



READINESS PREPARATION PROPOSAL (R-PP)

ASSESSMENT NOTE

ON THE PROPOSED FCPF PROJECT WITH HONDURAS

IN THE AMOUNT OF USD 3,616,650.00

TO THE ENVIRONMENT AND NATURAL RESOURCES SECRETARIAT

FOR REDD+ READINESS PREPARATION SUPPORT

UNDP REDD+ Team

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SUMMARY INFORMATION OUTLINE

Country	Honduras
Project Title	Support for REDD+ Readiness in Honduras
Project Duration (in months)	60 for the entire R-PP, 36 for the FCPF funded project
Expected start month	August 2014
Date of R-PP Formulation Preparatory Grant signature (if applicable)	17 October 2013
Number of FCPF Participants Committee Resolution Approving the R-PP	PC/14/2013/5 (PC14, March 2013)

COUNTRY PROGRAMMING

	YES	NO
Project within CPAP, UNDAF Action Plan, One UN Plan etc.	X	<input type="checkbox"/>
HACT macro-assessment available:	X	<input type="checkbox"/>
HACT micro-assessment(s) completed:	X	<input type="checkbox"/>

UNDAF Outcome(s):

Government, private sector and communities are adopting good practices for ecosystem management and climate change mitigation and adaptation to preserve the natural capital, reduce economic losses and generate income opportunities for the most vulnerable sectors.

Expected CP Outcome(s):

- In the context of economic rights and environmental conventions to contribute for a productive Honduras that: generates dignified employment, uses its natural resources in a sustainable and integrated fashion, reduce risks derived from its vulnerability, and enhances its disaster capacity response.
 - Outcome 2. Citizen expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance
 - Output 2.5. Legal and regulatory frameworks, policies and institutions enabled to ensure the conservation, sustainable use, and access and benefit sharing of natural resources, biodiversity and ecosystems, in line with international conventions and national legislation

Outcome indicators

1. Number of institutions incorporating climate change adaptation and mitigation into their planning. **Baseline:** 2. **Target:** 7 Secretariats, 20 municipalities.
2. Number of good natural resource management practices adopted and generating income for the communities. **Baseline:** 0 (2011). **Target:** 10

Project Objective:

Prepare Honduras to be ready by 2017 to take part in a future REDD+ mechanism.

The overall objective of REDD+ in Honduras has been defined as to improve the quality of life of men and women through conservation, sustainable forest management, and restoration of degraded forest areas.

Expected Result:

- 1) Honduras has a National Strategy for Reducing Deforestation in the context of REDD+ that is consensual among the key stakeholders.
- 2) The enabling framework is created for implementing the National Strategy for Reducing Deforestation in the context of REDD+, under the relevant international standards.

Implementing Partner / Executing Entity: Honduras' Environment and Natural Resources Secretariat (SERNA)

Responsible Parties / Implementing Agencies: UNDP, and CONPAH / MIACC (Honduras' Indigenous Peoples and Afro-Honduran Confederation / Indigenous Peoples and Afro-Honduran Roundtable for Climate Change)

LINKS TO UN-REDD PROGRAMME

	YES	NO
UN-REDD Programme partner country:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
UN-REDD National Programme (NP):	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NP under implementation when the R-PP project is expected to start:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
UN-REDD Targeted Support	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROJECT FINANCING DATA

Total R-PP Resources Required:	\$ 8,659.600.00
Total R-PP Resources Available from FCPF:	\$ 3,800.000.00
Unfunded Budget:	\$ 4,859.600.00

Co-financing:

Some sources of REDD+ readiness funding available in Honduras have been identified. The precise amounts are yet to be determined. As part of the project's activities, it has been contemplated to create a platform for coordination of agencies, programs and projects that have readiness funding for Honduras. That platform will be used to gather this information.

CONTACTS & CLEARANCES

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CLEARANCES TO THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE:
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ABBREVIATIONS AND ACRONYMS

AWP	Annual Work Plan
BAU	Business as usual
CICC	Inter-Agency Committee on Climate Change
CTICC	Inter-Agency Technical Committee on Climate Change
CO	Country Office (UNDP)
COP	Conference of the Parties
COHDEFOR	Forest Development Honduran Corporation
CONPAH	Honduras' Indigenous Peoples and Afro-Honduran Confederation
CPAP	Country Programme Action Plan
CPD/CP	Country Programme Document/Country Programme
CSO	Civil Society Organisations
DNCC	National Climate Change Directorate
EA	Environmental Assessment
ENCC	Climate Change National Strategy
ESMF	Environmental and Social Management Framework
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FCPF PC	FCPF Participants Committee
FPIC	Free prior and informed consent
GEF	Global Environmental Facility
GHG	Greenhouse Gas
GIS	Geographic information systems
GRM	Grievance and regress mechanism
HACT	Harmonised Approach to Cash Transfers
IDB	Inter-American Development Bank
INA	National Agrarian Institute
IP	Indigenous Peoples
ICF	National Institute of Forestry Conservation and Development
IPCC	Intergovernmental Panel on Climate Change
ITTO	International Tropical Timber Organization
KfW	Kreditanstalt für Wiederaufbau
LFPAW	Law concerning Forests, Protected Areas and Wildlife
MDG	Millennium Development Goals
MIACC	Indigenous Peoples and Afro-Honduran Roundtable for Climate Change
M&E	Monitoring and Evaluation

