support and projects to communities throughout the country.

Water Boards

Community organizations handling most of the affected areas by beetle in the priority area. Water boards located in the sub-basin of Rio del Hombre stand out due to the amount of affected area (46% of the total area affected in this category). Rio del Hombre sub-basin is managed by eight water boards: Zambrano, San Francisco, Soroguara, La Montera and Villa Union, El Espino, Providencia, El Tablón de Zelaya and El Reventón. These Water boards represent 6,276 families of which 90% do not receive the minimum wage and could benefit from participating in the incentives program. For its part, the Regulatory Entity for Drinking Water and Sanitation Services (ERSAPS) regulates and controls the provision of drinking water and sanitation services in the national territory, enforcing Legal Framework of the Sector.

Private forest owners

Private owners manage 21% of the area affected by beetle. A total of 48 landowners have been identified, with an average affected area of 143 ha.

Agroforestry Organizations

The ICF’s mandate is to promote, organize and strengthen the Social Forestry System, incorporating the communities that live in or around national forest areas. Promoting protection activities like management, reforestation and integral care of the forest. In the prioritized area, nine cooperatives manage 6% of the area affected by beetle.

Honduran Federation of Agroforestry Cooperatives (FEHCAFOR)

Second-level body of the National Cooperative Movement. Currently, FEHCAFOR has 128 affiliated Cooperatives that group approximately 5,550 cooperative members who benefit directly from the sustainable management of forest resources. An average of 27,000 people is related to the activities with such resources.

Hydroelectric and electricity company (ENEE).

The project will involve hydroelectric companies and the electric power company (ENEE).
### Summary of Actors

<table>
<thead>
<tr>
<th><strong>DEPENDENCY</strong></th>
<th><strong>ACTOR</strong></th>
</tr>
</thead>
</table>
| **International Cooperation** | ● Inter-American Development Bank IDB, as financial institution.  
● US Forest Service OFDA.  
● USAID  
● German Technical Cooperation GIZ  
● Program Adaptation to Climate Change in the Forestry Sector - CLIFOR / GIZ  
● Complementary Measures PROTEP / GIZ  
● Canada-Honduras Agroforestry Project Value Chains (CAHOVA).  
● PAPSFOR  
● Fund for the Management of Protected Areas and Wildlife |
| **Government Sector National Organizations** | ● Secretariat of Finance SEFIN  
● Secretariat of Natural Resources, Environment and Mines MIAMBIENTE  
● National Institute for Conservation and Forest Development, Protected Areas and Wildlife ICF  
● Secretariat of Agriculture and Livestock  
● Public Ministry  
● Institute of Property  
● Honduran Coffee Institute IHCAFE  
● National Committee for Forest Protection (CONAPROFOR)  
● National Forestry Advisory Board COCONAFOR  
● Permanent Contingency Commission (COPECO)  
● Association of Municipalities of Honduras AMHON  
● Unit of Registration and Monitoring of Civil Associations URSAC  
● Municipal Corporations  
● Hydroelectric companies and the electric power company (ENEE) |
| **Civil society** | ● Co-managers of protected areas  
● National Federation of Boards of Honduras FENAPAH  
● Municipal Consultative Councils CCFM  
● Water boards  
● Private forest owners  
● Municipal Emergency Committees (CODEM)  
● CNTC National Central of Workers of the Field  
● FEHCAFOR. Honduran Federation of Agroforestry Cooperatives of Honduras |
| **Municipal Organizations** | ● Municipal Mayor's Office: in each municipal area  
● Municipal Environmental Unit MEU: in each municipal Mayor's office  
● Municipal Forestry Office: in municipalities with forest interest  
● Health: Health centers  
● Education: District Directorate, Schools  
● National Police |
| **Community Organizations Social Organizations** | ● Boards  
● Water Board, Water Management Board or Water and Sanitation Board  
● Local Emergency Committees (CODEL)  
● Community Forestry Advisory Councils  
● Savings and credit cooperatives  
● Microenterprises  
● Agroforestry cooperatives  
● Coffee Cooperatives  
● Associations of producers (vegetables, coffee, etc.) |
| **Productive organizations** | ● AMITIGRA Foundation: La Tigra National Park in Francisco Morazán. |
protected areas:
- Co-managing organizations for Protected Areas of Honduras. MOCAPH.
- Association of Water Boards of Corralitos Wildlife Refuge (AJARCO), Central District and Cedros.
- Aldea Global Project - Cerro Azul Meambar National Park, in Comayagua
- FIPADEH - Yerba Buena Biological Reserve, in Lepaterique.

