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**FCPF project: Readiness support for Reducing Emissions from Deforestation and
Forest Degradation in Honduras**

GRANT MONITORING REPORT

Mid-term Review

Atlas project ID: 00072955

FCPF REDD+ Readiness Project Honduras

GRANT MONITORING REPORT

Purpose

- Review of the progress towards results
- Support to decision-making
- Problem-solving
- Learning
- Beneficiary satisfaction and feedback
- Accountability

A. ADMINISTRATIVE ACCOUNTABILITY

Framework documentation in place	What to look for	YES/NO	Remarks
Project Document	Is the prodoc signed, attached in Atlas? Is it available on IATI?	Yes	The prodoc was signed by the Implementing Partner and UNDP in May 2014, attached in the UNDP Atlas and available in IATI.
LOA	Letter of Agreement signed? Implemented?	Yes	Every year a LoA for Country Office support to National Implementation Modality is signed with the implementing partner (MiAmbiente)
LPAC minutes signed	Attached in Atlas?	Yes	
Minutes of the Project Board	Documented?	Yes	The last Project Board was in December 2016. The next Project Board meeting is planned for June 2017
Donor Reports	On time?	Yes	Annual FCPF Development Partner report due in March. Bi-annual FCPF Country Progress report due on 15 March and 15 August.
Final Reports	On time?	No	Not due. Project under implementation
Finding on Project file	Review the process of procurement and asset inventory	No	Not due. Project under implementation

B. MID TERM PROGRESS

This midterm progress report (MTR) highlights overall results achieved in the development of capacities and the analytical/institutional framework to enable Honduras to implement policies and measures to reduce deforestation and forest degradation, and ultimately access result-based finance. Honduras has developed capacities of the main stakeholders; laid out the basis of the National REDD+ Strategy (NRS), Safeguards Information System (SIS), and the National Forest Monitoring System (NFMS); and completed its Forest Reference Emission Level (FREL) which will be submitted to the UNFCCC in January 2017. Based on the findings of the report and considering the funds utilization, UNDP as implementing partner of the project, qualifies Honduras progress as sufficiently significant.

The completion of the FREL and its presentation at the United Nations Framework Convention on Climate Change in January 2017 will be an important milestone in the REDD+ readiness process and enables Honduras to make the transition from readiness to implementation.

Regarding the National REDD+ Strategy, the Government identified that one of the policy instruments to implement it will be a National Policy for Agroforestry with a sustainable productive landscapes approach. The policy is part of a national master plan to integrate Water-Forest-Soil that has been discussed at the economic development sectoral cabinet with different government sectors including environment, forestry and agricultural, and consulted with national stakeholders on a first national dialogue in June 2016.

Important progress was made on establishing a NFMS and FREL. A total of 12 technicians (3 women) from the Institute of Forest Conservation (ICF) have been trained to date to identify changes due to deforestation and the annual rate of deforestation that are included in the reports on FREL. For the NFMS, the definition of the concept of forest (UNFCCC requirement) has been agreed with representatives of the inter-agency climate change technical committee and board of the Confederation of Indigenous Peoples of Honduras (CONPAH). In addition, it is ready the forest coverage map using the rapid eye method and the forest monitoring report, which includes 5 methodological protocols for the measurement of emissions, is in its final stage. On the other hand, 94 men and 48 women from the regional offices of ICF, MiAmbiente and several Municipal Environmental Units have been trained in the use of geographic information systems to monitor the structure of the forest and are in the process of procurement furniture and equipment that allow to strengthen the NFMS.

The participatory process over the elaboration of REDD+ strategy is on track and multiple events have been organized that prioritized capacity building and the participation of indigenous peoples and afro Honduran representatives. These have included about 160 training programmes, workshops and meetings. Approximately 1,500 participants were involved in these events. The focus of these events was to increase awareness of REDD+ and to ensure that the perspectives and concerns of local communities are reflected in the NRS. Implementation of the consultation and participation plan will further strengthen the capacity of all constituents of the Consultation Group (CG).

Multiple studies have been completed, along with consultation forums and workshops to address social and environmental issues and safeguards. These include inter-sectoral consultations for the new Agroforestry Policy with sustainable productive landscapes approach, which will be one of the policy instruments to implement Honduras's NRS, and consider that strategic social and environmental issues will be adequately addressed in the NRS. The SESA and ESMF will be completed in parallel with the NRS document, through a consultancy starting in January. The ESMF will be developed in accordance with the guidelines of the Common Approach. In partnership with CARE, Honduras' Safeguards

Information System is under development, finalizing at the date the analysis of the institutional and legal framework.