MRV	Monitoring, reporting and verification
NAMAs	Nationally Appropriate Mitigation Actions
NFI	National Forest Inventory
NGO	Non-governmental organization
NIM	National Implementation Modality
NTFP	Non Timber Forest Product
PES	Payments for Ecosystem Services
PMU	Project Management Unit
POPP	Programme and Operations Policies and Procedures
POU	Project Operative Unit
PRISMA	Mesoamerican Alliance of Peoples and Forests and the Salvadoran Research Program on Development and Environment
PRODOC	Project Document
REDD+	[Policy approaches and positive incentives on issues relating to] reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL/RL	Reference Emission Level/Reference Level
R-PP	Readiness Preparation Proposal
RPIN	Readiness Plan Idea Note
RTA	Regional Technical Advisor
SEDINAFROH	Honduras' Indigenous Peoples and Afro Honduran Secretariat (currently being changed to DINAFROH - Honduras' Indigenous Peoples and Afro Honduran National Directorate)
SESA	Strategic Environmental and Social Assessment
SERNA	Honduras' Natural Resources Secretariat
SIS	Safeguards Information System
SNC	Second National Communication
SWOT	Strengths, Weaknesses, Opportunities, Threats
TOR	Terms of reference
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Conventions on Climate Change
UNFF	United Nations Forum on Forests

I. INTRODUCTION

As part of its responsibilities as a Delivery Partner for the [FCPF](#), [UNDP](#) has been asked to ensure that the FCPF's activities comply with UNDP's policies and procedures, and the [Common Approach](#).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note) is for UNDP to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with the above policies, procedures and approach, discuss the technical quality of the R-PP, record the assistance UNDP has provided to the REDD+ Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD+ Country Participant in the implementation of its R-PP.

A. COUNTRY CONTEXT

Since mid-2010, the Honduran government has been working on drafting the R-PP (Readiness Preparation Proposal) for the World Bank's Forest Carbon Partnership Facility (FCPF). This process was developed in a participative manner, especially involving indigenous peoples (IPs) and Afro-Hondurans, and culminated with endorsement of the R-PP document in the 14th meeting of the Participants Committee in March 2013, for an amount of USD 3,800,000.00. In August 2012, Honduras, through SERNA, asked the UNDP to act as delivery partner of these funds.

Due to Honduras' irregular topography, an estimated 87% of the land area is forested, with soils suited to forest growth but not sustainable to agriculture. The remaining 13% is agricultural, formed by extensive valleys whose productive potential has not been exploited. The country has many watersheds of importance for water production, but despite the tremendous hydrological potential there are serious seasonal shortages, especially in the larger cities.

Honduras, a country with low average incomes and a Human Development Index of 0.625 (ranking 121 in 2011), faces several development challenges. The last MDG Country Report states that the country has little possibility of meeting its development goals in 2015, with the exception of water, health and nutrition goals. Over the past decade the Honduran economy has grown at a more rapid pace than the Latin American average. However, more than 60% of its households still live in poverty, and more than 40% live in conditions of extreme poverty. The political, social and economic inequality gaps are wide. The possibilities of designing appropriate development strategies have been limited by the lack of disaggregated statistical data and excessively centralized decision-making.

In 2013, the population was estimated at 8,555,000 inhabitants with an average population density of 70 people per square kilometer and an average annual growth rate of 2.7%. Women make up more than half the population at 50.7% compared to

49.3% men (INE, 2012¹). Seven indigenous peoples groups and 2 Afro-Honduran are settled throughout the country, together constituting approximately 7% of the national population, according to the 2001 Population and Housing Census, which does not give figures for the Nahua people. The 2001 census data has been strongly questioned by the indigenous and Afro-Honduran peoples, who in 2007 conducted a self-census, on the basis of which they project that they comprise 20% of Honduras's national population. Based on a count conducted by the federations themselves, 80% of this population lives on traditional lands, with the remaining 20% living in urban areas as a result of migration in search of better living conditions. An estimated 70% of the country's latifoliate forests are located on indigenous and Afro-Honduran lands, which makes these groups essential stakeholders in the preparation of the national REDD+ strategy and its implementation, in addition to being recognized as a protective and conservative sector since ancestral times. Most of the forests and protected areas are on indigenous lands.