Others
- NGOs in municipalities
- Various projects
- Religious Organizations
- Merchants
- Independent artisans
- Neighbors of the project influence area

II. COMPLAINTS MECHANISM AND ADEQUATE CONFLICT MANAGEMENT

1. Introduction

This Project, executed by the State of Honduras through the Ministry of Finance (SEFIN) and the National Institute for Forest Conservation and Development, Protected Areas and Wildlife (ICF), benefits duly constituted organizations that participate in forest resource management of micro-basins and / or designated areas of agroforestry organizations of national interest such as sub-basins and protected areas.

Considering the need to promote instruments of interrelation and communication between the communities that are affected or benefited by the actions of the Project, this Protocol has been drafted for the Information Request, complaints mechanism and / or adequate handling of conflicts.

This Complaints Mechanism and Appropriate Management of Conflicts is an integral part of the Community Liaison Plan, which is aimed at promoting the participation of the affected population and other relevant actors in the execution and monitoring of the Project. Establishing guidelines that contribute to consolidate respectful and trustful relationships among the population in area of influence, organizations, actors and general population, involved in its execution.

This document details targets, responsible units for reception and response, descriptive matrix for information request, flowchart process and formats to be used in the Complaints Mechanism.

Community relations will be effective to the extent that this mechanism succeeds.

2. Targets:

2.1 General purpose

Design a system of complaints and claims and information requests, for the social, economic and environmental interventions/affectations resulting in the communities or municipalities and influence area of the Project with the purpose of increasing the confidence level and reducing conflicts.

2.2 Specific targets

a) Find solutions to claims and complaints of the population affected by the execution of the Project actions, through an efficient and institutionalized protocol.

b) Keep tracks of claims and complaints in order to identify which are the most affected or impacted by socio-environmental aspects.

c) Keep the population and organizations informed about the procedures and protocol of claims and complaints.

d) Identify when to make consultation meetings, addressing issues of general affectation.
3. Classification of Information Requests and Complaint Requests (Claims)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Responsible for Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information request</td>
<td>These requests evidence the need or desire to obtain information on the Project, such as target, components, influence area, investments.</td>
<td>ICF Those responsible Should be trained to provide a response in each Category</td>
</tr>
<tr>
<td>Complaint or Claims for damages</td>
<td>Issuer submits a Complaint or Claim directly related to the involvement of any of the actions promoted by the Project.</td>
<td>Project Coordination (Through Social Specialist)</td>
</tr>
<tr>
<td>Non- Compliance of Commitments</td>
<td>Non-Compliance of Commitments are established in the agreement between the Beneficiaries and the Project (Delivery of Tools, Training, Technical Assistance, Assessment and Monitoring of Management actions and Restoration Plans)</td>
<td>Project Coordination (Through Social Specialist)</td>
</tr>
<tr>
<td>Environmental and/or Social Damages</td>
<td>Specific Complaints regarding an environmental / social damage directly affecting the Issuer.</td>
<td>Project Coordination (Through Social Environmental Specialist)</td>
</tr>
<tr>
<td>Congratulation or Acknowledgement</td>
<td>Congratulations or positive messages regarding the actions undertaken by the project.</td>
<td>Project Coordination (Through Social Specialist)</td>
</tr>
<tr>
<td>Registry of Beneficiaries</td>
<td>To document beneficiaries (delivery of identity copies, legal documents of organizations, legal personality, etc.)</td>
<td>Consulting Firm</td>
</tr>
<tr>
<td>Delivery of payments</td>
<td>REQUEST of payments or incentives in this Agreement submitted by beneficiaries, regarding Implementation of Restoration Plan.</td>
<td>Project Coordination (Through Social Specialist)</td>
</tr>
<tr>
<td>Others</td>
<td>Submitted requests that is classified in any of the Previous Categories.</td>
<td>Project Coordination (Through Social Specialist)</td>
</tr>
</tbody>
</table>

4. Responsible for Reception and Response Units

Those responsible for Reception and Response Units will be the institutions involved in the execution of the Project, SEFIN as direct executing agency, ICF as rector of the country's Forest Policy and the Municipal Corporations, as local government, in each municipal area.

