



Invertir en la población rural

Honduras

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Strengthening innovation, resilience and sustainability of agri-food systems in North Central Honduras

**Design report**


Main report and annexes

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## Map of the Project



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**FIDA** Mapa elaborado por el FIDA | 26-09-2023

## Acronyms

ACC	Adaptation to Climate Change
ACDI	Canadian International Development Agency
ICA	Climate-Smart Agriculture
AF	Family Farming
BPA	Good Agricultural Practices
BTP	Productive Technology Bond
CAI	Investment Approval Committee
CC	Climate Change
CCGRD	European Union Knowledge Center for Disaster Risk Management
CDP	Project Steering Committee
CEN	Nutritional Training Centers
VAT ID	Integrated Phased Food Safety Phase Classification
CODIMCA	Council for the Integral Development of Peasant Women
BPA	Good Agricultural Practices
CEN	Nutritional Training Center
ECLAC	Economic Commission for Latin America
FPIC	Free, Prior and Informed Consultation
COPECO	Permanent Contingency Committee
CRAC	Rural Savings and Credit Banks
DAPOI	Department of Audits of Projects and Programs Financed with Funds from International Organizations
DICTA	Directorate of Agricultural Science and Technology
EF	Financial Education
EFA	Economic and Financial Analysis
ENSAN	National Food and Nutritional Security Strategy
EPHPM	Permanent Multipurpose Household Survey (Encuesta Permanente de Hogares de Propósitos Múltiples)
ERSAPS	Drinking Water and Sewage Services Regulatory Entity

ETA	Foodborne Diseases
FAO	Food and Agriculture Organization
FIDA	International Fund for Agricultural Development
FINTECH	Finance and Technology
FMFCL	Financial Management Financial Control Arrangements Letter
FSI	Global Frailty Index
FSS	Food Systems Summit
GABAS	Dietary Guidelines Based on Healthy Foods
GAFSP	Global Agriculture & Food Security Program
GALS	Gender Action Learning System
GCC	Knowledge Management, Communication
GoH	Government of Honduras
GEI	Greenhouse Gases
GDR	Disaster Risk Management
ICF	Forest Conservation Institute
ICT	Information and communication technologies, for its acronym in English
ICT4D	Information and Communication Technologies for Development, for its acronym in English
IDO	Organizational Development Index
IHMA	Honduran Agricultural Marketing Institute
INJUVE	National Youth Institute
INE	National Institute of Statistics
INNOVASAN	Strengthening Innovation, Resilience and Sustainability of Agri-Food Systems in North Central Honduras Project
S&E	Monitoring and evaluation
MOP	Operations Manual
MTA	Agroclimatic Technical Tables
NBI	Unsatisfied Basic Needs
NDC	Nationally Determined Contribution

OP	Producer Organization
OPEC	Organization of the Petroleum Exporting Countries (Opec)
NGO	Non-Governmental Organization
PATV	Virtual Technical Assistance Platform
PESA	Special Program for Food Security
PESAC	Social, Environmental and Climate Assessment Procedures
PFEJ	Youth Training and Employability Program
PFO	Organizational Strengthening Plan
PGASC	Environmental, Social and Climate Management Plan
GDP	Gross Domestic Product
PMA	World Food Program
PMC	Watershed Management Plan
PN	Business Plans
PNAE	National School Feeding Program
PROINORTE	Economic and Social Inclusion Project for Small Rural Producers in the Northeastern Region of Honduras
PROLENCA	Competitiveness and Sustainable Development of the Southern Border Corridor Project
PSAN	National Food and Nutrition Security Policy
PyENSAN	National Food and Nutritional Security Policy and Strategy
RMT	Mid-Term Review
RRD	Disaster Risk Reduction
RSPA	Rural Sector Performance Assessment
SAG	Secretariat of Agriculture and Livestock
SAN	Nutritional Food Security
SAS	Sustainable Agrifood Systems
SAT	Early Warning Systems
SbN	Nature-based solutions

SECAP	Social, Environmental and Climate Assessment Procedures
SED	Secretary of Education
SEDESOL	Secretariat of Social Development
SEFIN	Secretary of Finance
SERNA	Secretariat of Natural Resources and Environment
SESAL	Secretary of Health
SIAFI	Integrated Financial Management System
SIAS	Integral Safe Water Systems
GIS	Geographic Information Systems
SIMPAH	Market Information System for Agricultural Products of Honduras
ICT	Information and Communication Technologies
TRNA	Rural Non-Agricultural Work
UAP/SAG	Project Management Unit of the Ministry of Agriculture and Livestock
UGP	Project Management Unit
UNAH	National Autonomous University of Honduras
UNITEC	Central American Technological University
USAID	United States Agency for International Development
USEGC	Monitoring, Evaluation and Knowledge Management Unit
UTSAN	Food Safety Technical Unit
WASH	Water, Sanitation and Hygiene (WASH)

## Summary

In 2021, the Government of Honduras (GoH) approved the original *Strengthening Innovation, Resilience and Sustainability of Agri-Food Systems in North Central Honduras* (INNOVASAN) 4-year project, to be financed by the Global Agriculture & Food Security Program (GAFSP) and supervised by the International Fund for Agricultural Development (IFAD). The project sought to respond to the combination of climatic, economic and health shocks that had increased since 2020 and that impacted negatively the historic high levels of poverty, inequality and food and nutritional insecurity that especially affect the most vulnerable groups of the rural areas. In this context, the GoH requested an additional financing from IFAD to complement and expand that initiative and design a larger, longer (8 years) and integrated operation, based on the rationale, strategies, objectives, components and activities agreed upon in the originally approved project.

The project follows a sustainable food system approach for enhancing Food and Nutrition Security (FNS) in a way that does not jeopardize the economic, social and environmental prospects for future generations and responds to the two food transformation tracks prioritized by Honduras, as defined in the Food System Summit (FSS) country road map. At the sectorial level, the project not only is aligned with the State Policy for the Agri-food Sector of Honduras 2022-2042 just finalized and recently submitted for approval of the Congress, but, indeed will be a key instrument to operationalize that Policy. This proposal also contributes to the implementation of the National Food and Nutritional Security Strategy (PyENSAN 2030) and its action plans.

The project builds on lessons learned from previous IFAD operations in the country, both in terms of operational aspects as well as in the adoption of innovative approaches and instruments. IFAD's **comparative advantage** in Honduras stems from its active engagement and experience on poverty reduction interventions, with a focus on working with rural organizations, strengthening agricultural production, business capacities and management of natural resources. Honduras can take advantage of IFAD's proven ability to generate knowledge through the successful implementation of various projects in the country, such as *PROLENCA*, *Emprende Sur*, and *PROINORTE*. IFAD's experience is also seen as important by the GoH in helping the country cope with climate change, and contributing to innovation (through Information and Communications Technology for Development, or ICT4D). The country has already benefited from the Innovatech experience, which focused on the transformation of the agro-industry through innovation, financial services and access to technology.

The main development challenges the project is addressing are: a) high exposure to serious climatic and economic shocks, b) limited access to and consumption of healthy, nutritious, and safe food, c) limited access to information, technical assistance, and financial services, d) limited and undiversified production and low marketing capacities, e) limited access to water for human consumption and production, especially in rural areas, and f) lack of entrepreneurship and employment opportunities (in particular for rural youth and women). IFAD's investment in this new project aims at addressing these challenges and contributing to the transition to sustainable food systems for income generation and FNS.

INNOVASAN will address the root causes of these problems by directly investing in the rural population (smallholders, entrepreneurs, women and youth) and creating the conditions for reducing food insecurity and malnutrition, improving economic opportunities and increasing resilience to climate change and improving environmental services as well as strengthening the capacities and coordination of government and local actors and the provision of financial and non-financial services.

INNOVASAN **development objective** is to improve the income, food and nutritional security, and resilience to climate change of the families of small-scale rural producers living in poverty and of the vulnerable rural population, with the development of nutrition-sensitive and climate change

resilient agrifood systems. Its **goal** is to contribute to the reduction of poverty by promoting equal opportunities for families of small-scale producers in poverty and vulnerable rural population in the north central region of Honduras.

The **geographic area** responds to the strategic priorities and criteria agreed upon by the GoH and IFAD and will include 21 municipalities in 4 Departments (Comayagua, Cortés, Francisco Morazán, Yoro) of the north central region.

**Target population.** INNOVASAN is based on the original design of the GAFSP project, and is targeting a broad segment of the rural population in its geographic area, most specifically: i) Families of small-scale producers in conditions of poverty or extreme poverty, classified either as “self-consumption” or “in transition” family farmers; ii) Rural population in vulnerable conditions. The latter includes rural families from communities that present some type of vulnerability, due to degradation of natural resources, water insecurity, risk of disasters due to natural events and climate, food and nutritional insecurity, with deficiencies in nutrition and water consumption; with inadequate housing conditions, which affects their health, food security and general well-being.

**Outreach.** It is expected that, throughout the lifespan of the project, 34,688 families of small rural producers living in poverty and families of the vulnerable rural population will receive the promoted services, which correspond to 58,856 persons and 138,752 family members. Women, Youth and Indigenous Peoples, will respectively represent 47%, 30% and 5% of project beneficiaries.

The INNOVASAN intervention model will apply the following **development approaches**: i) territorial rural development, ii) gender, youth and social inclusion, iii) sustainable agri-food systems, iv) food and nutritional security, v) environmental and climate risk management, vi) water security and vii) capacities development, which are transversal in their components.

The project will support **two complementary sets of interventions**. The first (related to component 1) will focus on enhancing the sustainable and resilient production and marketing capacity and the assets of the target population as well as increasing access to water and environmental services in order to improve their economic, food and nutrition security situation. The second (component 2) will strengthen the capacities of Governments and public & private service providers for coordinating among themselves to provide an effective support to the target population, and consequently improve their economic and FNS situation.

**Component 1 Investments in human, social, economic and natural capital of the project target groups**, has the **objective** of helping vulnerable rural families, small producers, and young rural entrepreneurs to realize their transition to sustainable agri-food systems (SAS). This component will focus on making the rural businesses of organized small-scale producers more profitable in terms of value addition and marketing, while helping them transition to sustainable and nutrition-sensitive agri-food systems. Specific actions will be supported to promote entrepreneurship and employment opportunities for rural youth. The project will increase the access to water (for production and human consumption) and improve hygienic-sanitary conditions of households and their production for self-consumption; strengthen resilience to reduce the risk of environmental disasters, through better management of micro-watersheds and investments in *green* and *grey infrastructure*<sup>11</sup>. Finally this component will include a range of capacity building actions to strengthen the knowledge and expertise of the target population in topics related to nutrition, food security and climate resilience. Expected **results** include the following: i) The families of small rural producers in poor conditions and their organizations with improved nutrition sensitive, sustainable and competitive agri-food systems, ii) small-scale producers families and the vulnerable rural population with reduced vulnerability to natural disasters, CC and water insecurity; iii) Families of small producers and vulnerable rural populations with improved health, hygienic-sanitary conditions and self-consumption production and; iv) Rural youth skills for entrepreneurship and employment improved.

**Component 2 Strengthening the capacities and coordination of the government and other actors in the territory.** Its **objective is** to improve the institutional framework and articulate public policy instruments as well as the development and implementation of systemic solutions in order to improve the provision of services to producers’ organizations and rural families in the transition to



sustainable and resilient agrifood systems, as well as food and nutrition security. This component will focus on strengthening institutional capacities at the national and local level in the area of food and nutritional security and adaptation to climate change, and territorial management for effective articulation of actions. It will also aim at strengthening public and private service providers (financial, non-financial and marketing) and promoting Information and Communication Technology (ICT) solutions for development so as to provide effective support to the target population. The following **results** are expected to be achieved in this component: i) Public and private institutions with enhanced capacities in FNS and Climate Change (CC); ii) Families of small producers and the rural population with improved access to financial and non financial services; iii) Organizations of small rural producers living in poverty with strengthened marketing services.

**Component 3. Management, Monitoring, Evaluation and Knowledge Management**, has the **objective** to efficiently coordinate, manage and administer the project to ensure the achievement of the objectives and results. The component includes actions of: i) monitoring and evaluation; ii) knowledge management and communication and iii) adequate financial and administrative management.

**Costs and financing.** The costs amount to a total of USD 60,312 million. 68.3% of the overall amount is allocated to Component 1; 20.4% to Component 2 and 11.34% to Component 3. The project will be funded as follows: IFAD will fund USD 17,7 million (29.3%); the GAFSP will contribute USD 18 million (29,8%); The OPEC Fund for International Development (OFID) with USD 15 million (25,9%); the GoH will contribute USD 5,920 million (9,8%), all of which will be tax exemption contributions and operating expenses. The beneficiaries will contribute with USD 3,7 million (6.1% of the total project). The duration of the project is eight (8) years, with the GAFSP portion of the funds to be executed in the first six (6) years, as agreed by all parties.

**Economic and Financial analysis.** The economic indicators are calculated for a period of 10 years based on the durability of the main recommended investments and with a discount rate of 6%. The results of the analysis (see Annex 4) show that the project is economically feasible, as well as a good investment for the Government of Honduras: the IRR was calculated with a flow of 15 years and the result was 26.2%, the NPV of the incremental net benefit is L 2,233 million and the B/C= 3.4.

**Exit strategy and sustainability.** This is based on three complementary elements: i) Strengthened participatory territorial governance and local institutions to create a long-lasting enabling framework. Participatory planning and coordination will be promoted among the key entities and programs that operate in the area of influence, such as local governments, municipalities, community networks (*mancomunidades*), associations, social organizations, and water committees, among others. These institutions will ensure sustainability and maintenance of public or semi-public infrastructure supported by the project (e.g. grey and green investments, market facilities) ; ii) Strengthened POs to become mature and solid organizations able to provide services to their members and engage with other public and private agrifood system stakeholders. The strengthening of POs both at the productive and organizational level is critical to ensure a transition to sustainable and resilient agrifood systems and contribute to food security, promote healthy ecosystems, and support the sustainable management of land, water, and natural resources; and iii) strategic alliances with the private sector established and/or strengthened for the provision of inclusive financial and non-financial services. The project will leave a more established connection between agribusiness and the financial sector, including their ICT-driven actors (Agritech, Fintech), products and services that respond to the specific needs of POs and rural enterprises. In addition to the *Secretaría de Agricultura y Ganadería (SAG)*, actions will be coordinated with various government entities and agencies, with the aim of strengthening capacities and fostering ownership for the production and marketing of sustainable and healthy food. Scaling up dimensions will be both geographical and functional with key scaling up partners to be governments (central and local), private sector and producers' organizations.

**Phased approach.** Considering the scope of the project and the lessons learnt in the implementation of the country programme, in addition to the institutional capacity building foreseen in component 2 and the alliances with experienced implementing partners described below, the project will be executed in phases. The objective will be to make full use of GAFSP funds, which are tied to a 6-year

timeframe, in the first phase while using the IFAD and OFID funds to give continuity and consolidate the actions in the second phase. Nevertheless, the majority of investments will be done in the first 5-6 years, as per government request. The last two years will be mainly focused on accompanying the investments with technical assistance and ensuring the sustainability of the results and of the innovations promoted by the project. The first phase will also include an action plan to speed up the project start up, including: i) using of a professional HR company to recruit the project team based on the successful experience of PROINORTE; ii) adding key staff to the unit in charge of procurement, internal control and M&E both at central and decentralized level; iii) setting up a robust M&E system already tested and used in PROINORTE; iv) making full use of the already approved allocation in the government budget for 2024.

**Implementation arrangements.** The main executing agency will be the SAG, which will delegate the administrative-financial responsibilities and monitoring to the Project Management Unit of the SAG (UAP/SAG). This unit was created in 2014 and has already been involved in the administration and monitoring of projects co-financed by IFAD (Emprende Sur and PROLENCA) and other financing sources like the World Bank and the Central American Bank for Economic Integration (CABEI). Throughout these years, the UAP/SAG and IFAD have developed a working dynamic that has allowed them to coordinate actions with the project executing units, as well as to develop strategic alliances for execution. During the implementation of the project, INNOVASAN's UAP staff capacities will be periodically strengthened in administration, accounting, procurement and monitoring processes, in accordance with current IFAD regulations.

The **Project Management Unit (PMU)** will be established in the municipality of Yoro, department of Yoro, to be responsible for project execution. The PMU will report directly to the SAG, the UAP/SAG and the Project Steering Committee (CDP). The latter will serve as a support body for strategic coordination.

**Other implementing agencies.** To ensure an effective implementation, the project will draw on the expertise of two institutions that have a proven track record in implementing external cooperation projects in their technical area. These are the *Unidad Técnica de seguridad Alimentaria (UTSAN)*, a technical unit included in the SAG to support nutrition-sensitive food systems, which will help the project achieve the SAN objectives and results, and the *Instituto de Conservación Forestal (ICF)*, which will monitor and support actions in sustainable natural resources (forest) management and accompany the design and implementation of the declaration processes in micro-basin management plans (green infrastructure) to be prioritized by the project.

The project will also work closely with other **strategic partners** in the territory, such as: i) local governments, municipalities, and associations that have a leading role in social and territorial work, for example Cooperativa Carnel); ii) the local or national agencies of the *Secretaría de Salud (SESAL)*, *Secretaría de Educación (SEP)*, the *Instituto Nacional de la Juventud (INJUVE)* and the *Secretaría de Recursos Naturales y Ambiente (SERNA)* with the purpose of establishing joint collaboration agreements; iii) the *Instituto Hondureño de Mercadeo Agrícola (IHMA)* and the Solidarity Network, dedicated to the purchase, storage, drying and marketing of basic grains as a support for linking to public purchasing mechanisms; iv) the School Feeding Program, as a partner in the implementation of SAN actions in schools. The project will also engage with Water Boards, Rural Savings and Credit Banks, financial institutions and inputs and service providers.

The SAG will have **fiduciary responsibility** through the UAP. This Unit includes experienced financial, administrative and procurement staff who have participated in the implementation of other IFAD-funded projects in the country. The procurement activities required for the project implementation will apply IFAD procurement regulations. Likewise, the PMU will have financial, administrative and procurement personnel, selected through a process approved by the IFAD Country Director. Effective coordination between the UAP and the PMU will be necessary for efficient financial execution and procurement.

**Monitoring, evaluation and knowledge management.** A Monitoring and Evaluation (M&E) system will be established, based on the results of the PROINORTE project, which is expected to be efficient in measuring performance and generating lessons learned for decision making. The project has a strong orientation towards knowledge management (KM) activities that will benefit from both an

assigned budget and a dedicated team within the *Unidad de Seguimiento, Evaluación y Gestión del Conocimiento* (USEGC), with this responsibility.

**Project risks.** Overall risk is rated “moderate”. Nevertheless, risks are rated “substantial” in few areas: i) fragility and security, due to the social crisis linked to problems with organized crime and corruption in the country; ii) the institutional capacity of the agency responsible for execution based on past experiences even though this recently has been improving; iii) financial management, mainly due to difficulties in securing government counterpart funds, in the flow of funds and disbursements, as well as in internal control. A relevant mitigation plan is described in the *Integrated Programme Risk Matrix* (IPRM). The procurement risk is considered “moderate”, because IFAD procurement regulations will be strictly applied. The environmental and social category is moderate. Conversely, the climate risk category is rated “substantial”, considering the country’s vulnerability to CC and natural disasters; as well as the low adaptive capacities of the target population. This is why strengthening resilience and adaptation to climate change is embedded in the project design through multiple entry points.

## Context

### A. Country context and justification for IFAD’s intervention

#### a. National context

Honduras has a **small, open, largely agricultural and informal economy**, ample productive and natural resources and a young population, which in perspective constitutes a potential for growth. From 2010 to 2019, the Gross Domestic Product (GDP) in real terms grew by an annual average of 3.6%, driven mainly by private consumption, boosted by the flow of remittances.<sup>[2]</sup> The COVID19 pandemic and hurricanes Eta and Iota significantly impacted the economy. In 2020, real GDP contracted by 9% compared to 2019. In 2021, the economy recovered by 12.5% reaching the pre-pandemic level. In 2022, despite global challenges and climate impacts, annual real GDP growth was 4%. This growth was not reflected in the living conditions of the population as unemployment increased by 0.1% and the cost of living by 9.8% in the same year.<sup>[3][4]</sup> In 2022, personal remittances represented more than a quarter of the country's GDP (26.8%), with a 17.8% increase compared to 2021<sup>[5]</sup>, being mostly used for household consumption expenditures.

The **agricultural sector** is one of the main sectors of the economy, although its contribution to GDP has declined from 21.6% in the late 1980s to 14.4% in 2000 and 12.16% in 2022, due to the expansion of other sectors (e.g., services), the decline in coffee, African palm, and banana production, and unfavorable results in fishing activities (tilapia and farmed shrimp).<sup>[6]</sup> It contributes 16.9% of exports and accounts for 31.5% of the employed labor force.<sup>[8]</sup> In 2023, agricultural exports did not recover the levels recorded prior to the pandemic, due to rainfall damage and the increase in the prices of oil-based agricultural inputs.

According to IFAD's Strategy for Action in **Countries with Fragility**, Honduras is not listed as a country in this situation; however, in the *Fund for Peace's* 2023 Global Fragility Index (FSI), it ranked 56th with an index of 79.6, placing it in the group of countries at increasing risk, with the risk factors being: (i) in the cohesion indicator, security and the fractioning of elites; (ii) in the economic, unequal employment, migration and brain drain; (iii) in the political, state legitimacy, human rights and law enforcement; (iv) in the social indicators, external interventions considering the influence and impact of external actors on functioning, particularly security and the economy. In consideration of the risk of fragility, **IFAD's country strategy promotes a comprehensive approach** in aspects such as institutional strengthening, income and employment generation, promotion of resilience and risk management, mainstreaming gender issues, including violence in all its forms, linkage and operational partnership with Rome-based Agencies (RBAs) (e.g. School Feeding Program with the World Food Program (WFP), etc.).<sup>[9]</sup> On the other hand, according to IFAD's Rural Sector Performance Assessment (RSPA), Honduras ranks 23rd with a score of 3.7. It is considered, along with Bolivia and El Salvador, to belong to the lower-middle income segment, which has achieved

better results in rural governance, transparency and public administration, and nutrition and gender equality compared to low-income countries.<sup>[10]</sup>

According to the National Institute of Statistics (INE), by 2021, **monetary poverty increased from 53% to 73.6% and extreme poverty from 36.7% to 53.7%, as a result of the adverse effects of natural disasters**<sup>[11]</sup> increased from 53 to 73.6% and extreme poverty from 36.7% to 53.7%, as a result of the adverse effects of natural phenomena, the pandemic and the consequent loss of jobs.<sup>[12]</sup> One of the items that had the greatest impact was food prices (basic food basket), increasing by 16% in 2022 with respect to 2021. The basic food basket (food and non-food) increased its cost by 21% from 2021 to 2022. The shortages on basic services make **poverty by Unsatisfied Basic Needs (UBN)** high, 39.2% (June, 2018) at the national level and 46.2% in rural area<sup>[13]</sup>. In 2022, the unemployed or underemployed labor force dropped from 71% to 55%.<sup>[14]</sup> Nevertheless, it remains very high. Inequality, as measured by the Gini Index reached 0.52 (2019); while gender inequality was 48.7<sup>[15]</sup>.