Communications have been a priority since inception, including videos, brochures, press releases, web page (7 publications) and other visual communication instruments has been elaborated for awareness raising and socialization of the REDD+ concepts and its enabling actions. Additionally, in compliance with the Common Approach, all BTORs (Back to Office Reports) related to technical support missions are uploaded to the UNDP Honduras Country Office website.

In parallel, Honduras has been implementing activities to address drivers of deforestation and forest degradation to foster progress and start delivering tangible results, these include the elaboration of a national plan for forest restoration (1 million hectares) that is part of the "Bonn Challenge" and the National Determined Contribution (NDC). Other initiative is related to the Voluntary Partnership Agreement between the European Union and the government of Honduras to Forest Law Enforcement, Governance and Trade (FLEGT) that is in its final stage of negotiations.

All institutions and organizations supporting REDD+ readiness in Honduras are coordinated through the REDD+ sub-committee (3 meetings at the date) which is part of the interinstitutional climate change committee. UNDP, other international organizations and donors participate in this committee to ensure that resources and inputs are deployed effectively and efficiently to maximize synergies and results.

This grant follows UNDP National Implementation Modality (NIM) with the Secretariat for Energy, Environment, Natural Resources and Energy (Miambiente) as the Implementing Partner. The Project Management Unit (PMU) provides technical, financial management and procurement support with input from the UNDP Country Office as required.

C. MANAGEMENT ACCOUNTABILITY

<p>C.1 Management Arrangements</p> <p><i>Does the project structure exist? Roles clearly defined? Staff is clear about their responsibilities?</i></p>	<p>A clearly defined project management structure exists and consists of a Project Board (PB) that oversees project activities jointly with UN-REDD project activities, performance and results. The PB is co-chaired by MiAmbiente and the UNDP. Staff provide technical and administrative support to the project. All staff, including UNDP contracted staff and consultants, have performed in line with their agreed Terms of Reference. Project structure and staff ToRs are clearly defined in the Forest Carbon Partnership Facility REDD+ project document.</p>
<p>C.2 RRF (AWP) revised? Input: initial RRF</p> <p><i>AWP signed? Implementable? (Delivery rate etc.)</i></p>	<p>All work plans and budgets have been approved by the project board. Overall project progress is satisfactory. As of December 2016, US\$ 2,344,604.30 has been disbursed and committed. This accounts for 62 per cent of the total FCPF grant of \$3.8 million. Annex 1 provides the status of funds utilization by component up to December 2016.</p>
<p>C.3 M&E Plan updated? Input: initial M&E Plan</p> <p><i>Revisions of the initial M&E framework i.e. M&E Plan prepared? Written track on decisions exist?</i></p>	<p>Every year, the project board revise and update the Results M&E Plan with technical advice from an M&E Specialist according to the initial M&E plan. M&E methods conform to the UNDP CO Standard Operating Procedure (SOP).</p>
<p>C.4 MoV & Indicators exist? Input: Initial M&E plan</p> <p><i>Are they still relevant? Are the indicators easily obtainable and SMART? Will they be monitored further? Is data collected as planned?</i></p>	<p>Means of Verification (MoV) for the outputs indicators have been defined in the updated logic framework. The progress of MoV is recorded every six months in the Project Management Module in the UNDP monitoring system as planned.</p>
<p>C.5 Assessment dates Input: Initial M&E plan</p> <p><i>Adherence to assessment dates? Assessment results captured and communicated? Corrective actions taken (if needed)</i></p>	<p>The assessment of the M&E plan is part of each Project Board (PB) meeting every six months. The most recent PB held in December 2016 reveals satisfactory progress. Some of the outputs have delays but the PMU presented a clear critical route and work plan for 2017 to finalize the enabling activities to be ready to implement the NRS.</p>
<p>C.6 Management of risks</p> <p><i>Have the foreseen risks materialized? Risks updated and management responses articulated? High risks escalated to</i></p>	<p>The FCPF Risks and Issues Log is updated every six months and discussed with members of the project board to agree the additional measures to manage the risks proactively. The PMU has taken proactive steps to manage the risks arising out of the ongoing changes within the Government regarding institutional competencies for climate change. It is important to note that there is no direct or foreseen impact on the</p>