For greater ease of communication and proximity to the communities, the corresponding Municipal Corporations will assume the "Reception Unit" role and complete the "REQUESTS" to be sent to the Regional Offices of ICF and then to the Technical Coordination who will send a copy to the Consulting Firm that assists the beneficiaries.

Technical Coordination will prepare the "Responses" to complaints or claims. A commission will be created previously to answer the cases that need to be discussed between various parties or actors. This commission includes: Technical Project Management (SEFIN) designated by the Executive Directorate of
ICF as Technical link between SEFIN and ICF, Representative of the Specialized Firm, Municipal Representative and Social Specialist.

The Technical Direction of the project will ask the Consulting Firm to participate when required to inquire about the problem situation or field work in the intervention communities.

When responses or decisions by Municipal Mayor’s Office are required, these must be the result of a Municipal Corporation meeting, whether ordinary or extraordinary session; duly registered in the corresponding book of minutes and certification of the respective item of Minutes.

"Responses" and / or Conflict Resolution, as shown in the following diagram:

5. General Mechanism guidelines

- It is in the interest of the Project that the appropriate and timely solution to all claims and complaints is managed, as this will help to strengthen trust among the actors involved, avoid conflicts or resolve them in a timely manner. Therefore, the Mechanism starts from the Municipal Governments with their respective Municipal Corporation in full.
- Municipal Corporation will send the request to the corresponding Regional Office of the National Institute for Forest Conservation and Development, Protected Areas and Wildlife (ICF). Previous analysis of whether the REQUEST “Applies”. Regional Offices will send the received requests to the Project Coordination for this response instance.
- During the validation process of this mechanism, communication channels and addresses will be created. For example: dedicated emails for the reception and attention of REQUESTS.
- The same reception process by Municipalities (ICF) will be used for notifications of responses from the Project to petitioners. Said responses will be positive or negative, depending on the case.
- Project staff and the Consulting Firm should be trained to guide the population regarding the Protocol for information request, complaints mechanism and conflict management. They will be trained by the Social and Environmental Specialists.
- Any person submitting a COMPLAINT has the right to be treated with respect and receive the necessary guidance to follow the Protocol until response is obtained.
- The Social Specialist is DIRECTLY responsible for the entire implementation process of this Mechanism, maintaining updated records of the REQUESTS presented by population, as well as the status of each of them.
- Filed COMPLAINTS (claims) for environmental offenses or crimes will follow the corresponding procedure within the Honduran legislation framework. The request will have the character of REPORT. In such cases, Response will indicate the ISSUER, the corresponding procedure typically used by MEU, in each of the Municipalities.
● The Social Specialist will keep a monthly record of REQUESTS and status of CLAIMS and RESPONSES notified to the issuers, which will be sent to ICF and the Consulting Firm to consider their performance.
● Every request issuer will receive a “Voucher” containing the registration number of the application, description of complaint and the receiver's data. Through this “Voucher” the response will receive follow-up through “Telephone Calls” by the Social Specialist. These communications DO NOT replace the Mechanism and the file will be terminated until the ISSUER has received the Written Response Notice.

6. Description of Mechanism Procedures

A. Procedure for receiving Requests
a) REQUESTS must be submitted in writing using form R1 available in the offices of the Municipal Environmental Units (MEU).
b) Any REQUEST is addressed to the Technical Project Coordination. The Social Specialist will be responsible for drafting Responses.
c) Form R1 will be filled out by the Issuer. If necessary, the issuer will be assisted by the receiver of Requests at the Mayor’s Office or Municipal Environmental Unit.
d) If issuer is unable to write, the person responsible for receiving Requests will fill out the corresponding format and the issuer will sign the Request.
e) Form R1 keeps a register of geographical location (Department + Municipality), followed by the date (day, month, year) and correlative of Requests registered until a new one is submitted.
f) Form R1 contains a voucher named Form R2. Its includes data about the municipality and MEU Coordinator that will allow tracking the REQUEST.