The Integrated Food Security Phase Classification (IPC, 2023) report indicates that more than 1.99 million people faced **food crises** from December 2022 to February 2023, with projection to 2.07 million people in August 2023. The **prevalence of undernourishment** is 15.3% (1.5 million persons<sup>[16]</sup>). **Food and nutritional insecurity is intensified** because food availability shows a high dependence on imports of staple products in the country (maize, beans, rice). In addition, few families grow food at home to diversify their diets.<sup>[17]</sup> Economic access to food is made difficult by the high level of poverty, especially in rural areas (76%) and by the scarcity of places to buy diversified food. Food consumption is not very varied and consists of cereals, legumes and few fruits or vegetables. The country's nutrition indicators show the state of malnutrition in which 18.7% of children under 5 years of age are chronically malnourished and 62% of women between 15 and 49 years of age are overweight.<sup>[18]</sup>

**Agri-food and rural<sup>[19]</sup> and rural sector.** For small producers, the impact of climate change (CC), the pandemic, rising prices of agricultural inputs, as well as the lack of technical assistance and irrigation, and limited access to credit and markets are challenges that affect their food systems and put their food security at risk.<sup>[20]</sup> and irrigation, and limited access to credit and markets are challenges that affect their food systems and put their food security at risk. SAG supported 287,743 producers in 2022 with the Bono Tecnológico Productivo (BTP) for first and post-harvest corn and beans, and 207,018 in the first half of 2023.<sup>[21]</sup> In the country it is estimated that less than 5% of landowners control 60% of the fertile land, with constant conflicts over land ownership.<sup>[22]</sup> In the country, it is estimated that less than 5% of landowners control 60% of the fertile land, with constant conflicts over land (e.g. Aguán Valley). According to the Articulación de Mujeres de la Vía Campesina Honduras and the Consejo para el Desarrollo Integral de la Mujer Campesina, out of the two million rural women, only 14% have land titles, while organized women with land titles are the only ones with land titles.<sup>[23]</sup> while organized women with land complain about the lack of access to information and productive technologies, more support from public initiatives and non-existent access to financial resources, as well as access to markets under favorable conditions<sup>[24]</sup>. In addition, however, the right over forest areas in favor of indigenous and Afro-Honduran peoples located on lands that traditionally, these peoples (e.g. Tolupán people), have been affected by opposing logging and mining projects (department of Yoro<sup>[25]</sup>). Another challenge for Indigenous Peoples is access to resources on their lands and the demarcation of protected areas<sup>[26]</sup>, which in many cases coincide with indigenous ancestral territories<sup>[27]</sup>.

**INNOVASAN is aligned with: the government plan to Refound the Country (2022- 2026)**, in its pillar 6 on economic model seeks the transformation of the productive matrix with activities that generate greater value added, productivity with efficiency and particularly, in its actions 6.1 "Agricultural development and food sovereignty" and 6.2 "Environmental protection and agroforestry development". At the sectoral level, it will contribute to the **National Strategy for Family Farming (AF) of Honduras (2017-2030)**; specifically in its Objectives 1. "Improve differentiated access to productive, timely, appropriate and equitable goods and services for family farmers, increasing production, productivity and quality of food, goods and services<sup>[28]</sup> Objective 2: "Improve linkages to PA value chains with equitable relations and a fair distribution of benefits among stakeholders to generate development opportunities. In addition, it contributes to the

**National Food and Nutrition Security Policy and Strategy (PyENSAN 2030)**, in its food security pillars, which focus on greater food availability, accessibility, adequate consumption and stability fostered by more resilient actions to cope with climate change (CC). It is linked to the **School Feeding Law and the National School Feeding Program** to contribute to the universality of the service and improve access and quality of the school diet. In addition, it is expected to be aligned with the **State Policy for the Agrifood Sector of Honduras 2022-204** (under approval), which would have objectives in: i) institutionalism and governance; ii) inclusive financing; iii) entrepreneurship, commercialization and marketing; iv) agro-logistics; and v) knowledge management.

The most important **institutional partners** due to their dual role in co-implementation and/or their participation as entities to strengthen and boost their presence in the territory are: (i) the **SAG**, executing agency and to be strengthened, (ii) the **UAP/SAG**, for its role in administration and monitoring, (iii) the **UTSAN**, for its mandate in the coordination of FNS public policies and its accompanying role in this issue and (iv) the **ICF**, responsible for the administration and management of forest resources, protected areas and wildlife, as a partner in the conservation of micro-watersheds and forest regeneration. In addition, other institutions and governing bodies will coordinate with SERNA, the Secretariat of Social Development (SEDESOL) and the Secretariat of Education (SED), responsible for managing the National School Feeding Program (PNAE), the Secretariat of Health (SESAL) as a strategic ally in the information and registration of nutritional data and support in training activities for the target population, and the IHMA as responsible for the purchase of basic grains for the national reserve. The institutional framework in the territories is weak, relying on local governments, which together with the mancomunidades (associations of municipalities), water boards and committees, ethnic organizations, economic and social organizations, as well as private companies (e.g., Bayer, etc.) will act in coordination with the project.<sup>[29]</sup> will act in coordination with the project to enhance implementation. The coordination spaces will be part of the project's actions (e.g. agroclimatic and FNS roundtables), both in their strengthening and as part of their territorial coordination role.

## **b. Special aspects related to IFAD mainstreaming priority areas**

**Nutrition and food security.** The food and nutritional situation of the Honduran population is determined by sociocultural behaviors, low household income, low educational level, low coverage of health services and lack of hygienic housing and sanitation conditions in rural areas. In terms of food availability, the per capita energy balance is considered acceptable (2,716 kcal per person per day).<sup>[29]</sup> However, this caloric availability comes mainly from cereals. Low income limits economic access and dietary diversification, with 51.3% of the population unable to afford a healthy diet due to its high cost.<sup>[30]</sup> In addition, physical access to food is difficult due to the lack of proximity and presence of shopping centers. 18.7% of children under 5 years of age suffer from chronic malnutrition and stunted growth in children under 5 years of age.<sup>[31]</sup> and stunting in children under five years of age continues to be a public health problem.<sup>[32]</sup> Only 30% of children between 0 and 5 months are exclusively breastfed. Forty-two percent of children (0-5 months) are predominantly breastfed, that is, they are given liquids or dairy or non-dairy products in the first months of life, minimizing breastfeeding by these early solid feeding practices. Ninety-five percent of children in rural areas are breastfed at least some of the time and 82% on the first day. One of the causes of early weaning is the low education of the mother, mainly if she only attended 1-3 years of primary school. In addition, mothers face pressures to change infant formula due to lack of knowledge or lack of support in the breastfeeding process. 62% of women aged 15-49 years are overweight and obese, being more prone to chronic diseases such as diabetes or hypertension.<sup>[33]</sup>

Most households have inadequate housing conditions, especially in terms of the type of flooring, lack of adequate water treatment for human consumption, and the use of latrines or the absence of any sanitation system. These are determinants that influence health, generating a greater risk of infectious or food-borne diseases and affecting the proper biological utilization of food.<sup>[34]</sup> This is another determinant of malnutrition. Honduras has 90% water coverage, however, 132,000 people in urban areas and 700,000 in rural areas still lack access to improved water. Access to improved sanitation has 80% coverage, which means that 650,000 people in urban areas and more than 1 million people in rural areas do not have it.

The interrelation of these social aspects and the low resilience to CC intensify food insecurity and malnutrition mainly in women, young children and indigenous peoples. According to the report State of Food and Nutritional Security in Honduras 2020, 19.6% of rural households are moderately food insecure, 8.5% are severely food insecure and 30.3% of children under 5 years of age in rural areas were chronically undernourished.<sup>[35]</sup> in rural areas were chronically undernourished. By the beginning of 2023<sup>[36]</sup> 2.6 million people (28% of the total population) are acutely food insecure.

Because of this situation, the project focuses its **intervention on FNS**, especially at 4 levels (home, school, community and local institutions) that are interrelated, as part of a chain for the reduction of problems related to malnutrition. At the household level, hygienic-sanitary conditions and access to water are improved to promote food safety in the storage, preparation and consumption of food by families. In addition, diverse and self-consumption production is encouraged, as well as the commercialization of surpluses to improve household income. At the school level, the PNAE is strengthened by improving storage spaces and setting up canteens for the preparation and consumption of school snacks. In addition, food guides are adapted and distributed for education in food preparation and improvement of school menus adapted to the area. At the level of the community and local authorities, training is provided through diploma courses on FSN topics for municipal officials, health promoters, teachers and officials of local institutions related to FSN. In addition, nutrition campaigns are produced for the community on knowledge, attitudes and practices related to nutrition and breastfeeding. It seeks to improve physical access to various nutritious foods through interventions in the construction and/or rehabilitation of municipal markets. In addition, the Nutritional Education Centers (CEN) are created for the nutritional education of families of Producer Organizations (PO) and the school community, considering the improvement of the nutritional quality of the family diet, school snacks through the strengthening of nutritional capacities, food guides and food preparation for teachers and parents participating in the PNAE.

**Gender.** According to the INE<sup>[37]</sup> 53.3% (5,112,114 people) of the total population are women, and 43.3% of these live in rural areas. 38.2% of households are headed by women. Despite being more than half of the population, the labor force participation rate is 44.6% of the national total, being especially low in rural areas, with 35.7%. Their level of unemployment is higher, exceeding the national average by 4% (12.9% compared to 8.7%), with 10.1% female unemployment in rural areas. Illiteracy levels continue to be higher in the rural population (17.1%) than in urban areas (7.2%). The lower labor participation has an impact on income, where female heads of household in rural areas earn an average of L2,188 per month, lower than the country average, including low educational level (L4,895/employed person with no formal education, L6,548 with primary education and L19,238 with higher education). The INE points out two important elements: access to technology where 65.6% of urban women have access to information and communication media, while in rural areas only 34.4% of women. The high rates of gender-based violence, where an average of 15.6% of women have suffered domestic violence, 2% acknowledge being victims of sexual violence, and nearly 6.2% have suffered some type of physical violence. Finally, it is worth noting that some of the main problems of rural women, as pointed out by "La Articulación de Mujeres de La Vía Campesina Honduras - CODIMCA"<sup>[38]</sup> Finally, it is worth mentioning that some of the main problems of rural women, pointed out by "La Articulación de Mujeres de La Vía Campesina Honduras - CODIMCA", are: less access to land, few credit funds and little technical assistance, in spite of their contribution to the national economy and food production.

The Secretariat for Women's Affairs (SEMujER) is the lead agency for national and sectoral policies for the promotion of gender justice, equal rights and opportunities for women.<sup>[39]</sup> There are approved and in operation the Law on Equal Opportunities for Women (Decree No. 34-2000) and the Law against Domestic Violence (Decree No. 132-97), the Electoral and Gender Equity Law (Agreement No. 003-2016), and the Law on Responsible Motherhood and Paternity (Decree No. 92- 2013), and mainly with "Ciudad Mujer", which is a platform of articulated services for the promotion of autonomy and empowerment of women and the "improvement of their living conditions in areas such as economic autonomy, attention to violence, sexual and reproductive health, community education."<sup>[40]</sup>

**Youth.** According to INE's population projections<sup>[41]</sup> in 2023, the number of young people between 15 and 30 years of age is equivalent to 28.2% (2,750,196), of which 51% (1,402,445) are women and 49% (1,347,751) are men. The results of the Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM) as of June 2022, estimates that the labor participation rate is 46.1%, with 24.3% who are only studying, and 29.6% who are classified as "neither studying nor working" (982,061), of which 44.8% are in rural areas.<sup>[42]</sup> It is necessary to emphasize that in this category (neither studying nor working), women are at a disadvantage, since they represent 75.8% of young people. In employment, there is a greater disadvantage, since in the urban area there are more men than women working: 56.8% of young people are women.<sup>[43]</sup> There are more men than women working: 56.7% and 43.3%, respectively, with a difference of 13.4% more in rural areas, where 72.7% of young men work for pay, compared to 27.3% of women (45.4%). This is reflected in the average monthly income, where young people in rural areas earn less (L4.299) than those in urban areas (L7.772), and also in the countryside, the income of young women (L4.226) is lower compared to men (L4.325). It is also necessary to point out the educational gap, since by 2021<sup>[44]</sup> However, the difference between rural and urban areas is accentuated, reducing the average by 2 years (9 urban and 7 rural years), with a higher percentage of illiteracy (22.2%) compared to urban youth (8.6%).

Migration, especially international migration, represents one of the main problems in rural Honduras where "there is a clear predominance of rural area residents who talk about migrating frequently," reaching almost 80.5% of surveyed high school youth in rural areas (Alas and Hernández, 2019<sup>[45]</sup>). The country has the National Youth Institute (INJUVE), which is the guiding institution of public policy for youth, and which seeks to "enforce the rights of Honduran youth."<sup>[46]</sup> Its main legal force lies in the "Framework Law for the Integral Development of Youth" (Decree No. 260-2005), which seeks to define the policy of state, society and family on youth, encourage their active participation, their responsibility, guarantee their freedom and promote their full development. Unfortunately, the "National Youth Policy (2007-2021)" requires a complete revision and update, since it ceased to be in force in 2021. However, it still has strategic guidelines in line with IFAD's objectives: (i) Youth Empowerment, (ii) Universal Access to the Knowledge Society, Digital Inclusion and Multilingual Communication, and especially (iii) Universal Access to Economic Rights for Youth through Decent Work and Rural Development. It is worth mentioning that a "Youth Consultation" is currently underway, through INJUVE and aimed at updating the policy, and whose pillars of (i) Youth Citizen Participation, (ii) Quality Education, (iii) Comprehensive Health and Healthy Lifestyle and (iv) Decent Work and Development; which can be supported by the project.

Fifty-six percent of Honduran territory is covered by forests, coverage that is being lost at an average rate of 58,000 ha/year. Climatic and economic shocks, combined with other factors such as the high level of insecurity and lack of opportunities, are acting as a push factor for rural youth to seek opportunities elsewhere. Therefore, it is a government priority to create opportunities for rural youth to engage in agriculture or other self-employment or employment activities that can guarantee a stable income and the possibility of remaining in their communities. In this way, the INNOVASAN project **emphasizes young people**, who will benefit from entrepreneurship / incubators, business plans, job training, among others.

**Climate change.** The World Bank<sup>[47]</sup> reports Honduras as one of the poorest and most vulnerable countries to CC in the Western Hemisphere, due to its high exposure to climate-related hazards (hurricanes, tropical storms, floods, droughts and landslides). In the period 1980-2020, it is estimated that these hazards affected 10.7 million people; in 1998 Hurricane Mitch destroyed approximately 70% of agricultural crops and most of the country's infrastructure, also causing more than 10,000 thousand deaths and economic losses of USD 3,000 In 2020, weather events Eta and Iota impacted, affecting approximately 3.9 million people (40% of the population), with economic losses estimated at USD 2.17 billion, of which USD 365 million corresponds to USD 1.5 billion.<sup>[48]</sup> of which USD 365 million corresponds to the agricultural sector.<sup>[49]</sup> These data are consistent with other international evaluations such as the Global Climate Risk Index, where Honduras ranks 44th out of the world's top 10 countries.<sup>[50]</sup> where Honduras ranks 44th out of 180 countries with the highest exposure and vulnerability to extreme climate events. The European Union's Knowledge Center for Disaster Risk Management (CCGRD) ranked Honduras as a country with the highest exposure and vulnerability to extreme weather events.<sup>[51]</sup> classified Honduras as a high-risk country for humanitarian crises caused by climate events (droughts, floods and hurricanes).

On the other hand, water problems in the project's intervention territory<sup>[52]</sup> shows limited access to improved water and sanitation services, limited access and availability of water for irrigation in food production systems, lack of systems to store and improve water quality, weak protection and improvement of water sources and water recharge areas, weak capacity of local stakeholders to address in an organized manner the administrative and technical actions that will give sustainability to water infrastructure solutions, and scarce investment in water infrastructure solutions.<sup>[53]</sup> weak capacity of local stakeholders to address in an organized manner the administrative and technical actions that will give sustainability to water infrastructure solutions and scarce investment in gray and green water infrastructure in the territory.<sup>[54]</sup>

According to the World Bank<sup>[55]</sup> According to the World Bank, several socioeconomic factors limit the capacity of public institutions to assist in reducing the adverse effects of climate change: the high levels of poverty of the population; the multiple deprivations faced by poor rural and indigenous families; the high levels of child malnutrition; food insecurity; migration driven by the lack of employment opportunities and population displacement caused by climate. In addition, Honduras presents four major factors that determine the low adaptive capacity and resilience of rural and indigenous families: (i) climate information does not reach the population for its use and decision making; (ii) limited institutional capacity in infrastructure, equipment and personnel to accompany and provide care to the rural and indigenous population in the territory; (iii) limited resources to focus and expand the national system for disaster risk reduction, with a focus on the livelihoods of the population; and iv) due to extreme poverty levels, families do not make investments to adapt their main livelihoods to CC or to reduce disaster risks. An additional element that has an influence is deforestation, where it is estimated that the gross loss of forest cover was 8000 ha between 2004-2022, caused by the expansion of the agricultural frontier, pests and diseases, and forest fires.

In summary, climate events intensify the problems of the rural population dedicated to agriculture and livestock raising, by reducing income from the sale of their products and the employment of day laborers; reducing the availability of food for self-consumption; reducing access to water for human consumption and production; increasing the workload of those responsible for the household; and increasing the risk factors for vector-borne diseases, food safety and sanitation. These factors are aggravated for the poor population of the intervention area, which has little diversification of livelihood activities and food insecurity; as well as low adaptive and disaster risk reduction capacities, which motivated the dedication of significant resources in CC (**climate finance**) and the definition of a **water security strategy**, which could be scaled up to other territories.

### c. Reasons justifying IFAD's intervention

In 2021, the GoH approved the Strengthening Innovation, Resilience and Sustainability of Agrifood Systems in North Central Honduras (INNOVASAN) project, to be funded by the Global Agriculture & Food Security Program (GAFSP) and supervised by IFAD (Annex 11). This program seeks to respond to the effects of climate, economic and health shocks, which have increased since 2020 and are accentuating the prevalence of high levels of poverty, inequality and food and nutrition insecurity of the rural population, especially the most vulnerable groups in rural areas. The GoH requested IFAD to complement this project with additional resources, for which it was agreed to design a single operation that integrates financing from IFAD, OPEC and GASFP, and that is based on the problems, rationale, strategies, components and activities of the approved GAFSP project, which would also be called INNOVASAN.

The design team confirmed the main **problems of the** target group of poor rural smallholder families and other vulnerable rural families that were identified during the design of the original INNOVASAN project. This includes low income, high vulnerability and food insecurity, which are exacerbated by external shocks (economic, CC, health) and have the **effect** of increasing the poverty and inequality of small producers and the vulnerable rural population. In addition to the contextual situation described above, there are different **causes/sub-causes** specific to the target group that give rise to the problem:

- Presence of **agrifood systems with low production, low diversification, non-competitive and unsustainable**: crops with low productivity, low diversification, and low



technology, destined for self-consumption, with few surpluses destined for the domestic market. Small producers with surpluses do not have sufficient channels and mechanisms for marketing their products. They have little knowledge of market behavior and opportunities and consumer preferences. High transaction costs due to the lack of storage infrastructure and roads hinder communication and interaction between producers, who could share information on input prices or sales channels. Marketing is generally individual, due to the low level of organization.

- **Degradation of natural resources and low capacity to respond to CC and natural disasters;** this is expressed in a high level of affectation to adverse climatic events, with low adaptive capacity of the population and primary production units to natural disasters. As a result, there are economic losses that lead to food insecurity. Also, the soil for agricultural use is degraded, with high erosion, due to the inadequate use of cultivation practices, such as burning and slash-and-burn agriculture, excessive application of agrochemicals, and high deforestation. All of this is aggravated by the lack of institutional resources for the protection, sustainable management and control of natural resources.
- **Limited access to water for human consumption and production.** The project area is highly precarious in terms of access to water for irrigation and consumption, which is accentuated by the low level of technification of drinking water and basic sanitation infrastructure, directly affecting health. There is a limited network of primary irrigation systems, as well as a lack of technical training for their optimal use and exploitation, which means that most producers depend on rainfall to obtain water for irrigation. There are weaknesses in the governance systems both at the level of irrigation boards (production) and water boards/committees for both lack an adequate tariff system.
- **Lack of basic sanitary conditions for food safety, low access to drinking water and knowledge for the diversification of production for self-consumption in households:** Rural families present sanitary risk in their homes with poor infrastructure in roof, kitchen, floor or food storage places. This puts food safety at risk and generates a favorable food environment for gastrointestinal diseases or diseases transmitted by dirty or contaminated food. In addition, low access to drinking water and limited diversification of the diet due to low access to varied foods or diversified production, affects the consumption of safe and nutritious food, which favors malnutrition.
- **Deficiencies in the implementation of the PNAE and the hygienic-sanitary conditions of schools:** The PNAE has deficiencies in food storage, selection and preparation due to the lack of adequate school infrastructure. In addition, school menus lack variety and adequate nutritional intake. Inadequate food handling due to lack of knowledge on the part of parents and/or teachers in charge of school snacks is a risk to children's health. Schools do not have special storage warehouses, so food is exposed to contamination risks. In addition, they do not have school canteens or kitchen staff. The snacks are prepared by volunteer parents in temporary areas of the school or in the parents' homes, because there is no school cafeteria.
- **Limited access and consumption of healthy, nutritious food in the communities and limited reach of local authorities:** communities have low physical access to food, caused by the lack of proximity and the scarce presence of shopping centers that promote food diversification. In addition, there is little information available to the population on healthy eating and improved dietary behavior. The pattern of household food consumption is based on cereals, legumes, miscellaneous products, sugar and fats. Local authorities and institutions related to FSN are deficient in outreach and empowerment to promote healthy food environments.
- **Limited access to information, financial and non-financial services:** small producers do not have access to information to plan their production and take advantage of commercial opportunities, partly due to lack of knowledge of the mechanisms or lack of operability, so they face the problem of asymmetric and incomplete information, both when buying their inputs and when selling their products; the lack of in-service technical assistance and/or digital technical assistance platforms limits access to innovations and good practices; there is a low supply of appropriate and innovative financial products in line with the characteristics of the rural population. Financial institutions perceive the risk of the agricultural sector as very high and producers have little or no financial literacy.