<p><i>Project Board?</i></p>	<p>implementation of the work plan, which remains on track. Table 1 provides further details on the management of risks.</p>
<p>C.7 Evaluations <i>Any planned evaluation? ToR developed? Follow up actions defined (Management Responses)? Any delays/overdue actions?</i></p>	<p>The annual FCPF project audit was conducted in 2016 for the period January-December 2015. The conclusion of the audit firm was the following: "We have determined that the Implementing Partner (MiAmbiente) maintains adequate and reliable controls for the management of Project resources and maintains a healthy management in terms of human resources management, finance, procurement processes, asset management and information systems". The Midterm review of the FCPF project has been completed in December 2016 and will be finalized and submitted to the FCPF with a request for Additional Funding. In 2017 is planned to carry out the annual audit of the project for the period January-December 2016.</p>
<p>C.8 Target Groups <i>Is it clear who they are? Is the feedback regularly collected, stored and used? Data disaggregated?</i></p>	<p>The main focus of the FCPF project is to complete REDD+ readiness for implementing policies and measures to reduce deforestation and forest degradation, and ultimately receive result-based payments.</p> <p>Key target institutions are governmental institutions (MiAmbiente, Forest Conservation Institute (ICF), Ministry of Agriculture and Livestock (SAG), Direction of Indigenous People and Afro-Hondurans (DINAFROH), National Agrarian Institute (INA), Institute of Property (IP), and other related); local governments, the civil society organizations (Fundación Vida, REMBLAH, Agenda Forestal, agroforestry local associations among others); and Indigenous Organizations (CONPAH, Women Network (RED MIAH)).</p> <p>Feedback of those actors is collected regularly and used in the participative process to elaborate the NRS and its pillars (Safeguards Information System (SIS), and the National Forest Monitoring System (NFMS)). All the data about participants is collected and disaggregated in each meeting or workshop.</p>
<p>C.9 Capacity Development <i>Any capacity development activities? If yes, individual and institutional changes are observable? How?</i></p>	<p>Over 60 capacity building and stakeholder engagement activities, reaching more than 1,500 participants (40% women), have been held. In 2015 activities were focussed on the socialization of REDD+ scope and opportunities, training of governmental technicians and initial design of the SIS and NFMS, while in 2016 the focus will be on the construction of the NRS and the corresponding national programs of agroforestry, forest restoration and others related to the master plan that integrate water-forest-soil. The evidences about institutional changes will be documented during 2017.</p>
<p>C.10 Sustainability <i>Transition and phase-out arrangements, including a</i></p>	<p>The government of Honduras remains committed to reducing emissions from the forestry sector and there is growing ownership and capacity. A master plan pushing by the</p>

<p><i>sustainability plan are in place? National ownership exists? Potentials for scaling up?</i></p>	<p>President of Honduras to integrate Water-Forest-Soil is a good initiative to create the institutional framework to implement the policies related to REDD+. Mechanisms for increased institutionalization continue to be discussed as part of the finalization of the National REDD+ Strategy as it relates to institutional reforms and financial instrumentation about climate change. After the impact of more than 500,000 ha of pine forest by the "Gorgojo's plague" in 2015, the government has established as a national priority the recovery of the pine forest and the livelihoods of the vulnerable communities affected. A national restoration and reforestation plan is part of the commitments adopted by the Government of Honduras in the ratification of the "Paris Agreement". Public resources have been allocated to initiate the implementation of this plan in coordination with the private sector and the communities and this is a good opportunity to integrate this initiative as part of the NRS.</p>
<p>Proposed actions</p> <ul style="list-style-type: none"> • In order to consolidate the strategic role of the Ministry of Environment it is necessary to strengthen the inter-institutional climate change committee and the institutional arrangements with the Ministry of Finance, the Ministry of General Government Coordination, the Ministry of Agriculture, the Forest Conservation Institute and the Ministry of the Presidency. The REDD+ strategy will be inter-sectoral and needs the leadership of the Ministry of Environment for its implementation. • The National REDD+ Strategy needs the support of the indigenous organizations for its implementation. One of the main actions to strengthen its capacities will be in terms of communications mechanisms, environmental and social safeguards instruments (Monitoring, reporting, complaints) and accountability. The project needs to support this process in 2017 with more emphasis taking into account the risks of political positions of some of the indigenous organizations due to the national elections coming at the end of 2017. • The validation of financial instruments and mechanisms to implement the REDD+ strategy will be one of the principal challenges in place for the next years. The project needs to allocate time and resources needed to support this component in coordination with the Ministry of Finance. 	

D. PROJECT PERFORMANCE-IMPLEMENTATION RISKS AND ISSUES

Table 1 provides information on key risks and issues, including proposed dates of action and responsibilities.