B. Description of Instruments and Mechanism Formats

Descriptive matrix for Application Protocol Information and Claims

<table>
<thead>
<tr>
<th>Step/Process</th>
<th>Description</th>
<th>Responsible</th>
<th>Time</th>
<th>Final Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaint (Claim) Request</td>
<td>Action income of the application by the Issuer (a) to the corresponding instance in any of the units receiving and responding municipalities</td>
<td>Issuer</td>
<td>1 day</td>
<td>Forma R1 de SOLICITUD Recibida con Código de Registro.</td>
</tr>
<tr>
<td>Classification and Assessment and Local Response</td>
<td>A preliminary assessment of the Complaint Request (Claim) is performed identify whether it APPLIES</td>
<td>Municipal Hall/MEU</td>
<td>1 day</td>
<td>Form R1, Numerals 3 Specify in type of response.</td>
</tr>
<tr>
<td>Notice of Complaint (Claim) Regional/ Central Office</td>
<td>Local Receiver's Request sent to receiver Regional/ Central Office</td>
<td>MEU</td>
<td>1 day</td>
<td>Notification Form R3 Complaint (Claim)</td>
</tr>
<tr>
<td>Delivery Response Regional Office</td>
<td>Issuer deliver the response to the appropriate Regional Office</td>
<td>Social Specialist</td>
<td>Up to 6* days</td>
<td>Complaint Form R4 Response (Claim)</td>
</tr>
<tr>
<td>Regional Office Remits to Municipal Hall / MEU</td>
<td>The Regional Office forwards the request response to the Mayor's Office / MEU</td>
<td>Technical staff monitoring the</td>
<td>1 day</td>
<td>Complaint Form R4 Response (Claim)</td>
</tr>
</tbody>
</table>
The Municipality / MEU Notifies Issuer about the Response | Municipal Mayor / MEU Informs the issuer about the response sent by the Project | Technical staff monitoring the project at municipal level and City Hall /MEU | 3 days | Complaint Form R4 Response (Claim)

* Cases which need special verification and field inspections for the response of the request, such as meetings and mediations with the issuer. They will be addressed through the consulting firm with time of response of up to 6 days.

Forms:

a. Form R1: Complaint Request (Claim)
b. Form R2: Receivers Notification to Local Regional / Central Receiver
c. Form R3: Complaint Response (Claims)
C. Process Flowcharts

Protocol for Information Request, Complaint and Conflict Resolution Mechanism

The response is sent to the ICF Coordinator and he/she sends it to the Regional Office, which returns it to the MEU/Municipality.
**Description of Form R1: Complaint Request (Claim)**

<table>
<thead>
<tr>
<th>Registration Code:</th>
<th>01/01/010117-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Municipality/Department/Day, Month, Year, Correlative)</td>
<td></td>
</tr>
</tbody>
</table>

**1 Information of the Complaint (Claim) Issuer**

<table>
<thead>
<tr>
<th>1.1 Name of issuer:</th>
<th>Juan Antonio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5 E-mail:</td>
<td><a href="mailto:japerez@yahoo.com">japerez@yahoo.com</a></td>
</tr>
<tr>
<td>1.2 Identity N.°:</td>
<td>0101-1980-00210</td>
</tr>
<tr>
<td>1.6 Occupation:</td>
<td>Producer</td>
</tr>
<tr>
<td>1.3 Address:</td>
<td>Municipality</td>
</tr>
<tr>
<td>1.7 Organization:</td>
<td>Water Board</td>
</tr>
<tr>
<td>1.4 Phone number:</td>
<td>504-9999-0101</td>
</tr>
<tr>
<td>1.8 Position:</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