- **Limited access to and consumption of healthy, nutritious and safe food and hygienic-sanitary conditions**, caused by the lack of proximity and the scarce presence of purchasing centers that promote food diversification; the pattern of household food consumption is based on cereals, legumes, miscellaneous products, sugar and fats; low access to drinking water limits the consumption of safe food and hygiene practices; and deficient basic sanitation conditions in homes.
- **Lack of entrepreneurial and employment opportunities, particularly for rural youth and women.** They are exposed to high levels of violence, have less access to education (basic and technical) and public services (health, sanitation, security, etc.); they have few incentives for entrepreneurship and market access. Their lesser access to land and membership in producer organizations, and their high dependence on remittances as a means of subsistence, have substantially reduced their participation in the labor market.<sup>[56]</sup> have substantially reduced their participation in the labor market and income generation.
- **Limited national and local institutional capacities**, associated with low budget, staff turnover, migration of professionals, lack of training and support resources (digital systems, technologies, budget) in current issues such as CC, FNS, agrifood systems and markets; sectoral policy framework with limitations for its operability (e.g. surveillance systems where there are few resources, lack of regulations or operational instruments such as platforms), lack of monitoring and evaluation (M&E) systems for policies and results of programs and projects, with low exchange and use of knowledge and lessons learned.

INNOVASAN (original) was created to respond mainly to the effects on food and nutritional security of the CC and COVID 19 shocks, which disproportionately affected the intervention area, its populations and agri-food systems. Although these events occurred years ago, and measures were taken to reduce the damage, there is still a need to apply a preventive approach and a real approach to the problems (e.g. lack of drinking water sources, poor access to climate information systems, biosecure environments, etc.), so that the population, especially in rural areas, has a better response to external shocks.

To overcome these challenges, the project focuses on poor small producers and vulnerable populations to benefit, through direct investments, with climate-smart technology, access to markets, and financial and non-financial services. This is expected to enable them to produce more and improve their incomes and employment, while modifying their habits, behaviors and attitudes towards food and transforming to CC and disaster resilient agrifood systems. The new operation strengthens the original design of INNOVASAN, through investments in gray and green infrastructure, reorganization of activities, allocation of financial resources, and improved implementation arrangements with new actors linked to execution, with defined roles and responsibilities.

Based on these needs, IFAD's participation in this operation is based on its mission to reduce poverty and food insecurity and on the lessons learned and joint experience of IFAD and the GoH, where it has promoted an approach to strengthen producers' organizations through the delivery of transfers, technical assistance to increase production in nutrition-sensitive chains, improve business skills, promote social inclusion in the local economy and strengthen their capacity to manage natural resources and CC.

IFAD's participation will also help generate knowledge and disseminate good practices and productive, commercial, business and other technologies for the target group, as has been done with other projects (e.g. PROLENCA, Emprende Sur), but it will also be important for the national and local institutions that support small producers to have the tools, knowledge and resources necessary to provide better services on relevant issues such as CC, nutrition, gender and social inclusion. The GoH considers important the experience of IFAD contributing to innovation, where the country has benefited from the implementation of digital rural boxes, the experience with Innovatech, which focused on the transformation of agribusiness through innovation, financial services and access to technology, fully in line with the rhetoric of information technologies for development (ICT4D). The project activities strongly connect IFAD's actions with Honduras' roadmap for agrifood systems, where the vision is to ensure that by 2030, Honduras will have integrated and strengthened systems

that take advantage of existing potential and opportunities, minimizing inequalities. Likewise, with the contribution to the commitments of the NDCs.

**Table 1. Selection criteria for cross-cutting themes**

	<input type="checkbox"/> <b>Gender transformative.</b>	<input checked="" type="checkbox"/> <b>It takes young people into account.</b>	<input checked="" type="checkbox"/> <b>It takes nutrition into account.</b>	<input checked="" type="checkbox"/> <b>Climate focused.</b>	<input checked="" type="checkbox"/> <b>Strengthen capacities to adapt to climate change.</b>
<b>Situation analysis</b>	<input checked="" type="checkbox"/> National gender actors, strategies and policies. <input checked="" type="checkbox"/> Exclusion or discrimination and assigned roles based on gender. <input type="checkbox"/> Main livelihood issues and opportunities, by gender.	<input checked="" type="checkbox"/> National youth-related actors, strategies and policies. <input checked="" type="checkbox"/> Main youth groups <input checked="" type="checkbox"/> Challenges and opportunities by youth group.	<input checked="" type="checkbox"/> National nutrition actors, strategies and policies. <input checked="" type="checkbox"/> Major nutrition problems and underlying causes, by group. <input checked="" type="checkbox"/> Nutritionally vulnerable beneficiaries, by group.		
<b>Theory of change</b>	<input type="checkbox"/> Gender policy objectives (empowerment, voice, workload). <input checked="" type="checkbox"/> Gender-transformative initiatives. <input type="checkbox"/> Action in the area of gender equality and women's empowerment policies.	<input checked="" type="checkbox"/> Initiatives for the socioeconomic empowerment of young people. <input checked="" type="checkbox"/> Inclusion of youth in project activities or objectives.	<input checked="" type="checkbox"/> Nutrition initiatives. <input checked="" type="checkbox"/> Causal link between problems, direct effects and impact.		
<b>Logical framework indicators</b>	<input checked="" type="checkbox"/> Scope broken down by gender. <input checked="" type="checkbox"/> Women constitute >40 % of beneficiaries covered in scope. <input type="checkbox"/> IFAD Empowerment Index 2.1	<input checked="" type="checkbox"/> Outreach broken down by gender and youth.	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth, indigenous populations (if appropriate). Basic product indicators <input checked="" type="checkbox"/> Indicator 1.1.8 Mandatory Basic indicators of direct effects		

			(choose at least one): ● Indicator 1.2.8 ● Indicator 1.2.9		
<b>Human and financial resources</b>	<input checked="" type="checkbox"/> Staff with a gender mandate. <input checked="" type="checkbox"/> Funds earmarked for gender activities. <input checked="" type="checkbox"/> Funds in the budget for M&E activities for IFAD's empowerment index.	<input checked="" type="checkbox"/> Staff with a dedicated youth mandate. <input checked="" type="checkbox"/> Funds earmarked for youth-related activities.	<input checked="" type="checkbox"/> Staff or associated with a nutrition mandate. <input checked="" type="checkbox"/> Funds earmarked for nutrition activities.	The project is considered "climate focused", which is reflected in the budget (section G Project Costs).	

## B. Lessons learned

The project builds on lessons learned from previous IFAD operations in the country, including innovative grant-funded initiatives on ICT4D. Lessons learned from implementing partners such as UTSAN and ICF are also included. Lessons learned from IFAD-funded projects include:

- **The political issue influences territorial attention.** Although local governments should play a leading role in implementation, it is necessary to be clear on the restrictive aspects of the project (scope, time and resources) in order to align local needs with funding agreements. It is also necessary to promote it to commonwealths and municipalities and with local organizations, creating the necessary capacities to guarantee the sustainability of joint actions.
- **Food and Nutrition Security (FNS).** IFAD's *PROLENCA* project and the EU's *EUROSAN* highlighted the need for projects focused on FNS to be supported by a well-defined intervention strategy and measurable indicators to evaluate the results of the activities implemented. Therefore, the design of FNS projects should establish specific actions aimed at strengthening access to and consumption of nutritious foods, ensuring that the project instruments and budget cover these activities. It is important to build on the successful experiences of working with the mancomunidades, the PNAE, and schools, as well as on IFC's work in upper watershed management for water generation.
- **Climate adaptation.** In *PROLENCA*, the development and application of a digital tool to help develop climate diagnostics with producer organizations was key to the activities of the investment plans, contributing to the sustainability and increased resilience of the units and productive infrastructure to climate events, and to the incorporation of climate change adaptation plans at the level of producer organizations. Similarly, the functioning of the agroclimatic roundtables allowed for interaction between local actors and the definition of joint actions on climate change adaptation issues.
- To better integrate rural youth into development interventions, it is essential to promote better inclusion in producer organizations. It is also important to strengthen their opportunities for self-employment and employment, developing a strategy that considers cultural and ideological factors, as well as their access to technology and Information and Communication Technologies for Development (ICT4D). The creation of job opportunities in rural areas reduces migration, especially of young people.
- **ICT4D.** The community bank (caja rural) model has demonstrated its ability to reach the poorest farmers and offer them savings and loan products at the village or rural community level. Rural banks have been successful in lending and recovering working capital over several cycles. In addition, their digitization through the grant-funded Innovatech program

improved their accounting practices, allowing direct linkage to the formal financial system. The RPSF grant-funded Agro digitization program enabled producer organizations to access markets through e-commerce companies and created opportunities for young migrants to find employment opportunities. ICT4D also improved financial inclusion and education by enabling users to make informed financial decisions.

- **Ownership and effective contribution to the project by different executing agencies**, under recognized leadership, facilitates the implementation of complex projects. Careful identification, promotion of active participation and coordination with different public agencies as executing partners, who contribute from their mission (methodological background, personnel with knowledge and experience, financial resources, among others), is a lesson learned in the new operation.
- **Role of local governments**. The Special Program for Food Security (SPFS/FAO/ACDI) and the Food Security, Nutrition and Resilience in the Dry Corridor project (EUROSAN-Occidente/UE/UTSAN) focused on municipalities with characteristics very similar to those considered in the current project. The willingness of municipal authorities and public entities working in the selected areas to support the planned activities is a key success factor in this type of initiative. INNOVASAN leverages all these experiences seeking an effective and efficient implementation.
- **Selection of project personnel**. The lack of HR management guidelines affected project implementation in Honduras, resulting in inadequate profiles, high staff turnover, imbalance between technical and administrative responsibilities, between central and territorial staff, and short-term assignments. The selection of personnel by a specialized external agency, as is done in PROINORTE, can help reduce political incidence and ensure the selection of personnel with the required skills.
- **Monitoring and evaluation (M&E)**. Lessons from PROLENCA and other projects emphasize the importance of robust M&E systems in projects, which should be managed by teams with qualified and sufficient staff. The importance of their functions should be recognized by the Project Management Unit (PMU) and the Government. PROINORTE's experience in selecting the M&E system will contribute directly to improving the collection of INNOVASAN's indicators.
- **Financial management**. The importance of establishing simple and agile processes for managing the resources transferred to the organizations from the beginning of the project and incorporated into the Project Operations Manual (MOP). For example, PROLENCA had administrative and financial management tools for the organizations that facilitated the execution and transparency in the use of funds executed by them. In this regard, it should be ensured that good resource management practices by the organizations are incorporated into the MOP of the new designs, with the respective adjustments.
- **Procurement**. The application of mixed country and IFAD procurement rules and other non-agreed procedures in the processes slows down the processes. Therefore, it must be ensured that the procurement rules defined in the Financing Agreement are strictly applied in the contracting processes.

## 2. Description of the project

### C. Project objectives, geographic area of intervention and target groups

The project's **development objective** is to improve the income, food and nutritional security and resilience to climate change of small rural producers' families living in poverty and vulnerable rural population, with the development of nutrition-sensitive and climate change resilient agrifood systems. Its **purpose** is to contribute to poverty reduction and equal opportunities for families of small rural producers living in poverty and vulnerable rural population in the north central region of Honduras (Annex 1 Logical Framework).

**Geographic area of the project**. Since this operation is based on the INNOVASAN project (original), the criteria used at that time for targeting were maintained, but the data were updated to confirm their validity: i) Departments with the most reported cases of COVID-19 (index per 10,000

inhabitants); ii) Departments with the most reported deaths of COVID-19 (index per 10,000 inhabitants); iii) Departments reporting the greatest agrarian loss (as a percentage of the national total) due to the impacts of Eta and Iota; iv) Departments reporting the greatest agrarian damage (as a percentage of the national total) due to the impacts of Eta and Iota; v) Municipalities most affected by floods; vi) Departments with high percentages of the population with level F4 food emergency; and vii) Departments with high percentages of the population with level F3 food crisis.<sup>[57]</sup> These criteria were reviewed, updated and validated with the government during the design mission. The municipalities were selected through a very thorough GIS analysis, where the above mentioned variables were mapped and cross-referenced, to select those municipalities that meet the minimum levels established in all variables. The final list was discussed extensively with government authorities taking into account the incidence of other projects in the selected areas. As a result, the identified intervention area comprises 4 departments and 21 municipalities in the north central region (Table 2, Map 1). Finally, it should be noted that the target area was confirmed by the GOH as a priority area of interest during the design phase.

**Table 2. Geographic area of the project**

<b>Department</b>	<b>Municipality</b>
Comayagua	Esquías, La Libertad, Minas de Oro, San José del Potrero, San Luis, Las Lajas, San Jerónimo, San José del Potrero, San Luis, Las Lajas, San Jerónimo
Cortes	Santa Cruz de Yojoa
Francisco Morazán	El Porvenir, Marale, Orica, San Ignacio, Vallecillo, Talanga, Cedros
Yoro	Yoro, El Negrito, Morazán, Sulaco, Victoria, Yorito

**The social targeting strategy** is based on: i) **geographic**, described above, where the micro-watersheds with the greatest water potential will be prioritized to serve local organizations; ii) **community**, based on the consideration of the conditions, needs and solution proposals of state, local and community stakeholders; iii) **direct targeting**, which defines participation and access to project benefits, through internal mechanisms that verify conditions of socioeconomic vulnerability, food and nutrition insecurity, climate and water, and establish activities in these areas that promote the inclusion of women and young people; and iv) self-selection, which defines participation and access to project benefits through internal mechanisms that promote the inclusion of women and young people.<sup>[58]</sup> iv) **self-directed selection**, where people define their participation based on a repertoire of offers, in particular for technical training activities not necessarily linked to their means of production (e.g. training actions in FNS, use and interpretation of agro-climatic information and disaster risk reduction); v) direct selection, where people define their participation based on a repertoire of offers, in particular for technical training activities not necessarily linked to their means of production (e.g. training actions in FNS, use and interpretation of agro-climatic information and disaster risk reduction).<sup>[59]</sup>

**The target population.** INNOVASAN is based on the previous design submitted to GAFSP for financing, with IFAD as the supervising agency, and where the activities are aimed at a diverse rural population, whose selection criteria are detailed in the MOP:

- **Families of small producers living in poverty or extreme poverty**, who comply with: a) They belong to Family Agriculture<sup>[60]</sup> a) They belong to the family farming sector, which is one with "insufficient productive resources and income to ensure family sustenance, and which requires supplementing their family income with salaried work, or **in transition**, which is "oriented to self-consumption and sale, has productive resources that allow satisfying family sustenance, but has difficulties in generating surpluses and access to markets that allow the development of the productive unit; b) They live in the project's area of influence; c) They belong to formal organizations or have an organizational vocation for economic purposes; and) They have their own land or access to formal long-term

temporary leasing. This includes families of small producers in conditions of poverty, who will benefit from NP and families of producers without NP who have access to proposed solutions in marketing channels and financial services (Fintech, Rural Savings and Credit Banks (CRACs) and financial education<sup>[61]</sup>).

- **Rural population in vulnerable conditions.** This includes rural families in the communities that present some type of vulnerability due to natural resource degradation, water insecurity, risk of disasters due to natural and climatic events, as well as food and nutritional insecurity. This group includes rural families living in poverty, students, teachers and parents of schools with nutritional and water consumption deficiencies, and families with inadequate housing conditions, which affect their health, food security and general wellbeing.
- **Other beneficiaries.** In Component 2, actions will be mainly aimed at addressing institutional demands and needs (low fiscal resources, limited staff capacity on issues such as CC, food insecurity, gender and social inclusion, agrifood systems technologies, low presence at the local level, inadequate/low quality technological supply), which limit the provision of services and the operationalization of public policies. Institutional beneficiaries (national with/without local presence) include SAG, ICF, IHMA, UTSAN, SED, SESAL, municipal governments and commonwealths. In addition, at the community level, schools lacking infrastructure and adequate supplies of drinking water, hygiene and food preparation, Water Boards, and Community Health Units are included.<sup>[62]</sup> and Community Health Units.

**Focus Group.** Attention to the families of small producers (with NP/EJ, marketing channels) will be provided through **economic organizations**, which will be categorized by applying the Organizational Development Index (ODI), which defines 4 types of organizations, based on which differentiated strengthening strategies will be determined and which will be used as an instrument for measuring organizational change (Table 3).

**Table 3. Types of organizations according to the IDO**

<p><b>A. Consolidated</b> (Score 3.00-4.00):</p> <p>High level of organization and production, scalability capacity, and with proposals for access to a high proportion productive improvement, or access to new national or international markets.</p> <p>Conformed with at least 70% of the goal.</p> <p>Comply with the participation of 40% Women and 30% Youth, or commit to comply during the process and in a sustainable manner.</p>	<p><b>B. Advanced</b> (Score 2.00-2.99):</p> <p>They are formalized, have a good level of organization and production, with proposals for transformation, commercialization and/or scalability.</p> <p>Conformed with at least 70% of the goal.</p> <p>They must comply with the participation of 40% Women and 30% Youth, or commit to comply during the process and in a sustainable manner.</p>
<p><b>C. Basic</b> (Score 1.00-1.99):</p> <p>Formalized organizations that carry out activities in any area related to production chains. They lack inputs, production, processing, transportation, marketing, promotion and organization.<sup>[63]</sup></p> <p>Made up of the target population. They can be exclusively women or youth, mixed must be formed, or commit to the incorporation of 40% women and 30% youth.</p>	<p><b>D. Initial</b> (Score 0.00-0.99):</p> <p>Groups of people in the process of organization, who must complete the formalization process, with a vocation for sustainable production and SAN.</p> <p>Made up of the target population.</p> <p>They can be exclusively for women or young people, and the mixed ones must comply with the 40% female and 30% young population.</p>

**Scope.** It is expected that with the project 58,856 people from 34,688 families of small rural producers living in poverty and families of the vulnerable rural population will receive the promoted services, which correspond to 138,752 family members. On average, the beneficiaries are 47.4%

women, 52.6% men, 23.2% young people and 5.9% indigenous population. The project prioritizes women and young people in conditions of high economic, social, food and nutritional vulnerability, CC and climate disasters. For their inclusion, it is proposed that the participation in the business plans be 40% women and 30% young people. For the vulnerable population that participates in home improvement, gray infrastructure, micro-watershed plans, and other community activities, as well as in FNS training for parents, the demographic composition of the rural population in the intervention area was used as participation values, resulting in 51% men, 49% women and 22% youth (targeting table in Annex 8 MOP).

The Tolupán community is present in ten beneficiary municipalities (3.76% of the total project area). They lack an autonomous territorial system, there is an unresolved land conflict in some sectors, and their productive activities are closely linked to the local economic dynamics; therefore, a goal of 5% is proposed that is appropriate to the percentages of representation. Free, Prior and Informed Consent (FPIC) must be carried out for this population, according to the mandate of the Social, Environmental and Climate Assessment Procedures (PESAC) and international agreements.

The project will **monitor** outreach indicators disaggregated by target groups. Since there is no national mechanism for validating socioeconomic status or belonging to the PA in the country, the project will formulate a tool to verify the targeting criteria and ensure that the target population is reached. For this reason, it has been proposed that the project adopt and adapt the checklist developed for the same purpose at PROINORTE to include variables such as income, consumption, land tenure, access to social programs, among others, to help verify that the project is reaching the correct target group, to be incorporated into the MOP.

#### **D. Components, outcomes and activities**

The project interventions will combine different approaches or thematic areas: i) territorial rural development, ii) gender, youth and social inclusion, iii) sustainable agrifood systems, iv) food and nutrition security, v) disaster risk management and climate resilience, vi) water security and vii) capacity building (see details in the MOP).

The project is structured around two technical and one administrative component that complement each other and follow the same structure as the approved GAFSP project proposal. The components, sub-components and activities included in each component are described in Table 4. The first component describes the investments and actions to support the target group, focusing on improving the POs' nutrition-sensitive production capacity and marketing in a sustainable manner, as well as the assets of the target population. It seeks to improve access to water and environmental services to improve their economic, food and nutritional security situation. The second (component 2) will strengthen the capacities of governments and public and private service providers (financial and non-financial services) to coordinate with each other to provide effective support to the target population benefited by the investments of the first component, and consequently improve their economic and FNS situation. INNOVASAN is organized in two consecutive phases that allow to order the implementation according to the funder and make it more effective (see implementation arrangements).

The order of the components does not necessarily indicate the sequence of intervention, since there are many activities that are executed in parallel and complement each other; the investments are designed to complement each other and enhance the impact of each one. For example, conservation activities in the upper watersheds will directly benefit producers or consumers in the lower watershed. In addition, investments in micro-watersheds are expected to ensure a continuous and reliable supply of water (minimizing the risks of excess or shortage) for production and consumption, hence the linkage with the activities supported by subcomponents 1.1.1 and 1.2.1.

Financial services should help co-finance the NP and/or ensure access to working capital (Component 1) for the following production cycles. Component 2 invests heavily in strengthening the capacity of local institutions, including water governance bodies (water boards, irrigation boards, etc.) to ensure sustainability. This includes establishing or improving a revenue mechanism to ensure proper functioning of systems/investments over the long term. Investments in nutrition in all components (education, social infrastructure, campaigns, etc.) show different ways of acting on the same problem.



**Table 4. Project components, subcomponents and activities**

<b>Strengthening innovation, resilience and sustainability of agrifood systems in the north-central region of Honduras.</b>		
<b>Component 1. Investments in social, economic and natural human capital of small producers' families living in poverty.</b>	<b>Component 2. Strengthening the capacities and coordination of the government and other stakeholders in the territory</b>	<b>Component 3. Management and administration</b>
<i>Subcomponent 1.1 Investments in production, value added, marketing, with an FNS approach, disaster risk reduction and climate change</i>	<i>Subcomponent 2.1. Strengthening governance and institutional capacities in FNS and CC</i>	
Activity 1.1.1. Investments in rural businesses	Activity 2.1.1 Strengthening institutional capacities (national and local) in FNS	Activity 3.1.1. Monitoring and Evaluation
	Activity 2.1.2 Strengthening institutional capacities in CC	Knowledge Management Activity 3.1.2.
	Activity 2.1.3. Strengthening of territorial management for the articulation in FNS and CC	Activity 3.1.3. Administration and financial management
<i>Subcomponent 1.2. Investments in gray and green infrastructure and management of micro-watersheds for drinking water supply and water production</i>	<i>Subcomponent 2.2 Strengthening financial and non-financial services and ICT for development</i>	
Activity 1.2.1 Investments in Gray Infrastructure and Disaster Risk Reduction	Activity 2.2.1. Strengthening financial services	
Activity 1.2.2 Investments in micro-watershed management and green infrastructure	Activity 2.2.2. Strengthening Non-Financial Services	
Activity 1.2.3 Investments in rehabilitation of hygienic-sanitary conditions of households and production for self-consumption	Activity 2.2.3 ICT for Development Implementation	
<i>Subcomponent 1.3 Strengthening the capacities of the rural population with emphasis on women and young people</i>		
Activity 1.3.1. Strengthening the capacities of the rural population in biosafety and sustainable food.		