Table 1: Key Risks and Issues

Issues/risks	How to resolve it	Proposed date of action	Responsibility
Changes in key technical project staff and key counterpart institutions.	Continue training on REDD + issues to technical staff of key institutions. Recruitment of an international technical	March 2017	UNDP CO

	advisor to strengthen the technical capacities of the project team and the new people to be hired.		
Changes in some political decision makers in this electoral year or by institutional reforms.	Continue to involve several Secretariats of State to achieve political empowerment of REDD + beyond the Ministry of the Environment.	July 2017	UNDP CO
The opposition to, and misunderstanding of, the concept of REDD+ held by some indigenous organizations. Specifically, with regard to the linkage of the proposed law of Free Prior Informed Consultation (CLPI)	Maintain UNDP support to the consultation and finalization process of the CLPI Law in a broader context than just REDD + as it has been to date. Design and implement a more effective communication strategy on the scope of REDD + and related national programs to reduce REDD + concerns by some indigenous organizations. Continue inviting them to all activities so as not to slow down the consultation process with other organizations.	During the year	UNDP CO PMU MiAmbiente

E. LESSONS LEARNED DURING MONITORING SESSIONS

1. To enhance coordination and improve joint monitoring of complementing activities, since July 2016 and responding to UNDP's recommendation both the FCPF and UN-REDD projects have a joint Project Board. This has resulted in a more comprehensive result oriented making decision structure and more synergies between both projects.
2. The process to establish the law of Free Prior Informed Consultation with indigenous people is relevant to, but not a precondition for, the elaboration of the draft REDD+ strategy that need also the participation of the indigenous people. This is because the law has a bigger scope related to the type of initiatives and sectors that needs consultation and the forest sector is only one of those. Furthermore, once the law is approved, the draft REDD+ strategy will need to be formally consulted (Applying the new Law) with the indigenous organizations that represents the 9 indigenous people and Afro-Hondurans.

F. COMPLIANCE WITH FCPF COMMON APPROACH FOR MULTIPLE DELIVERY PARTNERS

In line with the Common Approach, UNDP, as an implementing partner, complies with its Social and Environmental Standards in project implementation. These standards provide detailed guidance on social and environmental assessment and project management, as well as the evaluation of project-specific types and impacts. In addition, UNDP guides the actions of REDD+ readiness in Honduras, so they may comply with UNDP's institutional implementation standards; through specific review meetings and close joint work.

Progress related to compliance with stakeholder engagement and grievance requirements, as well as the SESA have been provided in detail in the midterm report.

The grant activities have been coordinated with other initiatives through MIambiente and the REDD+ focal point. Institutions and organizations supporting REDD+ readiness in Honduras are coordinated through the REDD+ sub-committee (3 meetings at the date) which is part of the interinstitutional climate change committee. UNDP, other international organizations and donors participate in this committee to ensure that resources and inputs are deployed effectively and efficiently to maximize synergies and results. FCPF and UN-REDD have a joint-project board that provides strategic advice and guides coordination of both initiatives.

There are no significant changes in the technical design of Grant activities, however, the creation of the new Clima+ office under the President of Honduras, will impact the institutional arrangements for REDD+ in the country. It is foreseen that through the NRS process, these arrangements will be agreed upon and formalized for the implementation of NRS activities.

Capacity issues are described in section C. Capacity development needs were identified in exhaustive stakeholder's analysis, as well as strategies for involvement, participation and culturally appropriate communication. Also, different spaces and platforms for participation and interaction with different groups and sectors were constructed. These include MIACC, COMPAH, the Lenca Sectorial Platform, the Safeguards Committee and the REDD+ Subcommittee, and roadmaps and different strategies to continue to ensure and enhance full and effective participation have been generated.

Progress on the SESA has included the following steps, as described in the midterm report:

- Analysis of relevant the social / environmental circumstances in Honduras in the context of REDD+
- Comprehensive stakeholder analysis and mapping of key sectors and stakeholders to be engaged in REDD+, including a review of their stakes and perspectives with regard to REDD+ (completed in July 2015)
- Identification of focal points for each stakeholder category to lead in the facilitation of dialogue with their respective constituencies
- Held numerous national, regional and sector workshops, focusing on consultation, training and capacity building on the following topics:
 - What REDD+ is, incl. requirements and vision
 - The status of REDD+ in Honduras
 - Drivers of deforestation and forest degradation in Honduras, potential PAMs and broad scale risks and challenges
- 2 analyses have been undertaken to identify the drivers of deforestation and forest degradation
- 2 safeguards committees have been established: one at the national level and a technical committee focusing more deeply on substance. Both have been jointly supported by UNDP and FLEGT.
- CARE is in the process of finalizing a legal and institutional analysis of safeguards for REDD+ in Honduras

- A consultancy firm has been hired to support the completing Honduras National REDD+ Strategy, and elaborate the PAMs. Following this critical work, efforts will be made to develop an implementation and finance framework, while also undertaking efforts to complete the benefits/risk analysis component of the SESA work, which will feed into the development of an ESMF. Work on the benefits/risks and ESMF have been put on hold until there is greater clarity on the PAMs.