**2 Information of the Complaint (Claim) or Information Requested**

<table>
<thead>
<tr>
<th>2.1 Information Request</th>
<th>Congratulations and/or Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Complaints or Claims due to Impacts</td>
<td>2.6 Registration</td>
</tr>
<tr>
<td>2.3 Non-compliance of Commitments</td>
<td>2.7 Payment Delivery</td>
</tr>
<tr>
<td>2.4 Environmental and/or Social Damage</td>
<td>2.8 Others (specify)</td>
</tr>
</tbody>
</table>

**2.9 Description of Complaint or Information Request:**

(Briefly describe your complaint or request of information)

**5. Form R3**

**3 Description of RESPONSE or Information Request:**

<table>
<thead>
<tr>
<th>3.1 Response</th>
<th>Resolved</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 Unsolved</td>
<td></td>
</tr>
<tr>
<td>3.3 In process</td>
<td></td>
</tr>
<tr>
<td>3.4 Does not proceed</td>
<td></td>
</tr>
</tbody>
</table>

**4 Information of the Complaint (Claim) or Information Request Recipient**

<table>
<thead>
<tr>
<th>4.1 MEU/Municipality of:</th>
<th>Villa de San Antonio</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4 E-mail:</td>
<td><a href="mailto:japerez@yahoo.com">japerez@yahoo.com</a></td>
</tr>
<tr>
<td>4.2 Recipient Name:</td>
<td>José Manuel Torres</td>
</tr>
<tr>
<td>4.5 Coordinator:</td>
<td>José Manuel Torres</td>
</tr>
<tr>
<td>4.3 Phone number:</td>
<td>504-9999-0101</td>
</tr>
<tr>
<td>4.6 Land line:</td>
<td>504-2770-0101</td>
</tr>
</tbody>
</table>

**Receiving place and date:**

Issuer’s signature

Issuer’s signature
### Form R2 Description: Proof of Complaint (Claim)

<table>
<thead>
<tr>
<th>Voucher of the Request Issuer</th>
<th>Form R2: Voucher</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9 Description of Complaint or Information Request:</td>
<td>01/01/010117-1</td>
</tr>
</tbody>
</table>

(Briefly describe your complaint or request of information)

<table>
<thead>
<tr>
<th>Information of the Complaint (Claim) or Information Request Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 MEU/Municipality of:</td>
</tr>
<tr>
<td>Villa de San Antonio</td>
</tr>
<tr>
<td>4.2 Recipient’s Name:</td>
</tr>
<tr>
<td>José Manuel Torres</td>
</tr>
<tr>
<td>4.3 Phone number:</td>
</tr>
<tr>
<td>504-9999-0101</td>
</tr>
<tr>
<td>4.4 E-mail</td>
</tr>
<tr>
<td><a href="mailto:japerez@yahoo.com">japerez@yahoo.com</a></td>
</tr>
<tr>
<td>4.5 Coordinator</td>
</tr>
<tr>
<td>José Manuel Torres</td>
</tr>
<tr>
<td>4.6 Land line:</td>
</tr>
<tr>
<td>504-2770-0101</td>
</tr>
</tbody>
</table>

Receiving place and date:

Issuer’s signature

Issuer’s signature

Note: Once the sections 1 to 4 of the CARD are completed, a Voucher will be handled to the ISSUER, so he/she may ask for the RESPONSE.
Form R3 Description: Request Submission

<table>
<thead>
<tr>
<th>Complaints (Claims) Information Request</th>
<th>Form R3: Request submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Villa de San Antonio, Comayagua.</td>
<td>01/01/010117-1</td>
</tr>
<tr>
<td>Date ......</td>
<td></td>
</tr>
</tbody>
</table>

Mr. Regional ICF Director

Hand Delivered

The Complaint (Claim) and/or Information REQUEST referred to in Form R1 is hereby submitted with Entry registration N." 01/01/010117-1, filed by Juan Antonio Castro who identifies himself with Identity Card N." 0801-1980-00310, living in the Community of El Suyatal, in the Municipality of Cedros, Department of Francisco Morazán.