Activity 1.3.2. Strengthen the capacities of the rural population in disaster risk reduction and climate change.		
Activity 1.3.3 Strengthening the capacities of the rural population on gender, youth and social inclusion		
Activity 1.3.4 Promotion of entrepreneurship and training for the employability of young people		

**Component 1. Investments in social, economic and natural human capital of small producers' families living in poverty.**

**The objective of** this component is to support small producers, rural families in vulnerable conditions and young rural entrepreneurs to make the transition to sustainable agrifood systems (SAS). Specifically: i) Family production units and small producers' organizations (POs) are strengthened with investments in business plans (NP) to develop productive activities in nutrition-sensitive value chains, improve organizational, administrative and marketing capacities. ii) Under the FNS approach, access, availability, stability and consumption of affordable, healthy, nutritious and safe food is ensured, and complementary investments are made to rehabilitate the hygienic-sanitary conditions of households, stimulate self-consumption production, and income generation, iii) Access to water is improved through investments in gray infrastructure (water and hydraulic); iv) Investments are made in green infrastructure for the generation of environmental services (restoration of ecosystems to improve the quantity and quality of water for human consumption and production); and, v) The capacities of the vulnerable population will be improved to develop enterprises and/or insert themselves more easily into the labor force.

The **expected results** are: i) Families of small rural producers living in poverty and their organizations improve their agrifood systems to make them nutrition-sensitive, sustainable and competitive; ii) Families of small producers and vulnerable rural population improve their capacities for disaster risk reduction, CC and water insecurity; iii) Families of small producers and vulnerable rural population with improved FNS conditions, rehabilitation of household hygiene and sanitary conditions and self-consumption production; and iv) Rural youth improve their employment skills. To achieve these results, this component is organized into:

- **Subcomponent 1.1. Investments in production, value added and marketing with a focus on food security, nutrition and environmental and CC risk management.** Following the targeting strategy and its criteria included in the MOP, and within the selected sub-basins, this subcomponent will finance POs for the formulation and implementation of business plans (BP) in value chains sensitive to nutrition, gender and youth and resilient to CC, as well as specialized technical assistance that includes an organizational strengthening plan (OSP), based on the needs of the target groups.
  - *Activity 1.1.1. Investments in rural businesses (production, value added and/or marketing).* The formulation of the NP and OFP will be facilitated by technicians from the organizations and/or specialized consultants. It will be carried out in a participatory manner, taking into account the technical and managerial capacity of the POs, which will determine the amount allocated per type of organization.<sup>[64]</sup> The plans must be flexible and adjusted to the reality and challenges faced by the POs in the different geographical areas of the project, as well as to the market opportunities identified, and must strictly apply the eligibility and targeting criteria. IFAD will facilitate the use of the technology platform (e.g. Agriplan<sup>[65]</sup>) for the digital formulation of the NPs. A key issue that will need to be analyzed during NP formulation will be to confirm access to land for PO members for a sufficiently long period of time to encourage long-term investments. The NP may include

investments in: equipment and infrastructure for post-harvest management and value addition, for efficient water use (intra-predial/farm level irrigation). POs with self-consumption production will also be supported to improve their primary production techniques and the transition to SAS, including the adoption of Good Agricultural Practices (GAP) for production, the selection of value chains according to their nutritional contribution and contribution to the diversity of the families' diet (nutrition-sensitive chains). The NPs will also include measures, practices and technologies to mitigate production damages and losses in the face of climate events (Climate-Smart Agriculture [CSA]), for CC adaptation and mitigation, and for the implementation of agroecological practices and technologies.

- The project will also support those POs that require specialized technical assistance, for example, technical assistance for the management of specialized equipment for value addition, novel processing practices, safety practices, preservation of nutritional qualities in foods, recovery of knowledge and highly nutritious native foods, circular economy for alternative use of by-products and recycling, reuse or maximum utilization of processing residues, organization of conventional and electronic marketing points, production of bio-inputs, management and production of seeds suitable for agrifood systems, revitalization and management of indigenous commercial and non-commercial genetic resources, ICTs, use of renewable energy, disaster risk reduction, among others.
- Each PO will have an associated OFP with its NP, which may include different aspects such as governance, accounting and administrative management, social inclusion, FNS, empowerment of women and youth, measures for the redistribution and alleviation of women's workload, co-responsibility, interculturality, as well as monitoring and information systems, management and logistics systems, and other ICTs. The OFP may also include training for management and business development including support for commercialization (e.g., market intelligence, marketing strategy, brand development, certifications). PO members and their families will participate in the NLCs as part of the nutrition capacity building activities of 1.3.1.
- Through the NP and OFP for young entrepreneurs, the management and management of rural enterprises (start-ups) will be promoted, fostering associativity and the financial inclusion of young people and women. Financial support will be given to microenterprises (3 to 5 young people), legally constituted and formed exclusively by women and young people, with priority given to the formation of new enterprises. Support may also be given to existing enterprises in need of technical improvement or productive capital, if they are considered to have growth potential and their members meet the targeting criteria. The enterprises may be related to primary productive activities, if they are linked to FNS-sensitive value chains. They are expected to be oriented towards "Non-Agrarian Rural Work" (NRW), especially the provision of services linked to the main productive activities, transformation, commercialization, and the development of technologies and digitization processes.
- As part of their OFP, the entrepreneurs will participate in an incubation program to strengthen the entrepreneurial capacity of young people, fostering the development of an entrepreneurial culture, creating opportunities to establish synergies between the components and enabling young people to learn entrepreneurship through concrete and guided practice. This strengthening may include analysis of opportunities, market demands, formulation and continuous updating of business plans, business management, leadership and decision making, redistribution of the workload, access to financing and technical skills needed to start and grow businesses, and adaptive market strategy, among others. To reduce the failure rate as much as possible, links will be established with programs such as Ciudad Mujer, the Entrepreneurship Forum, and the entrepreneurship programs of universities (Zamorano, Universidad Tecnológica Centroamericana-UNITEC), which are indispensable to provide guidance to entrepreneurs with few resources and/or experience.

- **Subcomponent 1.2. Investments in gray and green infrastructure and micro-watershed management for drinking water supply and production.** This subcomponent will include investments in physical and natural infrastructure to reduce CC impacts to the target population and their means of production due to extreme rainfall, hurricanes, and/or droughts. A comprehensive approach will be implemented at the micro-watershed level that includes small and medium scale infrastructure works. The restoration of productive forest and agricultural landscapes will be promoted to strengthen and recover ecosystem services. This subcomponent responds to the project's Water Security Strategy and the Climate Strategy of the country's Agrifood Sector, prioritizing investment at various levels: family-housing, school, community, municipality and micro-watershed, and includes the following activities:
  - *Activity 1.2.1. Investments in gray infrastructure (water and hydraulic) and disaster risk reduction.* Gray infrastructure seeks to improve conditions for adaptation to CC (droughts and floods) and protection against environmental risks due to water insecurity and contamination for families, communities and POs. The project will implement gray infrastructure works that improve water access and availability in quantity and quality, and help reduce disaster risks from current and future climate events. This activity will start with a biophysical diagnosis at the municipal level, which will be the basis for preparing the project's investment plan for gray and green infrastructure.<sup>[66]</sup> Similarly, a hydrological study will be prepared, from which a mapping by department will be derived, focusing on water infrastructure (wells, piped water treatment systems).
  - At the groundwater level, and in coordination with the municipal governments, various types of wells will be built (gauged, sunk, dug) for at least 10 families each (per municipality), hydromechanical wells with water purification and distribution systems for the dry season. At the surface water level, piped water treatment systems will be developed (100 families each), coming from springs or catchment points in the surface water body. Primary treatment systems with water disinfection will be built to provide access to safe water for human and domestic consumption.
  - Disaster risk reduction plans will be implemented that include dual-purpose infrastructure works to reduce flood risks caused by heavy rains and to support agricultural production (Integral Safe Water Systems- (SIAS)).<sup>[67]</sup>providing complementary water supply for human consumption and domestic use, access and availability of water throughout the year for irrigation systems of organized producers, through runoff water capture reservoirs that will facilitate infiltration and recharge of local aquifers and flood regulation in ephemeral or permanent watercourses in the upper and middle parts of micro-watersheds. In addition, focusing on water for food production, the project will install intra-farm drip irrigation systems. Finally, a series of road infrastructure protection and slope stabilization works will be designed and constructed, which will be defined and prioritized after a pre-investment process that focuses on these measures to reduce the risk of damage from local flooding or high rainfall intensities.
  - *Activity 1.2.2. Investments in micro-watershed management and green infrastructure.* The objective of this activity is to reduce the vulnerability of agroforestry and forest ecosystems to the effects of climate change and climate variability by applying the Nature-Based Solutions (NBS) approach as well as investments for the development of green infrastructure to increase the water resilience of forest ecosystems and complement the physical infrastructure (water and business plans). To meet this objective, investments will be made for the implementation of three Microbasin Management Plans (PMC) already formulated and with declarations issued by the ICF, and the rights of way for easements authorized and legalized.<sup>[68]</sup> Resources will also be invested for the formulation and implementation of three new MMPs. For this purpose, the "*Guide for the preparation of watershed management plans*" developed by the ICF will be used and management activities will be implemented, such as: reforestation; assisted natural regeneration; restoration in critical areas for water recharge; restoration in gallery forests; restoration and protection of critical habitats for biodiversity; forest fire

prevention and control; prevention and/or control of forest pests and diseases, among other works defined in the management plan. These activities will be aimed at increasing the adaptive capacity of forest ecosystems, so the focus of these activities is oriented towards the SbN model.

- As an innovation, these CMPs will incorporate investments to increase the water resilience of forest ecosystems and complement gray infrastructure through the establishment of green infrastructure, such as: (i) regulation of water provision through reforestation, conservation/protection of forest cover, improving connectivity of gallery forests, restoration of river banks, wetland conservation, among other activities; (ii) regulation of water quality, such as the establishment and protection of riparian buffer zones; reconnection of rivers with plains, wetland restoration, soil conservation works, among others; and (iii) works to mitigate impacts caused by extreme weather events, such as reforestation, soil and moisture retention works to promote water infiltration into groundwater, reduce runoff velocity, soil erosion, slope stabilization, construction of reservoirs or small dams, among others.
- The three new BMPs will focus on the northern and northwestern part of the project area where runoff originates in the upper part of the micro-watersheds and generates flooding in the middle and lower part of the watersheds. The criteria for selecting the micro-watersheds for which management plans will be formulated must comply with the above criteria and be complemented with those areas of greatest risk to climatic hazards, exposure and climate vulnerability. The formulation and implementation of the BMPs will be done in partnership with the ICF or other public, private or NGO organizations that are key for this purpose.
- On the other hand, in the project area there are three already formulated BMPs, with a declaration by the ICF and approved management programs, so the project will finance those activities contained in these plans that meet the profile of BNS and green infrastructure that were described above. These activities will be implemented through the preparation of annual operating plans of the micro-watershed management plan and will be implemented with the institutions or agencies responsible for the execution of the BMP or, if required, through public bidding processes.
- *Activity 1.2.3. Investments in the rehabilitation of household hygiene and sanitary conditions and self-consumption production.* Access to public health services is limited and food aid has little effect when households lack basic hygienic-sanitary conditions, have dirt floors, outdoor cooking, no access to potable water, contaminated water and leaky roofs, lack ecological latrines and washing stations, and do not use improved stoves with chimneys. This activity seeks to progressively improve the sanitation and hygiene conditions of families in rural populations to reduce their vulnerability in terms of health and FSN, taking into account that improving access to water, the food preparation site and the quality of the floor or roof reduces the risk that food, both stored and being prepared, will be contaminated by sewage, untreated solid waste, insects, animals or pests, as a determinant of safe food consumption and reducing sources of gastrointestinal infections, respiratory illnesses or foodborne illnesses (FBD). It also seeks to maximize the use of "backyard" spaces for technified vertical agricultural production to encourage the diversification of the diet of families due to their low physical access to varied and nutritious food, improve nutrition with the self-consumption of the food produced, since these families will participate in the activities of the campaign to improve eating habits as contemplated in 1.3.1, and the improvement of livelihoods and income of the population (income).
- With the collaboration of UTSAN, we will begin with a municipal study on food insecurity: malnutrition, food diversity in the diet, food habits and consumption patterns, cultural practices and myths related to food, climate risk, access and availability of water, which will characterize the needs of families and improvements to their homes. It will also include a municipal mapping to identify in the five (5) municipalities with the highest degree of food and nutritional insecurity, the communities and households with the highest levels of food and nutritional

insecurity.<sup>[69]</sup> It will also include a municipal mapping to identify in the five (5) municipalities with the highest degree of food and nutritional insecurity, the communities and households with homes that require investments in infrastructure (floors, kitchen, latrine, roof, water and sanitation).

- Through a public bidding process and with the support of the Dirección de Ciencia y Tecnología Agropecuaria (DICTA), a company specialized in improving homes with rudimentary floors, outdoor kitchens, and without potable water or electricity will be hired.<sup>[70]</sup> a company specialized in improving homes with rudimentary floors, open-air kitchens, and no potable water or electricity will be hired. Fifty percent of these homes will have productive agricultural units (vertical mini-greenhouses, macro tunnels with low-pressure irrigation systems or hydroponics) accompanied by a rainwater harvesting system with geomembrane for water security and the production of food for self-consumption with the potential to sell surplus. The productive technology includes the modification of roofs for the installation of solar panels for electricity generation and rainwater harvesting.
- **Subcomponent 1.3. Strengthening the capacities of the rural population with emphasis on women and youth.** This subcomponent seeks to improve the capacities of the rural population, especially those at risk of food insecurity and climate events, to improve and diversify their eating and nutritional habits, as well as their capacity to adapt to CC, through adequate management of risks caused by climate events, and for the appropriate use of information and communication technologies (ICTs). The following activities are contemplated:
  - *Activity 1.3.1. Strengthening the capacities of the rural population in biosafety and sustainable food.* It will build capacities in agro-processing of nutrition-sensitive products in order to improve the food environment, make better use of food resources and meet the nutritional needs of the population, through the generation of spaces for exchange and practice of indigenous gastronomic knowledge that will diversify and stimulate local consumption. Capacity building will be through the formulation of a Program for Food Behavior Change and Water, Sanitation and Hygiene Skills (WASH) with a focus on gender and youth, which will be developed for the families of the POs, teachers, parents participating in the PNAE as well as the community in general. The program consists of two parts: i) Strengthening Plan under the CEN model<sup>[71]</sup> which involves five (5) training modules and will be aimed at the families of rural organizations with NP to stimulate knowledge in nutrition, food and strengthen integration in the NP; it will also be aimed at teachers, parents and mothers, and ii) a campaign to improve the eating habits of rural families and access to food, aimed at the families and communities of the NP, as well as the community in general.<sup>[72]</sup> aimed at families and communities in the municipalities. It consists of three stages: i) launching on radio, local media, communities with messages related to food improvement, gastronomy and local production, ii) workshops (17) on food selection and preparation including WASH topics, and 3) an annual municipal fair of community and cultural health in alliance with municipalities with implementation of community workshops on healthy food preparation. The project includes the hiring of FNS technicians to implement the activities. The thematic approach is based on the information obtained from the FNS study of subcomponent 1.2.3.
  - *Activity 1.3.2. Strengthening the capacities of the rural population in natural risk management and CC.* This will include the development and implementation of instruments and tools for the diagnosis and analysis of climate impacts on food and production systems to define mitigation measures (reduction of greenhouse gases - GHG-) and adaptation measures (adaptive capacity, resilience and disaster risk reduction).
  - The capacities of the families of rural and indigenous communities and of the partners and workers of the POs will be strengthened in environment and CC articulated to the NP and access to markets, and included in the OFP. Actions will be carried out to raise awareness and level knowledge through theoretical and practical training events (talks, courses, workshops, diploma courses, among other

modalities) that will enable them to carry out integrated management of waste and residues generated in households and in the different phases of agricultural activities; manage natural resources under the watershed approach; and on climate change in terms of its origin, consequences, impacts and mitigation and adaptation actions (with emphasis on disaster risk reduction and resilience).

- Training will be provided to acquire knowledge, skills and capacities to identify and introduce measures, practices or technologies to avoid, prevent, reduce or mitigate damage or losses caused by meteorological phenomena that affect their agrifood primary production units. Funding will also be included for the development and implementation of instruments and tools for the diagnosis and analysis of climate impacts on food and production systems to define mitigation measures (GHG reduction) and adaptation measures (adaptive capacity, resilience and climate risk reduction).
- Training events will be held on the *access, management, analysis, interpretation and use of agro-climatic information* applied in disaster risk prevention processes in the community and in agrifood production units; they will identify measures, practices or technologies to avoid, prevent, reduce or mitigate damage or losses caused by meteorological phenomena and will implement community or municipal emergency plans in response to such events.
- To *strengthen capacities for disaster risk reduction and adaptation to CC*, two strategic actions will be carried out to contribute to the reduction of disasters caused by meteorological phenomena, as well as to create the enabling conditions to adapt in the short term to the effects of CC: I) Disaster risk management, emergency preparedness and response to extreme weather events, which includes training for members of rural and indigenous families and PO partners so that they have the knowledge of prevention and preparedness for hazards caused by meteorological phenomena; improve the capacity to respond to the impacts caused by such phenomena; and determine recovery measures for natural disasters of climatic origin. The training will prioritize the members of rural and indigenous families that directly and indirectly benefit from all the operational instruments of component 1. The project is linked to two types of Early Warning Systems (EWS) of national scope: a) national meteorological system, drought and natural disaster emergency monitor; and b) those related to monitoring processes of forest resource degradation (deforestation, forest fires, forest pests and diseases). II) Capacity building for governance and management of water systems operated by water administration boards and/or irrigators, POs, municipalities, as well as rural and indigenous families that will benefit directly and indirectly in the establishment or rehabilitation of water and hydraulic infrastructure (gray and green infrastructure) to improve the availability and access to water for human consumption or agricultural production. Strengthening will consist of training events in: a) collection and administration of financial resources derived from water provision, b) maintenance of community or municipal physical water and hydraulic infrastructure, c) establishment, rehabilitation and maintenance of green infrastructure, d) public sanitation of water sources and the family environment - management of waste and residues generated in the home, and e) rehabilitation and maintenance of physical infrastructure to reduce disaster risks related to flooding and accessibility of rural roads.
- *Activity 1.3.3. Strengthening the capacities of the rural population in gender, youth and social inclusion.* The effective integration of women, youth and vulnerable or disabled people will be strengthened through events to raise awareness and strengthen the knowledge and skills of the members of the POs, their families and other stakeholders directly or indirectly linked to the NP and included in the OFP. Instruments will also be developed to help reduce gender gaps in the PO context. The project will develop a gender, youth and social inclusion strategy, the basic elements of which will be included in the MOP and developed by the project team in the first months of implementation, with support from IFAD.

- *Activity 1.3.4. Training for youth employability.* A study will be conducted on the demand for youth employability, identifying gaps and opportunities for decent youth employment and the requirements of potential employers with emphasis on nutrition-sensitive value chains. This study will be the main basis for defining the employability strategy and the development of training and employability programs with commonwealths. To this end, the project will hire an institution or professional with the capacity to analyze market conditions and possible opportunities for youth employability in the three commonwealths in the area of influence. The aspects to be analyzed should include the main productive sectors and areas with the greatest employability potential for young people, with growth potential, especially sensitive to nutrition; conditions and employability potential for the primary, secondary and tertiary sectors; economic actors present in the sector and their demands; existing academic offerings related to these demands; possible partner organizations that can generate training spaces appropriate to the demands of the sector, among others.
- Youth Training and Employability Program (PFEJ), which seeks to include young people, mainly from low-income families, in the economic and social development of their communities and organizations, and to mitigate the effects of migration. With the help of the project and through a delegated administration mechanism, each commonwealth will develop and implement its employability strategy according to its reality. With the help of INJUVE, appropriate content will be defined for training and employment skills training, and specialized training in accordance with labor market demand. Internship programs will be incorporated and links will be established with state programs. Rural youth training also includes life skills training and training young human talents who can gradually assume leadership positions in POs, promoting generational change. The PFEJ will train at least 600 young people (200 per Mancomunidad, with 50% women), where they will be trained in the following areas<sup>173</sup>The PFEJ will train at least 600 young people (200 per Mancomunidad, with 50% women), where at least 50% must have a decent job. The mancomunidades will contribute resources from the partner municipalities, such as physical space, volunteers, fairs, arts, etc.

## **Component 2. Strengthening the capacities and coordination of the government and other stakeholders in the territory**

This component seeks to improve the institutional framework and articulate public policy instruments and the development and implementation of systemic solutions to improve the provision of services for producer organizations in the transition to sustainable and resilient agrifood systems in food, climate and nutrition security. The component is focused on the enabling framework for the development of climate resilience and FNS, comprising two subcomponents: the first focused on governance and territorial management, to strengthen FNS, nature-based climate management, disaster risk reduction (DRR) and the use of ICTs. The second subcomponent on strategic alliances, private sector and financial services, which includes activities to improve the supply of non-financial and marketing services for value chains and non-banking services for PA.

The expected results are as follows: i) Public and private institutions strengthen their institutional capacities for the territorial management of FNS and CC; ii) Families of small rural producers have access to financial and non-financial services; iii) CP organizations are strengthened in marketing services. To achieve these results, this component is organized as follows:

- **Subcomponent 2.1. Strengthening governance and institutional capacities in FNS and CC.** The objective is to strengthen the governance and capacities of public, private or civil society institutions to implement public policy in FNS and CC applied to the agrifood sector, and at the same time, create the enabling conditions to implement the activities of Component 1. Specifically, a good geographical concentration of WASH projects in the intervention areas will be ensured, work will be done on the prevention of the vicious circle of "diarrhea / nematode infections / EED - malnutrition" and associated diseases. Emphasis will be given to behavioral change, knowing that physical infrastructure only brings few



health benefits if it is not accompanied by proper hygienic behavior. Coordination and partnership between relevant ministries (nutrition, gender, health, food security, water, human resources and sanitation), humanitarian organizations and other relevant actors will be improved through roundtables to ensure the integration of health and nutrition goals into WASH projects from the outset.