Capacity building of the stakeholders and participation platforms contribute to the realization of a SESA process with the analysis of the possible environmental and social impacts foreseen by civil society, which also contributes to the process of validation and accompaniment of the readiness process. This will be complemented with the integration of a part of the consultancy for the development of the EN that intends to deepen in these analyzes.

Within the NRS consultancy includes a specific objective to develop the Environmental and Social Management Framework resulting from the SESA process in consistency with cross-cutting axis. This work will be carried out in the second semester of 2017.

Spaces and procedures that allow for the effective participation of relevant stakeholders at the national, subnational and regional levels have been created by the state, seeking to include and strengthen measures to achieve the equitable participation of women during the readiness process. In addition, mechanisms for the coordination of the different stakeholders related to the financing for REDD+ readiness have been created, allowing their alignment to the Results Based Management Framework.

As outlined in the MTR, as part of the national arrangements for the REDD+, efforts have begun on establishing a grievance mechanism. In 2013 an assessment was undertaken to analyze the current sources of conflict in the forestry sector, potential new conflicts that may arise related to REDD+, and the mechanisms that exist to address conflicts. The assessment also proposed recommendations to develop a mechanism for conflict resolution, and steps to support the prevention of conflict. Of the key recommendations included in the assessment, substantial progress has been made on the following three:

- Focus and strengthen the REDD+ Subcommittee: The focus should be on building credible spaces for working together among all actors - indigenous peoples, government institutions, and representatives of civil society and the private sector.
- Preventive Agenda: Advancing agreements, mechanisms and / or regulation on ancestral rights and free prior and informed consent. For example, CONPAH has already developed a Draft Law on the Right of Free, Prior and Informed Consent.
- Establish a Mechanism for Conflict Resolution within the REDD + Subcommittee and MIACC with functions of receiving and tracking cases. A structure (eg, a secretariat) would be needed to have a permanent capacity for operation.

The REDD+ Subcommittee will meet in March 2017 to discuss next steps for further clarifying the roles and responsibilities within the Subcommittee with regard to the GRM, as well as a procedure for receipt, register, referral and response to complaints.

While the GRM is being established, the response to complaints from multiple stakeholders has taken place through training workshops with CONASAH, REDD+ activities, and planning workshops led by the REDD+ MI Ambiente project, and through letters sent to the Minister of the Environment, which have been speedily addressed.

The government of Honduras is aware of the need for information related to REDD+ to be publicly available, easily accessible and understandable for the general population. Thus, communication channels have been established for the dissemination of materials and products that have been developed during the readiness process. Part of this information is available on the Honduran REDD+ page, and progress in the four basic components of the readiness phase may be consulted. In addition, more direct forms of communication for stakeholders who do not have access to the internet and to already existing information, are currently being developed, as well as the translation of the different materials into indigenous and culturally appropriate languages. Some of the information and current activities are not currently public, but it is expected that by their completion, the needed mechanisms to make them publicly available will be ready.

G. PARTICIPANTS

- Dennis Funes, Programme Specialist UNDP Honduras
- Magda Raudales, M&E Specialist, UNDP Honduras
- Karla Elvir, Programme Associate, UNDP Honduras
- Delton Allen, focal point for indigenous people, UNDP Honduras.

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References

Annual Project Reports
Reports to the Project Board
Financial Reports
Audit Reports

ANNEX 1

FCPF Project Status of Funds Utilization

Component	Approved budget (A)	Cumulative Funds Used (up to October 2016 ¹)			Funds available (=A-B)	Delivery rate
		Funds committed	Funds disbursed	Total (B)		
Formulacion de Proyecto	183,350.00	0.00	162,508.68	162,508.68	20,841.32	89%
OUTPUT 1 - Estrategia Nacional REDD+, consensuada con los actores claves	2,425,000.00	0.00	1,638,790.69	1,638,790.69	786,209.31	68%
OUTPUT 2 - Marco habilitador para implementar la Estrategia Nacional REDD+	1,191,650.00	0.00	382,349.62	382,349.62	809,300.38	32%
Total	3,800,000.00	0.00	2,183,648.99	2,183,648.99	1,616,351.01	57%

¹ As of December 2016 total delivery rate was 60,45%