1 Information of the Complaint (Claim) Issuer

<table>
<thead>
<tr>
<th>1.1 Name of issuer:</th>
<th>Juan Antonio</th>
<th>1.5E-mail</th>
<th><a href="mailto:japerez@yahoo.com">japerez@yahoo.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2 Identity N.°:</td>
<td>0101-1980-00210</td>
<td>1.6 Occupation:</td>
<td>Producer</td>
</tr>
<tr>
<td>1.3 Address:</td>
<td>Municipality</td>
<td>1.7 Organization:</td>
<td>Water Board</td>
</tr>
<tr>
<td>1.4 Phone number:</td>
<td>504-9999-0101</td>
<td>1.8 Position:</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

4 Information of the Complaint (Claim) or Information Request Recipient

<table>
<thead>
<tr>
<th>4.1 MEU/Municipality of:</th>
<th>Villa de San Antonio</th>
<th>4.4E-mail</th>
<th><a href="mailto:japerez@yahoo.com">japerez@yahoo.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2 Recipient Name:</td>
<td>José Manuel Torres</td>
<td>4.5 Coordinator</td>
<td>José Manuel Torres</td>
</tr>
<tr>
<td>4.3 Phone number:</td>
<td>504-9999-0101</td>
<td>4.6 Land line:</td>
<td>504-2770-0101</td>
</tr>
</tbody>
</table>

NOTE: Copy of Form R1 attached: N° 01/01/010117-1
### General Instructions for Forms R1, R2, R3

<table>
<thead>
<tr>
<th><strong>REQUEST Issuer’s Information</strong></th>
</tr>
</thead>
</table>

**Registration Code**  
This consists of eleven (11) digits as follows:

- 01 = Department
- 01 = Municipality
- 01 = Day (date) when the Request is received
- 01 = Month
- 17 = Year
- 01 = Correlative of Complaints (Claims) Receipt

When all Code Digits are entered, it would be: 0101/010117-1

**Fill the Issuer’s first and last names as they appear in the Identity Card, which will be requested to fill in the Form R1.**

**Identity number**  
It is the number on the Identity Card of the Complaint Issuer

**Address**  
The Address of the Issuer (neighborhood, village, hamlet)

**Phone number**  
Write down the Issuer’s telephone number to contact him/her to notify the Response delivery.

**E-Mail**  
Write down the e-mail

**Describe the activity the Issuer works at**

**Organization**  
Write down if the Issuer is part of or represents some organization

**Position**  
This is the Issuer’s role if he/she is part of an organization according to the previous section.

### Information of the Complaint or Information Requested

**Complaint Type**  
Place an “X” mark next to the blue Buttons - one or more options of the 8 available, in order to group Requests and to keep a record on matters.

**Complaint Description**  
This is to record the REQUEST based on the issuer’s REPORT. This is the description given by the person appearing at the Municipal Environmental Unit. It may also be done by telephone, email, or any other means indicated in the Programme Communication Plan.

### Response Description

**Description**  
This is the Social Specialist’s Response to the Complaint or Information Request, which will be classified according to the following options: Solved, Unsolved, In process (when exceeding the foreseen period of time to notify the Response) or DOES NOT proceed, which will be classified by the MEU.

### Recipient Description

**Description**  
This is the information of the Municipality and the person who receives the REQUEST. The Municipality name, Recipient’s name, email, MEU Coordinator, and Phone number of the Municipal Office must be written down.

**Place and date**  
Indicates where and when the REQUEST was received.

**Signatures**  
Actors’ signatures; request ISSUER and Recipient.
7. Validation of Claims Complaints and Mechanism

Before implementing this mechanism, the entire process will be validated to learn about the opinions, concerns and expectations of the groups of interest in relation to the project. This will also allow identifying problems or difficulties, their qualities, and effectiveness, as well as knowing how population works or reacts when providing their data or making a complaint. Additionally, it will allow seeing the result produced and thereby finding ways to incorporate some variants.

Validation will be done in two steps. One, with personnel involved in the custody chain to measure times and procedures of the claim; and the second one will be at a local level to meet the difficulties and proceed to forms adapted to reality, if necessary.

The number of complete validations will be two, one in Department of Francisco Morazán and another one in the Department of Comayagua, in random municipalities according to the beginning of activities of the project field activities.