- *Activity 2.1.1 Strengthening institutional capacities (national and local) in FNS.* The first step will be to strengthen the technical entities and institutions that provide technical assistance on FNS-related issues, as well as on issues related to the management of climate and environmental risks that may compromise the food security of the target group, especially vulnerable groups. Based on the results, investments will be designed and made to improve the infrastructure of 42 schools, including their water security so that at least 8,400 children can have more and better quality water for their use and drinking, as well as improved bathrooms that allow them to have access to the personal hygiene service necessary for their activities. Also with the construction and/or rehabilitation of the school infrastructure, the objective is to strengthen the PNAE, for which there will be a warehouse for the proper storage of food, a kitchen for the preparation of the school menu on site, and a dining room where children can have a proper school snack.
- In order to strengthen the institutional actors involved in FNS actions and improve FNS governance at the level of municipalities, associations of municipalities, state secretariats, among others, an institutional training program in FNS will be developed and implemented through the financing of 4 diploma courses taught by the academic sector and selected according to the areas for improvement in FNS identified by UTSAN: (a) Diploma in municipal planning in FNS, (b) Diploma in nutritional surveillance for the health sector, (c) Diploma in breastfeeding for the health sector and, (d) Diploma in food education for teachers. The description of subcomponent 2.1.1 in Annex 8 specifies how participants are selected. The objective of these courses is to establish a network of local promoters strengthened in these 4 topics that can improve the implementation and governance of FNS in various institutions and put it at the service of the needs of the communities, promoting the sustainability of the main actions in FNS, even after the end of the project.
- The training program will be complemented with the generation, publication, dissemination and distribution of printed materials of the Healthy Food Based Dietary Guidelines (GABAS), with the aim of providing a working tool on food and nutrition to school teachers. Also, all persons in charge of preparing the school snack will have daily access to a guide that will promote an appropriate food mix and menu examples to ensure a more balanced and healthy snack, and will allow the community to be informed about sustainable and healthy local food. The use of these guides will be demonstrated in the CENs and in the diploma courses for teachers and parents. With the support of UTSAN, the content of these guides will be adapted to include practical information on food selection, preparation and handling (including WASH practices), menus and photographic recipe books with seasonal and local products, and guidance in specific modules aimed at parents, teachers and the community in general. These guides will be available to these populations through an application and can also be used by FNS technicians for CEN activities, workshops, health and cultural campaigns.
- *Activity 2.1.2 Strengthening institutional capacities (national and local) in CC.* Institutional capacities and governance spaces will be strengthened at the level of municipalities, commonwealths, state secretariats, civil society, research and/or academic organizations to contribute to the implementation of the public policy of the agrifood sector in CC (mitigation and adaptation) and to provide support and technical assistance to the different target groups to increase their capacity for adaptation and disaster risk reduction (DRR). This objective will be achieved through eight activities: (i) development and/or strengthening of local climate and natural disaster early warning systems articulated to the base of producer organizations; (ii) development and/or strengthening of local monitoring systems in

processes of deforestation and degradation of forest resources; iii) specialized training of institutional personnel in agrometeorology, identification of CC adaptation measures, DRR measures and quantification of greenhouse gas emissions, all of which are linked to the Project's main instruments (business plans, investment plans for gray infrastructure, micro-watershed management, schools and productive social housing); iv) institutional development of computer systems and protocols for monitoring adaptation and mitigation measures within the framework of the NDC of Honduras applied to the agricultural and forestry sector; v) development and implementation of a system for the monitoring of adaptation and mitigation measures within the framework of the NDC of Honduras applied to the agricultural and forestry sector; vi) development and implementation of a system for the monitoring of adaptation and mitigation measures within the framework of the NDC of Honduras applied to the agricultural and forestry sector; v) development and implementation of a drought early warning system for value chains prioritized by the Project; vi) strengthening and equipping municipalities to monitor meteorological and agro-meteorological variables linked to the national system of the Center for Atmospheric, Oceanographic and Seismic Studies (CENAOS)/COPECO; vii) knowledge management through the generation, publication, dissemination, and distribution of physical and digital materials on climate change (mitigation and adaptation) and DRR focused on the agrifood and forestry sector; and viii) development and implementation of a tool for the diagnosis and analysis of information on the impacts of climate events on agrifood systems (in terms of damages, economic losses, and effects on food and nutritional security).

- *Activity 2.1.3. Strengthening territorial management for FNS and CC articulation* In relation to territorial management, the project seeks to promote the participation and empowerment of the members of producer organizations, through a dialogue between multiple actors in a territory to provide solutions to systemic barriers for the transition to sustainable agrifood systems with a focus on gender and youth. Based on a mapping of territorial advocacy spaces, interinstitutional coordination spaces will be strengthened, such as the agro-climatic technical roundtables (MTA) led by SAG and the existing SAN roundtables to take the lead on issues that affect family farming due to climate events. In the event that there are no MTAs, support will be given to the establishment of new roundtables with a comprehensive methodological approach to FNS, DRR and ecosystem restoration. The roundtables will include representatives from universities, research centers, POs, NGOs, youth groups, municipal governments, commonwealths, and public institutions that provide complementary services and are responsible for regulations, as well as different actors from the private sector. An innovation proposed to these MTAs is to integrate food and nutritional security and ecosystem restoration as a new element, so that the roundtables will function as spaces for coordination, dialogue and technical advice to provide solutions to problems caused by climate, bottlenecks and to increase support services to agrifood systems, including improvements in production systems, value addition with a nutritional approach, transformation and marketing. The creation and/or strengthening contemplates investments to update the methodology of the MTAs; holding of forums/workshops for diagnosis and formulation of action plans to manage territorial interventions among public policy instruments for health, agrarian and FNS; official publication of the MTA in the Gazette; payment for technical assistance consultancy; creation of the Board of Directors; and operation of the MTA in terms of equipment and development of computer systems (desktop and/or mobile) for information management and dissemination.
- **Subcomponent 2.2. Strengthening financial and non-financial services and ICTs for development.** This subcomponent seeks to improve access to credit and other financial and non-financial services for small producers and the rural population through partnerships with financial institutions, especially non-bank FIs with financial services more in line with the needs of the target population and closer to the project's areas of intervention. It also

seeks to improve the adoption and use of ICTs for the transition to sustainable and resilient agrifood systems.

- *Activity 2.2.1. Strengthening Financial Services.* Following the recommendation of the USAID/TMC financial services demand study, a mapping of remittance companies operating in Honduras, financial products for the use of remittances and possible business/investment opportunities to channel remittance funds to productive activities (remittances and/or diaspora resources in the United States and Europe) will be carried out. Once the opportunities and financing gaps have been identified, work will be done with institutions that provide credit services to develop financial products to channel remittance funds to productive activities, as well as to develop credit and/financial solutions through innovative channels such as Fintech and Agritech companies. It will seek to articulate the co-financing of PN (counterparts), solar energy systems for productive social housing and youth and technological enterprises in component 1.
- At the same time, and based on PROLENCA's successful experience, the project will support the formation of rural savings banks as a permanent financing mechanism, self-managed by the groups themselves in rural areas, and will continue with the digitalization of their operations so that they can generate results and financial statements with the periodicity required by the banking system to access financial resources to fund their lending activities, such as BANADESA's financing program, Agrocrédito del Banco Hondureño para la Producción y la Vivienda (BANHPROVI).
- Finally, digital training will be provided to the target population to reduce the gap between urban and rural areas, and a financial education (FE) program will be implemented through the Fintech company Alfi supported by INNOVATECH, which has achieved excellent results in El Salvador. This will enable the target group to acquire adequate knowledge in finance, credit and savings, remittances and develop the skills to use their knowledge for their own benefit, and to exercise financial responsibility, with proper management of personal finances, as well as their financing options and how these affect the sustainability of their income-generating activities. The FE should include elements to promote the productive investment of remittances, to leverage reinvestment mechanisms linked to business plans, and to revolving funds within organizations. INNOVASAN will collaborate with SAG's Bono Agrícola subsidy program, which is distributed annually to more than 300,000 small farmers nationwide. They will take advantage of the bonus delivery days to teach the use of the app and start with the financial education program. The EF will also be provided in collaboration with IFAD's current partners in Honduras, such as BANHPROVI, FUNDER, Agrodigital, and others, which have EF programs.
- It is expected that at least 44,245 farmers will benefit from new financial services and the financial education program. In addition, the establishment of 120 rural banks/communal banks and at least 20 revolving funds will be sought, as well as improved investment opportunities for remittances.
- *Activity 2.2.2. Strengthening Non-Financial Services.* There are limited local business services available in Honduras, especially for agriculture. The Project will establish mechanisms to identify the services required, according to the bottlenecks of nutrition-sensitive value chains, and will support their strengthening through entrepreneurial activities, but also through specific linkages with companies that provide non-financial services such as Agritech companies. The establishment of 4P inclusive and "win-win" alliance mechanisms between the private sector, POs and the project will be promoted, as well as the use of digital technologies. To this end, bottlenecks and analysis of the supply and demand of local services will be identified; alliances with business service providers to support nutrition-sensitive value chains will be identified and established, promoting the participation of women, youth and indigenous people. An alliance will be sought with the INNOVATECH 2 grant to finance at least 3 Agritech enterprises that provide non-financial services to the target population. This may include logistics services, e-trade, provision of local agroecological inputs, etc.

- On the other hand, municipal and supply markets are one of the most important marketing alternatives for poor and food insecure producers. These markets can play an important role in increasing physical access to fresh and nutritious products in local food systems, but often insecurity, hygienic conditions of internal and surrounding environments, conservation conditions, food safety and perishable food safety, opening hours, and governance of access for vendors are not the most appropriate.
- The Project, in coordination with municipal governments, will identify key markets (municipal markets, mobile fairs, central supply centers, etc.) and invest in the refurbishment of these spaces so that they can operate under legal, technical and sanitation standards, and can provide adequate, bio-safe and accessible spaces for producers. Participatory processes will be supported to agree on market governance rules to ensure fair access to small producers and their agroecological products. These markets can also serve as spaces oriented towards food efficiency and sustainability, since the project will encourage the reduction of food loss and waste not only in sustainable agrifood production but also in these marketing spaces. Likewise, water and sanitation infrastructure will be promoted to strengthen these spaces and improve food practices with safety and nutrition, and producers and operators will be assisted in the development of skills for handling, transporting and packaging products. In this way, they constitute spaces for the promotion of healthy consumption habits of a variety of safe and healthy local products.
- INNOVASAN will also support the IHMA as the State institution that, by law, participates in the national and international market of basic grains, managing the Strategic Corn and Bean Reserves, in order to improve the profitability of small producer families, whether natural persons or POs, contributing to generate national food and nutritional security. To this end, the project will strengthen the IHMA's collection system through investments in three basic grains collection centers (construction and rehabilitation) in the project's area of influence. The project will support with a digital inventory and logistics management system to articulate the production coming from the basic grains producer organizations that INNOVASAN supports, through the PNs, guaranteeing an institutional market for their production. We will also work with the relevant authorities to make visible and/or digitalize the public demand for food, especially for family farming products, as well as the potential supply of products that meet the required standards. Work will be carried out with all institutions that make public purchases to increase the participation of POs with NP as stable and reliable suppliers of the products demanded by the public procurement system, taking advantage of the opportunity for inclusion and local development that this can generate. IFAD provides SAG with the Arvest electronic platform, which allows public procurement to be coordinated with agricultural producers' organizations.
- *Activity 2.2.3 Implementation of ICTs for development.* This activity seeks to incorporate in an integral and systemic manner the use of digital technologies for information and communication (ICT), for which 4 main actions are planned:
- Capacity building in the use of technological systems at the institutional level The project will support SAG to improve the Honduran Agricultural Products Market Information System (SIMPAAH), especially by improving the usability of market and price information systems. It will also support the generation of better information on climate conditions and events by promoting data-driven climate risk management and planning at the regional/sub-basin/micro-basin level through the development, transfer or strengthening of the Climate Information System, the Early Warning System and through the use of geographic information systems to support the use, planning and management of natural / forestry resources.
- Analysis of demand for virtual technical assistance. SAG has established the national virtual program Agroextensión HN, which includes training courses, agricultural extension manuals, Agroecology practices and technologies for family farming, basic grain crops, fruit trees, among others. The program will analyze the demand for virtual technical assistance from producers, students, national and

foreign agricultural technicians, as well as knowledge management processes in order to better understand the current knowledge gaps and the needs for virtual technical assistance that integrates different sources of information.

- Virtual technical assistance system. Based on Agroextension, the project envisages the establishment of a virtual technical assistance platform (PATV) that integrates different sources of information such as content providers like universities (UNITEC, Zamorano, Universidad Nacional Autónoma de Honduras, etc.), technical assistance service providers (ACDIVOCA, Fintrac, Technoserve, etc.), the public sector (SAG, Dicta, Etc.), technical assistance service providers (ACDIVOCA, Fintrac, Technoserve, etc.), public sector (SAG, Dicta, Etc.), and other actors such as experimental stations, IHCAFE, FHIA, National Vocational Training Institution (INFOP), etc.). The PATV can be used within the framework of this project, but also by other development projects to ensure its sustainability.
- Development of a traceability system for nutrition-sensitive production. The establishment of a national traceability system for nutrition-sensitive products that can be used for multiple products and by different actors will be financed, for example, vegetable producers interested in selling within the public procurement program or within the school snack program where food traceability is important to ensure food safety, stimulating nutrition-sensitive marketing as a strategic action for food access. Likewise, traceability of agroecological products will be included, taking advantage of the fact that Innovatech 2 will have a window for investment in technology focused on agroecology.

### **Component 3. Management, Monitoring, Evaluation and Knowledge Management**

The **objective** of the component is to efficiently coordinate, manage and administer the project to ensure the achievement of objectives and results. The component includes: a) monitoring and evaluation; b) knowledge management and communication; and c) adequate financial and administrative management. The management and coordination of the different units will carry out strategic and operational planning, ensure that viable and updated strategies are in place for the intervention model and strategic issues (gender and youth, climate change, water security, FNS, sustainability, etc.), and define the appropriate mechanisms for developing partnerships and signing framework agreements, among others.

- - *Activity 3.1.1 Monitoring and evaluation*. Leads the activities for the design and implementation of the M&E system to support the project's internal and external management and decision making. It plays a strategic role, which requires effective linkage and coordination with the Directorate and the Technical and Financial Administration Units. It is responsible for promoting an M&E culture in the project, including the use of digital technologies and programs for the collection, analysis and dissemination of results.
  - *Activity 3.1.2 Knowledge management, communication (KM, communication)*. Facilitate KM actions, which are developed in the components. This includes the preparation of the KM strategy and plan during the first year of implementation; providing advice for the preparation of knowledge products and communication of project results and lessons learned; articulating all training activities in the various productive, commercial, business, environmental management/CC, FSN, gender and youth issues, among others; ensuring that the various training programs take into consideration the educational, cultural, ethnic, gender and age aspects of the target group, as well as the institutional beneficiaries; the participation of the project in policy dialogue forums; and the implementation of mechanisms for broad dissemination and promotion of the use of knowledge to different users.
  - *Activity 3.1.3 Administration and Financial Management*: Responsible for the efficient management and administration of financial, human and material resources, as well as procurement, in accordance with national and IFAD regulations.

## E. Theory of change

The Honduran rural population, particularly poor smallholder families, women, young people and the indigenous population, face low incomes and high vulnerability and food insecurity, which leads to high levels of poverty and inequality. This problem has been exacerbated in recent years by the effects of climate change and the economic and health crises (COVID 19) that have affected the country. There are different direct **causes/sub-causes** of the target group that accentuate the problems identified: (a) presence of agro-food systems with low sustainable, diversified and competitive production, (b) degradation of natural resources and low capacity to respond to CC and natural disasters, (c) limited access to water for human consumption, nutrition and production; d) poor hygienic and sanitary conditions in homes and schools e) limited access to knowledge, skills and practices in food and nutrition in homes, schools and community f) lack of skills in marketing food surplus for self-consumption production and income diversification to improve nutrition g) limited access to information, financial and non-financial services; h) limited physical access and consumption of healthy, nutritious and safe food and hygienic-sanitary conditions; i) lack of opportunities for entrepreneurship and employment, particularly for rural youth and women in rural agricultural and non-agricultural work and; j) limited national and local institutional capacities.

INNOVASAN will address the root causes of the current situation through **two complementary development actions**. On the one hand, by investing directly in the families of poor small producers and the vulnerable rural population, through differentiated strategies and actions to create the conditions to reduce food insecurity and malnutrition, improve income and employment generation opportunities, increase resilience to climate change and access to quality water. On the other hand, strengthening the capacities and coordination of government and local actors and the provision of financial and non-financial services to the target population.

The first (related to the first component) will focus on i) making the rural businesses of organized smallholder families more profitable at the production, value addition and marketing levels, with the shift to sustainable and nutrition-sensitive agrifood systems being fundamental in this activity; ii) increase access to water (productive and potable) and resilience to reduce the risk of environmental disasters through better management of micro-watersheds and investments in green and gray infrastructure; iii) improve the food and nutritional security situation by promoting the rehabilitation of hygienic-sanitary conditions of households and production for self-consumption and/or sale; iv) strengthen the capacity of the target population in the prioritized topics: healthy and safe food, breastfeeding, biosecurity, risk management and CC, social inclusion; and v) promote entrepreneurship and training for youth employment.

The second (component 2) will focus on i) strengthening institutional capacities at national and local levels and improving governance in the area of food and nutrition security (FNS) and climate change adaptation (CCA) as well as territorial management for effective articulation of actions; and ii) strengthening public and private service providers (financial, non-financial and marketing) and promotion of ICT solutions for development to provide effective support to the target population and improve the traceability of nutrition-sensitive value chains and, consequently, improve the economic situation and FNS. The activities and results of this component are expected to support the objectives, outcomes and activities of component 1, by creating and/or strengthening institutional capacities and conditions to provide support services to the beneficiary population.

In other words, **if** smallholders make the transition to FS with the appropriate level of investments and capacities, the physical and natural infrastructure and adequate resources and knowledge to produce healthy and nutritious food in a sustainable and profitable way; and **if** they have access to markets to market their products; **if** hygienic-sanitary conditions and knowledge in safe, healthy food and nutrition at household, school and community level are improved; **if** community promoters, health center officials, institutions and local government are empowered in their FNS surveillance capacity, **if** youth and women improve their self-employment (entrepreneurship) and employment opportunities, while in parallel, **if** capacities and territorial coordination between government and local institutions/actors are better articulated and their capacities in FNS, CCA and ICT4D are strengthened and **if** strategic alliances are established with financial and non-financial service providers, then the following **results** will be achieved: (i) Poor rural smallholder families

and their organizations improve their knowledge, skills and practices in self-consumption and production, sustainable, profitable and CC-resilient nutrition-sensitive agri-food systems. ii) Families of small rural producers living in poverty and the vulnerable rural population improve their capacities for disaster risk management, CC and water insecurity; iii) Families of the vulnerable rural population with improved hygienic-sanitary conditions for food safety and reduction of malnutrition; (iv) School community with improved hygienic-sanitary conditions for food safety, and acquisition of knowledge, skills and practices in nutrition to reduce malnutrition; (v) Rural youth improve their capacities for entrepreneurship and employment; (vi) Public and private institutions strengthen their capacities in FNS and CC; (vii) Families of CPs and rural communities with improved sanitary conditions for food safety, and acquisition of knowledge, skills and practices in nutrition to reduce malnutrition; (viii) Rural youth improve their capacities for entrepreneurship and employment; (vii) Public and private institutions strengthen their capacities in FNS and CC. vii) PP families and rural population strengthened for access to financial services; and viii) Organizations of small rural producers for access to non-financial services.

If all these results are achieved, an impact will be achieved in terms of improved incomes, assets and employment of rural smallholder families, women and rural youth living in poverty, through the development of nutrition-sensitive and climate-resilient agrifood systems; changes in behavior, knowledge and skills towards healthy eating and nutrition, based on the combination of a set of actions between education, awareness raising, improvement of grey and green water infrastructure and hygienic-sanitary conditions for food safety, as well as the strengthening of the governance of the PNAE. In this way, the project's development objective will be achieved and will contribute to poverty reduction and the reduction of malnutrition, equal opportunities for smallholder families living in poverty and the vulnerable rural population in the northern and central region of Honduras.

The results can be achieved if the following assumptions are met: i) the country maintains positive and continuous economic growth; ii) there are no economic, social, health and climate shocks that have a drastic impact; iii) the country's social and agricultural policies continue to prioritize small producers and the rural population in vulnerable conditions (women and young people); iv) the level of security and violence in the country continues to improve; v) there is a quality academic offer that can be adapted to the demand of rural youth and its link to agrifood systems.

## **F. Harmonization, ownership and partnerships**

INNOVASAN will contribute mainly to SDG 1 (end poverty) and SDG 2 (zero hunger), through the financing of NP/EJ, the improvement of social housing, gray water infrastructure (SDG 6 clean water and sanitation) and actions in FSN. It will contribute to SDG 4 (quality education), providing the target population with the tools and skills to develop their businesses, change eating habits, better respond to natural disasters and the impacts of CC, and generate conditions for the employability of young people, through their involvement in labor certification programs. It will contribute to SDG 7 (affordable and clean energy) by facilitating the population's access to production technologies (clean agriculture), in harmony with the conservation of natural resources. Financial and business services (e.g. marketing channel solutions) will promote diversified rural economies and inclusive organizations that create decent work opportunities and higher incomes, while contributing to the local economy (SDG 8 economic growth). It will seek to connect rural producers in the PA with NP to markets by financing innovations and infrastructure, such as processing, collection and commercial distribution infrastructure at the organizational level (processing and collection centers) and at the institutional level by financing public goods to support commercialization (municipal markets, regional collection centers/IHMA), in line with SDG 9 (industry, innovation and infrastructure). One of the main focuses of the project will be on sustainable agriculture that supports the conservation and restoration of landscapes, which in turn considers resilience to climate change (e.g. PMC, PGASC), which contributes to SDG 13 (climate action). Finally, its emphasis on participation according to women, youth and IP targets and the development of differentiated strategies seeks to reduce gender, age and cultural inequalities SDG 10 (reduction of inequalities).

The project is aligned with national priorities, especially the government plan to Refound the Country (2022- 2026), in its pillar 6 alternative economic model, which seeks the transformation of the productive matrix with activities that generate greater value added, productivity, agricultural

development and food sovereignty; environmental protection and agroforestry development. At the sectoral level, it will contribute to the priorities for PA, specifically in the differentiated access to productive, timely, appropriate and equitable goods and services for family farmers, increasing production, productivity and quality of food, goods and services, making use of sustainable practices. In terms of FSN, it will seek to contribute to greater food availability, accessibility, adequate consumption and stability fostered by more resilient actions to cope with CC. It is also linked to the priorities of universality of service, improved access and quality of the school diet and nutritional surveillance.

INNOVASAN is directly aligned with IFAD's mandate to support rural people to overcome poverty and achieve food security.<sup>[74]</sup> Its mandate to support rural people to lift themselves out of poverty and achieve food security; with its strategic objectives to increase productive capacities and marketing benefits; and to strengthen the environmental sustainability and climate resilience of economic activities. It also responds to the objectives of the country program strategy (COSOP 2020-2025) to contribute to reducing poverty and rural migration through the promotion of inclusive, efficient, sustainable and resilient agricultural and non-agricultural rural production systems, while generating employment and its strategic objectives of i) improving the productivity of small rural producers through the establishment of sustainable and resilient food systems and ii) increasing rural employment through the promotion of agriculture and other non-farm activities and with improved access to markets.

Furthermore, INNOVASAN is aligned with the United Nations Cooperation Framework for Sustainable Development Honduras 2022-2026" in its priorities: i) Renewing confidence in the country and its institutions; ii) Laying the foundations to take advantage of tomorrow's structural opportunities; and iii) Jointly building the social capital of the next Honduran generation, with gender equality, equity and a human rights approach.

INNOVASAN is closely related to PROINORTE, IFAD's current operation in Honduras which, although it does not share the same area of influence, has a similar objective of increasing the income of organized small producers, improving their productivity, diversification and marketing, and developing the competitiveness of their nutrition-sensitive value chains while increasing their overall resilience to climate change. PROINORTE will be a reference for the management of the new project and UAP/SAP has an important role in facilitating the exchange and use of comparative advantages, technologies (rural boxes, M&E system, management tools, transfer to organizations, procurement, etc.), and alliances that will be developed by PROINORTE. In addition, INNOVASAN will be able to take advantage of the benefits of IFAD grants. Also from the actions of the RBA joint program, which will be presented during implementation.<sup>[75]</sup> which will be presented during implementation.

In the implementation, the PMU together with the UAP/SAG should create an effective context of ownership in the national (SAG, UTSAN, ICF, IHMA, SERNA, SESAN, INJUVE, SED, others) and local institutions (commonwealths, local governments, schools, health centers) and the private sector (local industries, marketing companies, etc.), for which framework agreements/letters of understanding will be defined, specifying roles, responsibilities and contributions between partners. The decisive participation of municipal governments and commonwealths will be strategic, given their responsibility for territorial planning and actions in public goods (conservation works, disaster prevention), community and support to POs.

## **G. Costs, benefits and financing**

### **a. Project costs**

The costs are distributed in two operational components and a management component, amounting to a total of USD 60.317 million (accounting for the users' contribution). The 68.2% is allocated to Component 1 Investments in human, social, economic and natural capital of the families of small producers living in poverty; 20.4% to Component 2 Capacity building and coordination of government and other actors in the territory and 11.4% to Component 3 Project Management (Table 5).

**Table 5. Project cost by component and source of financing (USD'000)**



<i>Component</i>	<i>IFAD loan</i>		<i>GAFSP</i>		<i>OFID</i>		<i>Borrower/recipient</i>			<i>Beneficiaries</i>			<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Component 1 - Investments in social, economic and natural human capital of smallholder families living in poverty	11,600	28.2	11,400	27.7	10,600	25.8	3,849	0	9.4	1,477	2,216	9.0	41,142	68.2
2. Component 2 - Strengthening the capacities and coordination of the government and other stakeholders in the territory	3,600	29.4	4,600	37.5	2,400	19.6	1,652	0	13.4	0	0	0.0	12,252	20.3
3. Component 3 - Management and administration	2,500	36.7	2,000	29.3	2,000	29.3	316	108	6.2	0	0	0.0	6,924	11.5
Total	17,700	29.3	18,000	29.8	15,000	24.9	5,817	108	9.8	1,477	2,216	6.1	60,317	100

The project organizes its expenditures for implementation through four investment categories and one recurrent cost category. The Transfers category represents 31% of the costs, the Training, Technical Assistance and Service Contracts category 32.3%, the Equipment, Materials and Vehicles category 5.1% and finally the Infrastructure Works category 23.6% of the investment. The Salaries and Operating Costs category represents 8% of the total project cost (Table 6). The project duration is estimated at 96 months (8 years), with the activities financed through GAFSP funds to be carried out during the first 72 months of the project, with the possibility of requesting an extension of an additional 24 months. Table 6 illustrates the planned investments by year and by component, showing the demand of the annual disbursement curve that the project will need to meet its objectives.

**Table 6. Project costs by category of expenditure and source of financing (USD'000)**

Expenditure category	IFAD loan		GAFSP		OFID		Borrower/recipient			Beneficiaries			Total	
	Amount	%	Amount	%	Amount	%	Cash	In-kind	%	Cash	In-kind	%	Amount	%
<b>Investment costs</b>														
Transfers	2,100	11.3	6,7000	36.1	5,500	29.6	591	0	3.2	1,477	2,216	19.8	18,584	30.9
2. Training, technical assistance and service contracts	8,900	45.6	5,500	28.2	2,500	12.8	2,620	0	13.4	0	0	0.0	19,520	32.4
3. Equipment, materials and vehicles	800	24.7	1,000	32.6	800	26.0	472	0	15.2	0	0	0.0	3,072	5.1
4. Infrastructure works	4,200	29.6	3,600	25.5	4,200	29.7	2,133	0	15.0	0	0	0.0	14,133	23.5
<b>Total investment costs</b>	<b>16,000</b>	<b>28.8</b>	<b>16,800</b>	<b>30.4</b>	<b>13,000</b>	<b>23.5</b>	<b>5,816</b>	<b>0</b>	<b>10.5</b>	<b>1,477</b>	<b>2,216</b>	<b>19.8</b>	<b>55,309</b>	<b>91.9</b>
<b>Recurrent costs</b>														
5. Salaries and Operating Costs	1,700	35.8	1,200	24.5	2,000	40.8	0	108	2.2	0	0	0.0	4,900	8.1
<b>Total recurrent costs</b>	<b>1,700</b>	<b>35.8</b>	<b>1,200</b>	<b>24.5</b>	<b>2,000</b>	<b>40.8</b>	<b>0</b>	<b>108</b>	<b>2.2</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>4,900</b>	<b>8.1</b>
<b>Total</b>	<b>17,700</b>	<b>29.4</b>	<b>18,000</b>	<b>29.8</b>	<b>15,000</b>	<b>24.8</b>	<b>5,816</b>	<b>108</b>	<b>9.8</b>	<b>1,477</b>	<b>2,216</b>	<b>6.1</b>	<b>60,317</b>	<b>100.0</b>

**Climate financing** is USD 11,142,000, which represents 69% of IFAD's financing. . Activities include climate change mitigation and adaptation actions. It does not include personnel costs or associated operating expenses.

**b. Financing and co-financing strategy and plan**

The project will be financed by: IFAD represents 29.3% of the total project value, for an amount of USD 17.7 million.<sup>[26]</sup> GAFSP will contribute US\$18 million, representing 29.8% of the total and will finance 27.7% of Component 1, 37.6% of Component 2 and 28.7% of Component 3. OPEC will contribute US\$15 million and will contribute 25.9% of Component 1, 19.6% of Component 1 and 28.3% of Component 3. The GoH will contribute USD 5.924 million, representing 9.8%, all of which will be tax exemption contributions for certain project items, representing 9.4% of Component 1, 13.4% of Component 2 and 6.2% of Component 3. Finally, the users will contribute 6.1% of the total amount of the project, financing counterparts of the POs' business plans, which represent 9% of Component 1. The Government's contribution may be in cash and through tax exemptions on project investments, logistics expenses, materials, specialized professionals, facilities, offices and services. User contributions may be both in cash and in "specie" for a value of USD 3.693 million and will be provided in the NP.

Regarding activities and/or investments with international co-financing, two training activities related to capacity building in gender, youth and social inclusion for NP families, as well as for the rural population, have been programmed in component 1, which will be financed in some cases by IFAD and in others by GAFSP, This implies a general co-financing of the budget line (IFAD USD 554,000 and GAFSP USD 517,000), but independent financing for each of the planned training activities (126 events), thus avoiding dependence on budget availability depending on the origin of the funds. The same situation is repeated in Component 2, where the activity "Generation of strategic alliances for knowledge generation and technology transfer" will be financed in equal parts by GAFSP and OPEC, contributing USD 536,000 for 21 strategic alliances, respectively. Finally, Component 3 will co-finance M&E publications activities between GAFSP and OPEC and dissemination and results sharing events between GAFSP and IFAD. In both cases the activities will be independent and the co-financing is due to the fact that GAFSP funding ends in year 6 of implementation and these activities will be carried out as "closure" of this funding, which will serve as inputs for the mid-term evaluation of the remaining funding sources. In the same vein, some technical assistance contracts will be financed during the initial phases of the project with GAFSP funds and during the final phases with IFAD funds.

### **c. Disbursements**

IFAD will manage resources from both the GAFSP cofinancier and OPEC. The main aspects will be described in the FMFCL. Disbursements will be made to designated Project accounts, specific to each financier under the modality of advance of funds and no direct payments are foreseen.

Requests for advances must meet the program's liquidity needs, documented within the IFR, for a period of up to six months (in accordance with guidelines to be described in the FMFCL).

The flow of funds is traceable. Financial resources will be received in three designated accounts, one for each co-financier, in U.S. dollars, and for their execution, transfers will be made to the Project's operational passbook in local currency for subsequent payments to the bank accounts of the Project's suppliers, consultants and users, mainly using the interbank transfer modality, a process that ensures good traceability. In addition, for the management and control of the borrower's counterpart funds, an Integrated Financial Administration System (SIAFI) operational passbook will be opened and disbursed directly into the system at the time each payment is made. For this purpose, a second operating account will be set up for the exclusive use of national contributions.

The Project shall establish arrangements for reporting execution by each source of financing. Resources received in the Designated Account will be transferred to an operating passbook of the Integrated Financial Administration System - SIAFI in local currency at the time each payment is made (See flow of funds diagram).

Regarding the project's disbursement profile, the preliminary agreement with OFID foresees that operating costs will be distributed in proportion to each party's contribution. The same criterion has been used for the operating costs to be covered by GAFSP.

### **d. Summary of benefits and economic analysis**

**Socioeconomic benefits.** In the current economic context, it is imperative to highlight the transcendental importance of an economic policy that promotes sustainable development. The current situation calls for an approach that promotes industrialization and productive diversification, with a view to strengthening the productive capacity of the Republic of Honduras. In this paradigm, strategic planning and infrastructure investment emerge as fundamental pillars to boost economic growth and overcome structural inequalities.

The projected benefits of this initiative are focused primarily on increasing the income of producer organizations in the family farming sector and on ventures that generate new jobs, bringing substantial improvements to both the environment and the direct beneficiaries of the project. The indicators used to assess the viability of the improvement proposals in terms of productivity, technology and marketing include: (i) profit, represented by the Gross Margin; (ii) net family income, calculated as the sum of profit and the value of family labor; (iii) job creation; (iv) the internal rate of financial return (IRRf); and (v) the present value of the incremental net benefits (NPVf) compared to the situation without the project, taking into account market prices.

The time horizon for the calculation of the IRRf and NPVf has been set at 10 years, coinciding with the useful life of the main investments analyzed and the life cycle of the technological innovations to be implemented. In this analysis, a discount rate of 11% per annum has been applied, reflecting the estimated opportunity cost of capital for loans with similar characteristics. In addition, an exchange rate of 24.60 lempiras per U.S. dollar has been taken into consideration as part of the assumptions used in the evaluation of the Project's benefits.

**Financial Feasibility** of the Models of the producer organizations of the Innova SAN project. To estimate the economic and financial benefits of the project, economic and financial feasibility indicators were calculated for eight (8) models that seek to exemplify the heterogeneous situations of producer organizations according to their scale, size of members, geographic space and level of institutional maturity, as well as models that estimate the creation of new youth enterprises. Likewise, the activity of rehabilitating the hygienic-sanitary conditions of households and production for self-consumption and/or sale was modeled, analyzing the relevant impacts that this initiative entails for the substantial improvement of the beneficiaries' quality of life (Annex 4).

**Table 7. Socioeconomic Indicators of INNOVA-SAN Models**

	Beneficio neto en HNL				Ingreso neto familiar HNL				Empleo (jornales)			TIRf	VANf
	SP	CP	Dif	%	SP	CP	Dif	%	SP	CP	dif	%	Lempiras
<b>M1</b>	966,800	2,140,365	1,173,565	121%	48,340	107,018	58,678	121%	6,700	7,600	900	<b>43%</b>	\$ 2,642,198
<b>M2</b>	40,000	921,359	881,359	2203%	1,143	26,325	25,182	2203%	200	1,200	1,000	<b>22%</b>	\$ 1,137,481
<b>M3</b>	157,273	1,999,618	1,842,346	1171%	2,590	28,566	25,976	1003%	100	4,104	4,004	<b>48%</b>	\$ 3,884,658
<b>M4</b>	4,913,900	15,107,147	10,193,247	207%	127,348	377,679	250,331	197%	2,640	15,840	13,200	<b>43%</b>	\$ 14,769,875
<b>M5</b>	2,137,754	5,743,745	3,605,991	169%	72,514	191,458	118,944	164%	157	193	36	<b>84%</b>	\$ 11,152,885
<b>M6</b>	-	67,673	67,673	N/C	-	67,673	67,673	N/C	0	100	100	<b>41%</b>	\$ 170,294
<b>M7</b>	45,000	1,638,851	1,593,851	3542%	15,000	546,284	531,284	3542%	300	600	300	<b>43%</b>	\$ 1,751,330
<b>M8</b>	54,000	2,341,840	2,287,840	4237%	18,000	780,613	762,613	4237%	360	1,240	880	<b>59%</b>	\$ 4,946,911

The IRRf of the eight (8) models designed range between 22% and 84%, the NPVf are all positive. An increase in annual family income ranging between L. 25,976 and L. 762,613 is observed between the different models of "Valorization of Honduran Forest Honey" and the youth enterprise "Healthy Bistro with SAN food delivery" which models the feasibility of an enterprise for a group of three (3) rural youth from the project's intervention zone. It can be seen that the generation of genuine employment is important in all the models analyzed.

**Economic feasibility.** According to the EFA, the project will directly serve approximately 34,688 producer and entrepreneur households. The incorporation of these beneficiaries into the project will be through business plans, enterprises, training and awareness actions and civil works that promote environmental improvements and access to water for households and production. The productive models are presented in Annex 4 and develop the potential investment flows that could be carried out by the project beneficiaries.

The economic evaluation was carried out by estimating the flow of incremental net benefits based on: a) the annual benefits from the production of the models of technological innovation, improved health, food and nutrition and added value to production; b) the annual investments and costs of production of these items; and c) the costs of the project, deducting the contributions made to each model, contingencies and taxes. The estimation of economic benefits considered the economic prices of the products. These prices were calculated by deducting Value Added Tax (VAT) from market prices. The economic indicators were calculated for a period of 10 years based on the durability of the main recommended investments and with a discount rate of 6%<sup>[77]</sup>. The results of the analysis (see Annex 4) show that the project is economically feasible, as well as a good investment for the Government of Honduras: The IRR has been calculated with a 15-year cash flow and resulted in 26.2%, the NPV of the incremental net benefit is L 2.233 million and the B/C= 3.4.

The project focuses on improving access to water for the families of the producers and the environmental sustainability of family farming. Annex 4 describes the multidimensional impact of the activities that accompany the POs and the entrepreneurs from the value added to production, certifications, the use of new information technologies, marketing and physical means to improve commercial insertion, shortening the chain of the project's users.

**Sensitivity Analysis.** Sensitivity tests were carried out taking into account the various risks that the project could face. We evaluated the possibility of decreased demand due to macroeconomic problems, possible increases in the cost of critical inputs, potential delays in obtaining profits, and the probability of weather problems that could affect production and reduce profits. We also consider the risk of increased production costs due to rising global inflation and the effects of general economic instability, which could result in shortages of critical inputs and, therefore, increases in their prices. In addition, considering the duration of the project over several years, we analyzed the possibility of delays in its implementation. We conducted a thorough analysis of possible reductions in the adoption rates of the developed models, and the results are presented in Table 5, which illustrates the potential impacts of these risks through a sensitivity analysis.

**Table 8. Sensitivity Analysis of INNOVASAN Project**

<b>ANALISIS DE SENSIBILIDAD</b>					
<b>Efectos</b>	<b>Δ%</b>	<b>Enlace con la matriz de riesgos</b>	<b>Δ%</b>	<b>IRR</b>	<b>NPV (USD)</b>
<b>Base escenario</b>				<b>26.2%</b>	<b>2,233,181,588</b>
Beneficios del Proyecto	-10%	Combinación de riesgos que afectan los precios de los productos, los rendimientos y las tasas de adopción	7%	24.4%	1,916,959,817
Beneficios del Proyecto	-20%		15%	22.3%	1,600,738,047
Costos del Proyecto	10%	Aumento de los precios de los costos	6%	24.6%	2,140,277,976
Costos del Proyecto	20%		17%	21.7%	1,954,470,753
1 año de atraso		Lenta capacidad de implementación	31%	18.2%	1,514,672,598
2 años de atraso			31%	18.1%	1,332,619,803
Precios de venta	-5%	Baja capacidad de gestión y negociación de los grupos de agricultores	4%	25.2%	2,043,448,525
Precios de venta	-10%		8%	24.2%	1,885,337,640
Precios de insumos	10%	Fluctuaciones de precios de mercado	3%	25.5%	2,106,692,879
Precios de insumos	20%		6%	24.6%	1,948,581,994
Tasa de adopción	-10%	El alcance del servicio de extensión es limitado, baja aceptación de buenas prácticas, baja aceptación de vacunas.	0%	26.25%	2,009,863,429
Tasa de adopción	-20%		0%	26.25%	1,786,545,270

Sensitivity tests highlight the robustness of the project in most of the risks identified as critical, considering the context of its implementation. The most vulnerable aspect, resulting in a 31% decrease in indicators, is related to possible implementation delays of one or more years. However, despite this sensitivity, the project does not experience a significant reduction in the indicators

analyzed. The other variables do not seem to pose substantial problems in terms of achieving the project objectives. The project's high sensitivity to implementation delays underscores the importance of having highly trained technical teams in the various government entities to strengthen institutionality.

#### **e. Exit strategy and sustainability**

INNOVASAN's close alignment with national policies, especially with the Government Plan for Agri-Food Systems, the Policy for the Agri-Food Sector 2022-2042 (under development by SAG) and the National Food and Nutrition Security Strategy (PyENSAN 2030) and its plans will ensure strong GoH ownership and commitment during and after its implementation.

The exit and sustainability strategy is based on three complementary elements: i) **Strengthening participatory territorial governance and local institutions** to create a lasting enabling framework. Participatory planning and coordination will be promoted among key entities and programs operating in the area of influence, such as municipal governments, commonwealths, POs, social organizations and water committees, among others; ii) **Strengthening POs to become mature and solid organizations** capable of providing services to their members and interacting with other public and private actors in the agrifood system. Productive and organizational strengthening of the PO is fundamental, to ensure a transition towards sustainable and resilient agrifood systems and contribute to FSN, promote healthy ecosystems and support sustainable management of land, water and natural resources; and iii) **strategic alliances with the private sector established and/or strengthened** for the provision of inclusive financial and non-financial services; as well as for the management and maintenance of communal and public works.

The Project will leave a connection between agribusiness and the financial sector, including its ICT-driven actors (Agritech, Fintech), products and services that respond to the specific needs of POs and rural enterprises. In addition, from SAG, actions will be coordinated with various government entities and agencies, such as SERNA, ICF, PNAE and UTSAN, with the aim of strengthening capacities and promoting ownership for the production and marketing of sustainable and healthy food.

The works correspond to public or semi-public assets, and it is proposed that maintenance be the responsibility of the entity that owns or manages the asset. Different financing mechanisms will be used, such as water service fees and local government budgets. In addition, governance mechanisms will be defined for each asset, including public-private ones (e.g. irrigation committees, water boards, local governments).

The four **dimensions of sustainability** applied are: i) **economic**: in reference to the growth and durability of economic results (assets, income, employment, access to financial services, PO sales), mainly of small producer families and youth and women's enterprises; ii) **social**: aimed at strengthening and consolidating the social and human capital of the beneficiary groups, in aspects related to food and nutritional security, strengthening the capacities of young people for self-employment (entrepreneurship) and employment as well as training in financial literacy or in the use of financial products and services, or both; iii) **environmental**: aimed at the development of strategies and actions aimed at reducing damages and economic losses caused by climate as well as improving resilience to environmental climate change of rural families as well as productive systems supported through the POs' plans, and youth entrepreneurship. An important instrument of the Project will be the investments in gray and green infrastructure and disaster risk reduction supported by Component 1 and investments in the rehabilitation of sanitary and hygienic conditions of households; and iv) **institutional**, which includes capacity building and establishment of public and public-private interrelationships at the national and local levels for the provision of FNS and CC risk services.

The project will develop and implement an exit and sustainability strategy, the main objective of which is to ensure that the positive results and innovations promoted during its implementation remain after its completion and can be scaled up to other territories and populations. In the first year, the PMU will elaborate the sustainability and exit guidelines. For the Mid-Term Review (MTR), there will be a strategy already formulated towards the end of the project, which must be approved by IFAD.

### 3. Risks

#### H. Project risks and mitigation measures

In summary, the main risks identified are: i) Political commitment (moderate): although there is significant support for the project, there is a risk of delays in approval and start-up due to the change of government (Nov. 2025 elections), ii) Macroeconomic: the project may be delayed due to the change of government (Nov. 2025 elections), iii) Economic (moderate): the project may be delayed due to the change of government., ii) Macroeconomic: A possible slowdown of the economy, affecting the debt condition (moderate); iii) Fragility and security (substantial), due to the social crisis caused by problems with organized crime and corruption in the country; iv) Vulnerability to CC risks (substantial), due to impacts and low adaptive and risk reduction capacities of the rural population to disasters caused by tropical storms and depressions, hurricanes and droughts; v) Institutional and sustainability capacity (substantial) of the SAG/UAP for implementation; vi) Monitoring and evaluation (moderate), due to the lack of functional systems that provide timely and reliable information for decision making. In addition, there are moderate risks associated with discrimination and exclusion of women and youth in productive activities and access to resources, the involvement of minors in labor activities under inadequate conditions, and the possibility of low participation of people from Indigenous Peoples (Annex 9).

Procurement (moderate) may be impacted by lack of clarity in legal provisions related to bid submission and opening deadlines; as well as sufficient procedures for challenges and complaints related to procurement decisions, anti-corruption, environmental and social risk management, accountability, transparency and oversight provisions. Additionally, some reinforcement is required for the preparation, evaluation and supervision of works processes. Strict application of IFAD's procurement regulations, which clearly establish timelines for the different stages of the processes, the instruments and systems to be used, will seek to ensure the integrity of the processes and the timely delivery of the inputs required for project activities.

The main risks related to financial management are associated with the budget, the flow of funds and disbursements, internal control and external audit, the latter two being "high" risks, as validated by the experience of IFAD projects in the region.

The main associated risk elements include the lack of firm commitment from the government on the amount of national counterpart at the design stage, the lack of formal agreement with OPEC on cofinancing arrangements, the limited capacity of the SAG to exercise internal control, and the delay experienced in the delivery of external audit reports. These last two risk elements are compounded by the inherent high country risk, which reflects low levels of government transparency.

During the design mission, an extensive mitigation plan has been developed, which is detailed in the IPRM section. It includes innovative country risk mitigation elements such as the incorporation of the Department of Audits of Projects and Programs Financed with Funds from International Organizations (DAPOI) as an external audit entity and the hiring of an "Administrative and Financial Processes Technician" to strengthen the internal control system and ensure that funds reach the beneficiaries. Therefore, the overall risk associated with the financial management of the program is identified as Substantial. Likewise, it is expected to be generously mitigated before the start-up of the Program.

#### I. Environmental and social category

The environmental and social risk category of the project is "**Moderate**", considering that the possible environmental effects that may arise with the implementation of the activities considered in the three project components are temporary and reversible (mitigation measures are considered in the main operational instruments of the project); will not lead to harm to people or the environment; and there is little likelihood of generating negative effects beyond the project's life cycle. The external factors to which the project is conditioned (identified social and environmental risks) will be mitigated through the Environmental, Social and Climate Management Plan (ESCCMP), the Free, Prior and Informed Consent Plan (FPIC) and the mechanism for addressing and resolving complaints.



## J. Classification of climate risk

The project's climate risk category is "**Substantial**", considering that floods, droughts and tropical depressions (storms and hurricanes) are likely to generate widespread adverse effects and taking into account the low adaptive capacities of the target population and natural resources, it is likely that the project's results will be affected by climate change, probably causing some deficiencies in the project's financial, environmental and social performance. Nevertheless, the project envisages investments to increase the climate change adaptive capacity and strengthen disaster risk reduction (including improving resilience) of the target population, as well as in physical, productive and green infrastructure. The Government of Honduras has the necessary instruments to manage volatility, shocks and stress factors in the face of projected changes to 2040 through the implementation of a public climate policy in force in the agrifood sector and risk reduction instruments, such as early warning systems and climate tools linked to the agricultural sector.

## 4. Execution

### K. Organizational framework

#### a. Project management and coordination

**Phased approach.** Taking into account the scope of the project and lessons learned in the implementation of the country program, in addition to the institutional capacity building foreseen under component 2 and the alliances with experienced implementing partners described below, the project will be implemented in phases. The objective will be to take full advantage of GAFSP funds, which are subject to a six-year time frame, in the first phase and to use IFAD and OPEC funds to provide continuity and consolidate actions in the second phase. However, most of the investments will be made in the first 5 or 6 years, as requested by the government. The last two years will be mainly focused on accompanying the investments with technical assistance and ensuring the sustainability of the results and innovations promoted by the project (see annex for details of the phases).

The first phase will also include an action plan to accelerate project start-up, which includes: i) the use of a professional human resources firm to recruit the project team based on PROINORTE's successful experience; ii) adding key personnel to the unit in charge of procurement, internal control and M&E at both central and decentralized levels; iii) establishing a robust M&E system already tested and used in PROINORTE; iv) making full use of the allocation already approved in the government budget for 2024.

**The agency responsible for implementation** will be the SAG, which **delegates administrative-financial responsibility and follow-up to the UAP/SAG**.<sup>[79]</sup> This unit was created in 2014, with the objective of "consolidating a single central system for the administration of fiduciary processes that includes follow-up and advice to SAG programs and/or projects financed through external funds and their respective national counterparts, aimed at optimizing the application of human, material and financial resources to achieve greater efficiency and effectiveness in their development and impact, in accordance with the country's strategic political guidelines and the commitments established in the agreements signed with the cooperation agencies; Since then, it has been involved in the administration and follow-up of projects co-financed by IFAD (Emprende Sur and PROLENCA) and other sources of financing (World Bank and CABEI). Throughout these years, the UAP/SAG and IFAD have developed a working dynamic that has made it possible to capitalize on coordination actions with the project executing units, as well as the development of strategic alliances for execution. During the execution of INNOVASAN, it will periodically train UAP staff on administration, accounting, procurement and monitoring processes, in accordance with IFAD's current regulations.

**Other actors in implementation.** To ensure effective implementation, the project will take advantage of the experience of two institutions that have a proven track record in the implementation of external cooperation projects in their technical area. To this end, UTSAN and ICF, which have experience in the implementation of international cooperation projects and also have

human, knowledge and financial resources that can support implementation, will accompany the project. Specifically: i) UTSAN for the fulfillment of the objectives and results in FNS. UTSAN is a technical unit attached in December 2022 to the SAG and provides strategic support in nutrition-sensitive food systems, for which it has designed diploma courses, training materials, intervention models that it expects to scale through this project (e.g., school infrastructure, rehabilitation of hygienic conditions, etc.). ii) ICF in the follow-up of actions on sustainable forest resource management; it will also be the partner that accompanies the design and implementation of the declaration processes in micro-watershed management plans (including green infrastructure) to be prioritized by the project and in the technical assistance to the PMU in natural resource management.

**A Project Management Unit (PMU)** will be established in the municipality of Yoro, Department of Yoro; it will be responsible for implementation. It will report directly to SAG, UAP/SAG and the Project Steering Committee (PSC). The PMU is responsible for the execution of project activities, coordination, management, monitoring, evaluation and technical supervision. It is responsible, together with UAP/SAG, for financial and administrative management, including management, monitoring and control of funds and direct transfers to beneficiary organizations. It is also responsible for carrying out and/or supervising all Project procurement and contracting, either directly or through the beneficiaries, providing support to ensure compliance with the applicable regulatory framework of the country and IFAD (See functions in MOP).

**INNOVASAN's organizational structure includes:** the Minister of SAG, who will be the highest authority responsible for the Project, and the Project Steering Committee (PSC). SAG delegates administration and financial management to UAP/SAG. There will be a Project Coordinator (functions in the MOP), the Administrative-Financial Unit, the Monitoring, Evaluation and Knowledge Management Unit (USEGC) and the Technical Unit. Details of the staff are presented in the MOP.

**Project coordination and local resource approval mechanisms. The Project Steering Committee (PSC)**, composed of the Secretaries of State (or their delegates) of the SAG (who presides), SEFIN, SERNA and the Executive Director of the ICF, a representative of the three commonwealths present in the territory (in rotation) and the Project Coordinator, who will act as Secretary, is the support body for strategic coordination. <sup>[79]</sup> present in the territory (on a rotating basis) and the Project Coordinator of the project, who will act as Secretary. The main functions of the PDC will be to provide strategic guidance, define and validate operational instruments, manage the allocation of resources and others for the effective implementation of the project. Ordinary sessions will be held once every six months and extraordinary sessions may be called as required by the Minister of SAG.

**An Investment Approval Committee (IAC)** will be created for the approval of the financed initiatives. The organization of this committee will be: the Project Director, the component coordinators and the cross-cutting specialists. Also, a representative of the commonwealths; a representative of the producers' organizations; and a representative of the most vulnerable rural population (women, youth or indigenous). The external members will rotate every two years. The project director will be responsible for convening committee meetings, depending on investment approval needs. Each committee meeting and the decisions taken on the approval of investments will be supported by the respective minutes. The main function will be to approve the different types of investments taking into account the technical assessment of the PMU to ensure the necessary quality and to make visible the cross-cutting issues of participation of the most vulnerable populations, and to take into account the aspects of climate change and nutrition aspects.

**Other implementing partners.** In accordance with the activities, alliances will be established with other strategic partners present in the territory: (a) local governments and mancomunidades, who will have a leading role in social, economic and environmental/CC in coordination with the PMU; (b) local or national agencies of SESAL, SED, SEJU and SERNA; in order to establish collaboration agreements in their areas of competence; (c) the IHMA and Red Solidaria, dedicated to the purchase, storage, drying and marketing of basic grains as linkage support to public procurement mechanisms for small beneficiary producers. With the PNAE and participating partners such as the World Food

Program (WFP) in the implementation of FNS actions in schools. With the Water Boards, Rural Savings and Credit Banks (CRAC), financial institutions and input and service companies to accompany implementation.

**Table 9. Institutions responsible for project implementation**

<b>Component</b>	<b>SubComponent</b>	<b>Activity</b>	<b>Responsible institution</b>
<b>Component 1. Investments in social, economic and natural human capital of small producers' families living in poverty.</b>	<b>Subcomponent 1.1 Investments in production, value added, marketing, with an FNS approach, disaster risk reduction and climate change</b>	Activity 1.1.1. Investments in rural businesses	UGP/UAP
	<b>Subcomponent 1.2. Investments in gray and green infrastructure and micro-watershed management for drinking water supply and production</b>	Activity 1.2.1 Investments in Gray Infrastructure and Disaster Risk Reduction	UGP/UAP through public bidding process
		Activity 1.2.2 Investments in micro watershed management and green infrastructure	Agreement with ICF
		Activity 1.2.3 Investments in the rehabilitation of hygienic-sanitary conditions of households and self-consumption production	UGP/UAP through public bidding with supervision of UTSAN
	<b>Subcomponent 1.3 Strengthening the capacities of the rural population with emphasis on women and young people</b>	Activity 1.3.1. Strengthening the capacities of the rural population in biosafety and sustainable food.	UGP/UAP through service provider with supervision of UTSAN
		Activity 1.3.2. Strengthen the capacities of the rural population in disaster risk reduction and climate change.	Agreement with COPECO
		Activity 1.3.3 Strengthening the capacities of the rural population on gender, youth and social inclusion	UGP/UAP
		Activity 1.3.4 Promotion of entrepreneurship and training for the employability of young people	Agreements with INFOP, CDE MIPYME and ITC

<b>Component 2. Strengthening the capacities and coordination of the government and other stakeholders in the territory</b>	<b>Subcomponent 2.1. Strengthening Governance and Institutional Capacities in FNS and CC</b>	Activity 2.1.1 Strengthening institutional capacities (national and local) in FNS	UTSAN - UPN in collaboration with SEDESOL
		Activity 2.1.2 Strengthening institutional capacities in CC	Agreement with ICF
		Activity 2.1.3. Strengthening territorial management for the articulation in FNS and CC	UGP/UAP - UTSAN - ICF
	<b>Subcomponent 2.2 Strengthening financial and non-financial services and ICT for development</b>	Activity 2.2.1. Strengthening financial services	UGP/UAP
		Activity 2.2.2. Strengthening Non-Financial Services	UGP/UAP
		Activity 2.2.3. Strengthening Marketing Services	Agreement with IHMA
		Activity 2.2.4 ICT for Development Implementation	Agreement with INNOVATECH

#### **b. Financial Management, Procurement and Contracting, and Governance**

The Secretariat of Agriculture and Livestock (SAG) of Honduras has fiduciary responsibility through a Project Administration Unit (UAP/SAG) dedicated to the administration of externally financed projects. Project implementation will be delegated to a Project Management Unit (PMU) that will be responsible for direct execution in the project areas, in coordination with the UAP/SAG.

UAP/SAG has experienced financial and administrative staff who have participated in the implementation of other IFAD projects in Honduras. It currently has an Administrative Financial Coordinator, an Accountant and an Accounting Assistant based at the UAP/SAG offices in Honduras. These personnel are not currently covered by IFAD funds. The Administrative-Financial Coordinator and the Accounting Assistant will be paid by another external financial source, while the Accountant is covered by national funds.

The project envisages the creation of a dedicated PMU located in the field, which will be staffed by a Finance Officer and a Finance and Administrative Process Technician, both financed by IFAD. The Financial Officer will be in charge of the execution of all financial and administrative processes, and will report directly to the Administrative Financial Coordinator of the PMU/SAG. The Financial and Administrative Processes Technician will be an independent specialist who will carry out periodic analyses of transfers to beneficiaries in order to strengthen the internal control system and encourage corrective action in the event that significant deviations are identified. The latter will require a professional with training and experience in auditing and will report directly to the UAP Director, SAG and the funder.

Finally, coordination between UAP/SAG and UEP must be carefully defined during the start up mission to avoid duplication of work and ensure streamlined processing. Internal control processes should be reviewed and simplified to ensure effective management and reporting of resources transferred to the organizations. TORs and selection process should have IFAD's concurrence.

**Procurement.** Project procurement, both those required for project operations and those required for activities other than POs, will be carried out in accordance with IFAD's procurement regulations, using IFAD's procedures (including SECAP forecasts), standard documents and systems. They will be carried out by the Procurement Officer, located at PMU headquarters, with the support of a

Procurement Assistant located at UAP/SAG, who will support the PROINORTE Procurement Officer (co-financed by IFAD). This staff will be responsible for the entire procurement process for the project, regardless of the source of financing. Their selection, in accordance with the UAP/SAG structure, will be subject to IFAD's prior review and no objection, with contracting being a condition precedent to the first disbursement of the IFAD loan. They must obtain certification in procurement partially financed by IFAD, the costs of which will be covered with project resources, according to the agreement between the financiers.

The procurements required by the POs supported by the project will be carried out by the organizations themselves, which will be trained in this area as part of the organizational strengthening plan. These procurements, their support and supervision will be regulated in a specific operational manual for the POs, which will be part of the MOP and will clearly establish the procedures, documents and thresholds for each type and method of procurement, in accordance with IFAD's procurement regulations.

## **L. Planning, monitoring and evaluation, learning, knowledge management and communication.**

### **a. Planning, monitoring and evaluation, learning, knowledge management, and communication.**

The project will have a **monitoring and evaluation (M&E) system** to measure project progress and support decision making. A **Monitoring and Evaluation Plan** will be formulated, which describes the strategic, management, operational and resource guidelines of the M&E system. The plan will be coordinated with the MOP and will be prepared within the first **4 months of implementation**. The M&E coordinator and the monitoring unit team are responsible for the formulation, with the participation of the entire PMU team.

The **objectives** of the M&E system will be: i) to have relevant, timely and reliable information on project performance and target population; ii) to provide accountability for transparency to beneficiaries, partners and other stakeholders and; iii) to disseminate results for learning and scaling up. In addition, it will apply the following **approaches**: i) *Results-based management*, in line with adaptive management; ii) *digitization* of M&E information collection, analysis and dissemination tools; iii) *Geographic Information System (GIS)*; and (iii) *social, environmental and climate risk management*. The use of GIS will be useful to support with evidence on territorial targeting processes, results and feedback for internal and external decision making; iv) *Participatory monitoring and evaluation*), which will strengthen the capacities of the POs in M&E.

The design and implementation of the system is based on the **theory of change and the logical framework**. These instruments form the basis for M&E and will therefore be reviewed and updated at different times during evaluation or supervision. The logframe contains specific indicators and indicators from IFAD's indicator system (core indicators) whose measurement methodology is mandatory. The project must develop and implement procedures and instruments to demonstrate **compliance with geographic and social targeting (outreach indicators)**. In the case of the latter, beneficiary registration forms will be used as a record, given the lack of national instruments. For geographic targeting, a support instrument will be the use of the GIS.

The M&E area will include in the MOP the **roles and responsibilities in M&E and CCM** from the UAP/SAG (including the M&E specialist) and the PMU (M&E technician, CCM specialist, ICT specialist, IT technician), for optimal performance of these functions. This implies building the information flows for M&E from the PMU to the PMU/SAG and vice versa.

The M&E system includes the following **subsystems**: i) **Monitoring**, which will include resources such as the M&E plan, ML, indicators system, computer system, information gathering resources (focus groups, case studies, surveys, etc.) and reports. **The computer system will be established in the first year of implementation**, using the PROINORTE project system as a basis, for which UAP and IFAD will ensure its adequate design and operation, so that it can be institutionalized in the SAG and used as a basis for future IFAD operations in the country. ii) **Evaluation** will include: baseline, mid-term review and final evaluation. The baseline will be carried out in the first year, following the evaluation guidelines for IFAD's *basic outcome indicators*. It is important to note that the RMT

coincides with the final evaluation of GAFSP resources, so the former will be used to measure performance according to the activities of this source. iii) **Social, environmental and climate risk management**, which will be used to monitor and evaluate the implementation of the project's CSRMP.

The budget for ES corresponds to USD 2.091 million, corresponding to 3.5% of the total, including evaluative studies, baseline, personnel, training, computer system design, georeferencing, diagramming, equipment, etc. (see detail in Annex 3. Costs).

**Knowledge management, learning and communication.** INNOVASAN's intervention approaches and strategies are strongly oriented towards knowledge management, so the SEGC Unit will have to coordinate, facilitate, support the implementation and follow up on the actions carried out in this area by the components. Given the significant amount of knowledge resources, the USEGC will have a KM specialist and a KM support technician, who will be under the direction of the CQAS Coordinator. These staff will be in charge of facilitating KM activities, including dissemination and promotion of knowledge use. The project will prepare a **Knowledge Management and Communication Plan**, in the first year of implementation, with its respective activities and budget, which will be approved by IFAD. This Plan will be based on a diagnosis of the KM of the project staff and executing agencies, with a cross-cutting element in the formulation of the Plan being the strengthening of an organizational culture in KM. This Plan will be integrated into the M&E Plan.

The project components will generate more than 60 knowledge resources for external and internal learning in support of agrifood systems and the rural sector (Detail in MOP). **Resources for external use** will support public institutions and service providers in the transfer of technologies to beneficiaries (e.g., production technologies for sustainable agrifood systems, solutions for marketing channels); capacity building of beneficiaries and national and local public institutions (e.g., training in agrometeorological information, training in agro-meteorological information, training in agro-meteorological information, training in the use of agro-meteorological information, training in the use of agro-meteorological information). training in agro-meteorological information, FNS training for teachers, parents, health personnel, municipal officials, among others); territorial planning (strengthening of local FNS roundtables, CCA, studies and diagnostics of the FNS intervention area, CC, agrifood systems), policy formulation and implementation (studies on youth employability demand). In addition, the project includes the design and/or improvement of a significant number of digital systems (platforms) for the provision of support services to agriculture (e.g. digital technical assistance system, climate information system, information system for climate impacts on agrifood systems, drought early warning system, Gabas digital content application). **Internal use of the knowledge** generated will include lessons learned and M&E information, which will be analyzed by staff to support decision making.

## **b. Innovation and scaling up**

*Innovation:* *InnovaSan* includes innovations at different levels and with different actors. It is the first project that combines GAFSP funding with PBAS and BRAM in the LAC region, and also includes co-financing from OPEC.

It is a project that, within the framework of the country's new agrifood policy, helps the GoH to implement its sustainable agrifood systems roadmap with specific actions in food security, nutrition and resilience to climate change.

*InnovaSan*, at the structural level, includes a "systemic" component (Component 2) that seeks to improve the institutional capacities of national government, local governments and financial and non-financial service providers to expand and provide more and better support services to the target population. This combined with the investment component (Component 1) that supports firstly nutrition-sensitive value chain business plans that help the transition to sustainable and climate change resilient productive systems, and secondly grey and green investments to improve water availability, and reduce the risk of extreme events (drought or floods). Under a differentiated micro-watershed approach, activities are coordinated from water catchment to final use for human consumption, production, hygiene and health.

InnovaSan articulates a competitive innovation mechanism for market access and marketing, through the Honduran Agricultural Marketing Institute (IHMA) and the PNAE, which helps maintain the price and availability of basic grains in the country. Also, an innovation fund is incorporated to finance market solutions in line with the reality of the target population, and other support services (financial services) are promoted in alliance with the financial and Fintech sector, and also with the grants that IFAD is managing in the country, such as Innovatech. The registration of the innovations promoted will be a responsibility of the Project, through those responsible for the components and the knowledge management specialist. InnovaSan incorporates the use of ITC for development at various levels, to promote access to markets, to improve financing and the use of remittances, to use and disseminate climate information for decision making, and also to manage the logistics of public procurement.

*Scaling*, being the approach that promotes that the results obtained are extended to other systems/subsystems, it is expected that the intervention model, its practices and approaches promoted by INNOVASAN can be scaled up to more beneficiaries in the same intervention area of the Project (functional expansion) and/or replicated in other territories (geographic expansion). Key partners for scaling up will be the national government, local governments, non-governmental entities or private enterprise. Key to this will be the project's capacity to generate evidence of the results achieved through its M&E system and to maintain a permanent dialogue between the IFAD team and government counterparts and partners. This project is conceived as a tool for implementing food and nutrition security policy and as such has great potential for scaling up.

## **M. Participation and provision of feedback from the project target group, and resolution of complaints.**

### **a. Participation and provision of feedback from the project's target group.**

Feedback from the target group will be an essential part of the formulation of project activities, especially to understand their needs and opportunities, for which the following will be followed: i) Design: Meetings were held with key groups coordinated by community leaders and local governments to assess the needs of the populations and compile ideas and needs from their perspective. This includes POs, municipalities, commonwealths and specific meetings with women's groups and young women. ii) Implementation: ii.a) Mechanisms established within the SECAP framework will be used, especially FPIC with Indigenous Peoples, to facilitate their involvement in the activities, being necessary in places where there are territorial conflicts, to demarcate the possibilities for project action. ii.b) Design of a continuous consultation mechanism with participants and beneficiaries (POs, communities, local leaders, social housing families, etc.), to understand the scope and impact of implementation. It should be carried out quarterly, and should be linked with both local leaders and groups, seeking to find satisfaction with the actions, bottlenecks, lessons learned, new ideas for implementation. These results should be compiled and reports should be presented every six months for feedback. iii) Closing: At the end of the actions with the groups, as well as at the end of the project, direct dialogues should be held with them to compile lessons learned and strengthen sustainability.

For the implementation of feedback mechanisms and actions, the following should be taken into consideration: i) inclusive dialogue, which includes the search for specific feedback spaces according to the prioritized populations: women, youth and Indigenous Peoples, which facilitate the recognition of their problems and needs, and allow for actions to be taken in line with their inclusion. Instruments such as the "Closing Gaps Methodology" (gender), "Intergenerational Dialogues" (inclusion of youth) and GALS (Gender Action Learning System) will be considered and may be adjusted, or other national methodologies considered useful will be included. ii) The staff in charge of conducting the feedback should be trained in gender and inclusion, as well as in participatory methodologies, which will facilitate the consultations. iii) The project should inform and sensitize on the consultation and feedback mechanism, so as to ensure adequate outreach, data collection and decision making.

### **b. Complaint resolution processes.**

In accordance with IFAD's policies, the project must provide a clear, accessible and inclusive mechanism to receive complaints, grievances or denunciations and to provide mutually agreed extrajudicial solutions to them. In the first six months after the project kick-off workshop, the mechanism will be designed and initiated and must address: (i) the environmental, social and climate risks identified in the SECAP; (ii) should include IFAD's Policy on Prevention and Response to Sexual Harassment and Sexual Exploitation and Abuse; (iii) IFAD's Policy on Prevention of Fraud and Corruption in its activities and operations and build on any national policy against discrimination, harassment, and misuse of resources and (iv) existing SAG mechanisms and procedures to address complaints, grievances or allegations. This mechanism may be based on the previous experience of the PROLENCA project, and will be directed at recipients of IFAD funds and third parties contracted with such funds.

The characteristics of the mechanism include: i) It may be based on a national digital platform; however, accessibility and knowledge of the beneficiaries must be ensured, making information materials translated into indigenous languages (where required), enabling telephone numbers where contact can be made, organizing community focal points for its implementation and developing dissemination strategies appropriate to the conditions and capacities of the population (people with little access to digitalization, people with reading and writing problems, etc.). ii) Cases of harassment or possible corruption must be recorded, with follow-up and resolution. iii) The SAG and UAP, as recipients of IFAD funds, must immediately report any reports generated during the life of IFAD funds. iv) The SAG and UAP, as recipients of IFAD funds, must immediately report any reports generated during the life of IFAD funds, with follow-up and resolution. ii) Cases of harassment or possible corruption must be recorded, with follow-up and resolution. iii) The SAG and UAP, as recipients of IFAD funds, must immediately report any reports generated during the life of the project. iv) With the relevant evidence, appropriate measures must be taken, including immediate removal of the persons involved, pending future action. In such cases, IFAD may request the respective investigation by national authorities for the purpose of legal proceedings. v) All contracts of program staff, contractors, service providers, beneficiaries and third parties receiving Program funding must include at least: a) prohibition of acts of sexual harassment, fraud or corruption; b) the obligation to immediately report incidents of harassment or corruption in the project to the SAG or IFAD; c) provisions to allow for termination of the contract based on proven acts of sexual harassment, fraud or corruption.

## **N. Plans for implementation**

### **a. Supervision, mid-term review and final project review.**

i) Immediately after negotiation of the Financing Agreement and prior to signature, SEFIN and UAP/SAG will confirm the allocation of the start-up and execution budget for the life of the project. ii) Upon signing of the Financing Agreement: a) hiring the Project Coordinator and the Administrative Financial Coordinator; b) updating the first year's AOP and CAP; c) updating the MOP; d) arranging adequate facilities, equipment, furniture, stationery for the PMU and; e) holding the start-up workshop, once the above steps have been completed. The accounting and monitoring and evaluation systems must be in place within the first 12 months of implementation. IFAD will accompany the SAG/UAP to ensure effective and timely implementation of the activities.

IFAD will maintain an implementation support plan, which will include: Supervision Missions, Implementation Support Missions (at least one of each per year), a Mid-Term Review and a Closing Mission, support in the final evaluation and preparation of the ITP, ensuring ongoing support to project management.



## Footnotes

<sup>[1]</sup> Green infrastructure refers to natural systems including forests, floodplains, wetlands and soils that provide additional benefits for human well-being, such as flood protection and climate regulation. Gray infrastructure refers to structures such as dams, seawalls, roads, pipes or water treatment plants.

<sup>[2]</sup> Banco Central de Honduras. Memorias anuales 2014, 2017, 2020

<sup>[3]</sup> Banco Mundial, 2023. Honduras Panorama General. <https://www.bancomundial.org/es/country/honduras/overview>.

<sup>[4]</sup> ASJ, 2023. Estado de País, economía y finanzas 2023.

<sup>[5]</sup> Banco Central Hondureño ([enlace](#))

<sup>[6]</sup> En 1980 el sector servicio aportó e 41,6% del PIB, en 2000 el 51,7% y en 2022 un 56,7%. <https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS?locations=HN>

<sup>[7]</sup> BCH. 2022 memoria anual

<sup>[8]</sup> UNAH. Boletín oficial No 40 Actualidad del Sector agropecuario Hondureño. Mayo 2023

<sup>[9]</sup> <https://fragilestatesindex.org/country-data/>

<sup>[10]</sup> IFAD12 – Rural Sector Performance Assessment, (2022). RSPA summary report

<sup>[11]</sup> Índice de Pobreza monetaria: se refiere a las personas que residen en hogares cuyo ingreso promedio es insuficiente para adquirir una canasta básica de alimentos y no alimentos (vivienda, vestido, educación, salud, transporte, etc.) <https://ine.gob.hn/v4/pobreza-monetaria/>

<sup>[12]</sup> INE 2021. Encuesta Permanente de Hogares de Propósito Múltiple (último dato registrado para pobreza con datos oficiales). ([enlace](#))

<sup>[13]</sup> INE 2018. Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM). Pobreza.

<sup>[14]</sup> ASJ, 2023. Estado de país, economía y finanzas 2023.

<sup>[15]</sup> <https://genderdata.worldbank.org/indicators/si-pov-gini/>

<sup>[16]</sup> FAO (2023). Panorama Regional de la Seguridad Alimentaria y Nutricional. América Latina y El Caribe.

<sup>[17]</sup> INE (2023). Análisis del impacto de la pandemia por COVID-19 sobre el estado de la SAN en niños(as) menores de cinco años y mujeres en edad reproductiva (15-49 años) en 39 municipios seleccionados del país.

<sup>[18]</sup> INE (2019). Encuesta Nacional de Demografía y Salud/ Encuesta de Indicadores Múltiples por Conglomerados.

<sup>[19]</sup> El país ha suscrito importantes compromisos internacionales en el marco de la Cumbre de los sistemas alimentarios (2021), definiendo su Hoja de Ruta con acciones prioritarias para la transformación de los sistemas alimentarios.

<sup>[20]</sup> Desde la SAG se lanzó el Programa de Extensión Agrícola Municipal en mayo de 2023, pero aún no se registran datos sobre el número de agricultores que la reciben, sobre todo en corredor seco.

<sup>[21]</sup> SAG. Bono Tecnológico Productivo según Decreto Ejecutivo PCM 04-2022. Semillas, fertilizantes e insumos para alimentos básicos. ([enlace](#))

<sup>[22]</sup> Laura Gottesdiener. (2021). “Cómo una sangrienta disputa por tierra en Honduras aviva el éxodo de migrantes a EEUU”. Euronews.

<sup>[23]</sup> Swissinfo. (2022). “Solo el 14% de las mujeres rurales tienen tierras en Honduras y 70% son pobres”. [https://www.swissinfo.ch/spa/honduras-mujeres\\_solo-14---de-las-mujeres-rurales-tienen-tierras-en-honduras-y-70---son-pobres/47531662](https://www.swissinfo.ch/spa/honduras-mujeres_solo-14---de-las-mujeres-rurales-tienen-tierras-en-honduras-y-70---son-pobres/47531662)

[24] Articulación de Mujeres de La Vía Campesina (CODIMCA). (2021). Resumen Estudio Situación Actual de las Mujeres Rurales en Honduras. CODIMCA. OXFAM.

[25] Vienna Hernández. (2020). [“Honduras: Muerte y olvido en el bosque Tol”](https://es.mongabay.com/2020/04/honduras-defensa-bosque-tol/). Mongabay. <https://es.mongabay.com/2020/04/honduras-defensa-bosque-tol/>

[26] Territorio Indígena y Gobernanza. [Mapa de las Áreas Protegidas de Honduras](https://www.territorioindigenaygobernanza.com/web/hon_09/). [https://www.territorioindigenaygobernanza.com/web/hon\\_09/](https://www.territorioindigenaygobernanza.com/web/hon_09/)

[27] Territorio Indígena y Gobernanza. Mapa de Ubicación de los Pueblos Indígenas de Honduras. [https://www.territorioindigenaygobernanza.com/web/hon\\_08/](https://www.territorioindigenaygobernanza.com/web/hon_08/)

[28] [https://observatorioplanificacion.cepal.org/sites/default/files/plan/files/PLAN-DE-GOBIERNO-XIOMARA-CASTRO\\_0.pdf](https://observatorioplanificacion.cepal.org/sites/default/files/plan/files/PLAN-DE-GOBIERNO-XIOMARA-CASTRO_0.pdf)

[29] Las alianzas incluyen empresas del sector privado especialmente aquellas que ya tienen un MOU con la SAG como es el caso de Bayer. Esta empresa ha centrado su atención en los pequeños agricultores ayudándoles a reducir el uso de productos químicos. En Honduras se viene trabajando con valores sensibles a la nutrición como la leche, el maíz y el frijol. También desarrollaron un programa de financiación de insumos. InnovoSan aprovechará toda la relación que la SAG ya tiene con el sector privado.

[29] SAG (2018). Política Nacional de Seguridad Alimentaria y Nutricional de largo plazo (PSAN) y Estrategia Nacional de Seguridad Alimentaria y Nutricional (ENSAN): PyENSAN (2030).

[30] FAO (2023). Panorama Regional de la Seguridad Alimentaria y Nutricional. América Latina y El Caribe.

[31] INE (2019). Encuesta Nacional de Demografía y Salud/ Encuesta de Indicadores Múltiples por Conglomerados (ENDESA)

[32] FAO (2023). Panorama Regional de la Seguridad Alimentaria y Nutricional. América Latina y El Caribe.

[33] INE (2019). Encuesta Nacional de Demografía y Salud/ Encuesta de Indicadores Múltiples por Conglomerados (ENDESA)

[34] INE (2023). Análisis del impacto de la pandemia por COVID-19 sobre el estado de la SAN en niños(as) menores de cinco años y mujeres en edad reproductiva (15-49 años) en 39 municipios seleccionados del país.

[35] El Estado impulsa la estrategia AIN-C, que se centra en el monitoreo nutricional de los niños menores de 2 años y educa a sus padres y madres. El proyecto trabaja con población escolar y con padres y madres de esta población. Sin embargo, se pueden generar alianzas en algunas actividades (Ej. campañas comunitarias en nutrición).

[36] [https://docs.wfp.org/api/documents/WFP-0000149627/download/?\\_ga=2.2943856.1146728425.1695828756-666412659.1695828755](https://docs.wfp.org/api/documents/WFP-0000149627/download/?_ga=2.2943856.1146728425.1695828756-666412659.1695828755)

[37] INE (2022). Situación de la mujer hondureña. Extraído de: <https://ine.gob.hn/v4/2022/12/18/situacion-de-la-mujer-hondurena-ephpm-junio-2022/#:~:text=En%20Honduras%20las%20mujeres%20constituyen,ciento%2C%20en%20el%20%C3%A1rea%20rural>

[38] CODIMCA (2021). Situación actual de las mujeres rurales en Honduras. OXFAM. Extraído de: [https://oi-files-cng-prod.s3.amazonaws.com/honduras.oxfam.org/s3fs-public/file\\_attachments/Estudio-Situaci%C3%B3n-Actual.pdf](https://oi-files-cng-prod.s3.amazonaws.com/honduras.oxfam.org/s3fs-public/file_attachments/Estudio-Situaci%C3%B3n-Actual.pdf)

[39] [https://semujer.gob.hn/vision\\_mision.html](https://semujer.gob.hn/vision_mision.html) [40] <https://www.ciudadmujer.gob.hn/servicios/>

[41] [https://www.ine.gob.hn/publicaciones/Censos/Censo\\_2013/09Tomo-IX-Proyecciones-de-Poblacion/Cuadros%20xls/1.pdf](https://www.ine.gob.hn/publicaciones/Censos/Censo_2013/09Tomo-IX-Proyecciones-de-Poblacion/Cuadros%20xls/1.pdf)

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<sup>[42]</sup><https://ine.gob.hn/v4/2022/12/17/jovenes-que-ni-trabajan-ni-estudian-en-honduras-ephpm-junio-2022/>

<sup>[43]</sup><https://ine.gob.hn/v4/wp-content/uploads/2023/07/Caracteristicas-del-mercado-laboral-juvenil-2.pdf>

<sup>[44]</sup> INE (2021). Situación de la niñez y la Juventud Hondureña. Extraído de: <https://ine.gob.hn/v4/wp-content/uploads/2023/07/Situacion-de-la-Ninez-y-Juventud-Hondurena-2021.pdf>

<sup>[45]</sup> Alas y Hernández (2019). Migración y Trabajo: El imaginario colectivo sobre el empleo. OMIH, FLACSO, UNAH

<sup>[46]</sup><https://www.injuve.gob.hn/quienessomos>

<sup>[47]</sup> Banco Mundial. 2023. Peligros naturales históricos, consultado en línea <https://climateknowledgeportal.worldbank.org/country/honduras/vulnerability> el 13 de septiembre del 2023.

<sup>[48]</sup> Gobierno de la República de Honduras (2021). Plan de Reconstrucción y Desarrollo Sostenible: Volumen I Recuperación Temprana.

<sup>[49]</sup> Comisión Económica para América Latina y el Caribe (CEPAL), Banco Interamericano de Desarrollo (BID), Naciones Unidas Honduras, Banco Mundial y Gobierno de la República de Honduras. 2021. Evaluación de los impactos de la tormenta tropical Eta y huracán Iota.

<sup>[50]</sup> Eckstein D., Künzel V. y Schäfer L. 2021. Global Climate Risk Index 2021. Germanwatch. 50 p. Disponible en: <https://www.germanwatch.org/en/crisi>.

<sup>[51]</sup> Centro de Conocimiento sobre Gestión del Riesgo de Desastres de la Unión Europea. 2023. Documento consultado en línea <https://drmkc.jrc.ec.europa.eu> el 10 septiembre del 2023.

<sup>[52]</sup> Loaiza Briseño, S. D. 2020. Gobernanza hídrica en el Corredor Seco de Honduras: fundamentos de acción colectiva a través de experimentos de campo. Tesis de graduación de maestría. Escuela Agrícola Panamericana, Zamorano. Honduras. 90 p.

<sup>[53]</sup> Xilotl, M. 2023. Cómo los bosques y los jóvenes están resolviendo la crisis del agua en Honduras. Programa de las Naciones Unidas para el Desarrollo (PNUD). Consultado en línea el 31 octubre del 2023 en: <https://www-undp-org.translate.goog/stories/how-forests-and-young-people-are-solving-hondurass-water-crisis? x tr sl=en& x tr tl=es& x tr hl=es& x tr pto=wa#:~:text=Water%20shortages%20are%20common%20in,worsen%20due%20to%20climate%20change>

<sup>[54]</sup> M. Aedo. 2020. “Enfoque NEXO en Centroamérica: nuevas estrategias para promover el desarrollo del riego en áreas rurales. Diagnóstico y propuesta de fomento del riego en la agricultura familiar de Honduras”, Documentos de Proyectos (LC/TS.2020/183), Santiago, Comisión Económica para América Latina y el Caribe (CEPAL).

<sup>[55]</sup> CCKP. 2023. Climate Change Knowledge Portal (CCKP). World Bank. Consultado el 14 octubre 2023 en la página web: <https://climateknowledgeportal.worldbank.org/country/honduras>.

<sup>[56]</sup> En muchos casos a través de la región, se ha evaluado un vínculo entre los jóvenes pertenecientes a familias receptoras de remesas, y el desinterés de estos de participar en actividades productivas primarias, o en la educación formal. Huari y Torres (2013). Impacto de las remesas internacionales en las decisiones de los jóvenes peruanos: ¿Trabajar menos y estudiar más? UCSS. Recuperado de: [https://www.researchgate.net/publication/325953610\\_Impacto\\_de\\_las\\_remesas\\_internacionales\\_en\\_las\\_decisiones\\_de\\_los\\_jovenes\\_peruanos\\_trabajar\\_menos\\_y\\_estudiar\\_mas](https://www.researchgate.net/publication/325953610_Impacto_de_las_remesas_internacionales_en_las_decisiones_de_los_jovenes_peruanos_trabajar_menos_y_estudiar_mas)

<sup>[57]</sup> Fuentes para la construcción de los criterios:

- Total de casos y fallecidos por COVID-19: <https://covid19honduras.org/> del Despacho de Comunicaciones y Estrategia Presidencial al 29 de Junio 2021. Los casos y fallecidos han sido normalizados por casos por 10 000 habitantes para ser comparables. A nivel departamental. - Daños

y pérdidas en el sector agrario reportado en: CEPAL, BID, ONU Honduras, Banco Mundial, Gobierno de la República de Honduras (2021). *Evaluación de los efectos e impactos de la tormenta tropical Eta y el huracán Iota en Honduras*.

-Municipios afectados por inundaciones en USAID (2021). *Respuesta de USAID a las tormentas Eta e Iota*. -Fases de la inseguridad alimentaria para el periodo Diciembre 2020-Marzo 2021 en: UTSAN, PROGRESAN-SICA, SCGG, SICA (2021). *Análisis de inseguridad alimentaria aguda de la CIF Diciembre 2020-Septiembre 2021*.

<sup>[58]</sup> El país no cuenta con instrumentos actualizados sobre población en pobreza, registros de productores de la AF, entre otros.

<sup>[59]</sup> Esta estrategia se encuentra en concordancia con la política de focalización del FIDA 2023 que promueve abordar la marginalización y poco empoderamiento, reconociendo la naturaleza dinámica de la pobreza y abordando los obstáculos de participación, incluyendo enfoques especializados (género, SAN, etc.), que facilitan la inclusión de personas que enfrentan inequidades múltiples e interrelacionadas. *Poverty Targeting Policy*. Executive Board, 138th Session. Rome, 10–11 May.

<sup>[60]</sup> “La agricultura familiar es un medio de vida basado en actividades agropecuarias y afines, realizadas por familias como su ocupación económica principal, empleando primordialmente su propia mano de obra en la producción y en la administración, transfiriendo valores, prácticas y conocimientos a las siguientes generaciones y en el resguardo de las tradiciones y la idiosincrasia familiar y territorial” (Secretaría de Agricultura y Ganadería, acuerdo ministerial 286-2016) IFAD (2023).

<sup>[61]</sup> Los productores beneficiarios del bono tecnológico que asistan a educación financiera (25,000) no son sumados en el total de beneficiarios, por ser una actividad opcional.

<sup>[62]</sup> Las “Juntas Administradoras de Agua” son organizaciones sociales por cuyo conducto las comunidades propietarias de los sistemas de agua potable y saneamiento, ejercen sus derechos y/o relacionados a la operación y mantenimiento (Reglamento de Juntas Administradoras del Agua, ERSAPS, 2006).

<sup>[63]</sup> Estatutos, permisos, licencias, etc.

<sup>[64]</sup> El tipo de organización se define con la aplicación del Índice de Desarrollo institucional, el cual clasifica a las OP en 4 categorías: a) avanzadas, b) consolidadas, c) básicas, y d) incipientes. El monto se asigna por categoría y por tamaño (hasta 20 socios, de 21 a 50 socios y de más de 50 socios).

<sup>[65]</sup> Agriplan. Plataforma digital para la preparación de planes de negocios que incluye los componentes de análisis técnico, financiero, social, ambiental y climático. Desarrollado por el FIDA.

<sup>[66]</sup> La infraestructura gris podrá incluir reservorios, canales/tuberías de conducción, pozos, tomas de agua, sistema de riego y/o agua potable, etc.

<sup>[67]</sup> Los SIAS se complementan con algunas medidas como la construcción de barreras contra inundaciones y crecidas; obras de drenaje en cultivos; obras de conservación de suelos (pequeños diques) y reforestación en las partes medias y altas de las cuencas hidrológicas;

<sup>[68]</sup> Para mayores detalles sobre los planes de microcuencas por favor revisar el SECAP. En el MOP se indica quién va desarrollarlos.

<sup>[69]</sup> Según la UTSAN (2018), los municipios de Marales, San Jerónimo, La Libertad, Yorito y Sulaco presentan los mayores Índice de Inseguridad Alimentaria y Nutricional de Honduras por grupos de municipios.

<sup>[70]</sup> DICTA tiene como mandato la racionalización de los servicios de Generación y Transferencia de Tecnología Agrícola (GTTA), utilizando la cooperación de las instituciones especializadas privadas existentes en el país y promover la operación y creación de instituciones o compañías privadas con esos propósitos.

<sup>[71]</sup> Contiene la sensibilización y educación nutricional con enfoque de género e inclusión social, la formación de capacidades en agro transformación de productos y el fortalecimiento orientado a docentes, padres y madres del PNAE contempladas en los fondos de GAFSP.

<sup>[72]</sup> Esta actividad se refiere a las campañas de educación nutricional con identidad alimentaria y enfoque de alimentación sostenible a nivel comunitario e incluye la selección, preparación y consumo de alimentos para el aprovechamiento de los alimentos contempladas en los fondos de GAFSP.

<sup>[73]</sup> Número de nuevos empleos agrícolas y no agrícolas de jornada completa o con periodicidad estacional que se han creado desde el inicio del proyecto, ya sea como trabajadores independientes (autónomos) o como empleados de microempresas o pequeñas y medianas empresas. También se incluirán los empleos creados en el seno de las organizaciones de agricultores/as que reciben apoyo del proyecto, pero quedarán excluidos los empleos temporales (por ejemplo, para construir una carretera). IFAD (2021). *Directrices de Medición de los Indicadores Básicos de Efectos Directos (COI)*. OPR. de atención y un espacio de formación, estratégicamente situados, que faciliten el acceso a los jóvenes del sector, personal técnico y apoyo logístico. Los centros, o espacios pueden ser centros que faciliten además la generación de tejido social, organizando otras actividades.

<sup>[74]</sup> FIDA. Marco Estratégico. 2020-2025.

<sup>[75]</sup> La experiencia de trabajo conjunto en Guatemala entre las Agencias Basadas en Roma.

<sup>[76]</sup> De los cuales USD 10.0 millones son de fuente BRAM.

<sup>[77]</sup> La TPM del Banco Central de Honduras es del 3%, La Tasa de Política Monetaria (TPM) señala la postura de política monetaria del BCH, siendo la tasa máxima aceptada para las posturas de compra en las subastas de liquidez dirigidas a las instituciones del sistema financiero nacional y la mínima para las posturas de venta. La TPM a su vez sirve como referencia para las operaciones interbancarias. Estimar una tasa del 200% de la misma para un proyecto de desarrollo tiene coherencia.

<sup>[78]</sup> Creada en junio de 2014 por Acuerdo Ministerial No. 362-14

<sup>[79]</sup> MANOFM, MAMUMCRAC