The disappearance of the forest is a concern for many reasons: loss of biodiversity, impacts on rural livelihoods, and impairment of ecosystem services such as the supply of water, etc. Recently though, Honduras has been participating in the international discussions in the context of the United Nations Framework Convention on Climate Change (UNFCCC), by which the special attention that has been given to the link between forest loss and climate change, has been brought to the country.

The REDD+ process has already demonstrated in Honduras that it can offer an opportunity for sustainable development by not only preventing deforestation and forest degradation but also encouraging national dialogues with indigenous peoples and Afro-Hondurans and strengthening democratic and governance practices. From the start of 2012 to mid-2013, a policy dialogue has taken place in Honduras between the Indigenous Peoples and Afro-Honduran Confederation of Honduras (CONPAH) and four government ministries (SERNA, ICF, INA, and SEDINAFROH).

This participative policy dialogue, generated around discussions on the formation of a REDD+ platform, was also welcomed and supported by civil society, donors and academicians, represented under the REDD+ Subcommittee of SERNA. This inter-institutional and multisectoral process culminated in two milestones: (1) the signing of a fifteen-point agreement between the government and CONPAH (Annex 1), and (2) the creation of the Indigenous and Afro-Honduran Roundtable on Climate Change (MIACC in Spanish) within this agreement. The MIACC has become the organ by which indigenous peoples and Afro-Hondurans are expected to participate fully and effectively in the REDD+ process under the CONPAH's tutelage and mandate, in preparation for REDD+, thus watching over their internationally recognized rights under agreements and declarations. To this respect, it has been argued by local stakeholders, in particular IPs that work needs to be done on defining rights with regards to forests and the carbon they contain.

¹ Instituto Nacional de Estadística, 2012, Encuesta Nacional de Demografía y Salud, ENDESA 2011-2012, República de Honduras, Secretaría del Despacho de la Presidencia, Tegucigalpa

B. SECTORAL AND INSTITUTIONAL CONTEXT

Summary of the sectorial and institutional context:

The Country Vision and National Plan for Honduras, as well as the current administration's proposed government program, recognize categorically the size of the challenges the country must confront with regard to the environment and renewable and non-renewable natural resources. To this end, a series of measures have been proposed, among which can be noted the following:

- i) come up with an adequate and harmonized policy framework;
- ii) prepare multiannual strategic plans aimed at implementing the policies;
- iii) modernize the institutional structures that respond to the implementation of the strategic and operational plans;
- iv) strengthen the mechanisms of inter-institutional coordination, so that aspects shared by various sectors can be addressed in a timely and coordinated manner;
- v) foster and fortify effective deconcentration and decentralization of authority in line with the principle of subsidiarity, so that each issue can be addressed at the level where the response is most effective for the citizenry;
- vi) generate and process relevant strategic information for aiding in strategic decision-making;
- vii) institutionalize monitoring and evaluation systems grounded in previously agreed upon and consensual protocols; and
- viii) promote transparency in all public administrative processes.

The new government administration acknowledges that these preconditions cannot be efficiently addressed by the current bureaucratic model that prevails in the public sector. It has also indicated its willingness to undertake a profound modernization of the State aimed at improving public services, increasing the transparency of institutional actions, promoting citizen participation and simplifying paperwork and procedures, all with the goal of improving the efficacy and efficiency of public institutions. The new administration has indicated commitment to set aside the traditional bureaucratic model to make room for new organizational and management structures that foster transparency and facilitate services and the lives of all members of society through results-oriented institutional management and the use of information technologies. According to the new administration statements, the institutional modernization model that needs to be constructed should be based on the implementation of effective decentralization and deconcentration processes aimed at simplifying and bringing services closer to the citizenry and reinforcing transparency, participation and accountability, in order to improve the relationship between the government and civil society. The biggest challenge, according to the new authorities, is in building institutionality that can ensure modern and innovative environmental and natural resource management that can respond effectively and efficiently to the implementation of the agreed-upon policies and strategies and guarantee compliance with the results that the national government has entrusted to SERNA through the "Sectoral Cabinet for Economic Development".

With regards to forestry legislation, the baseline for all forest legislation is Article 340 of the Honduran Constitution (Decree No. 131 of January 11, 1982). The article declares the technical and rational exploitation of natural resources to be of public convenience and necessity, empowering the State to regulate their use in the social interest and setting the conditions for granting them to private parties. In Honduras, the forest sector was historically part of the agricultural sector up until 2008, when the Law concerning Forests, Protected Areas and Wildlife (LFPAW) was enacted. The LFPAW made it possible to create a new institutional framework for improving forest sector efficiency and legitimacy, and highlighted the importance of community forestry as an alternative for sustainable forest management and use.

The forest sector has not been isolated from the social, economic and political changes taking place in Honduras over the past 40 years. Despite being considered a key driver of development due to its potential for generating wealth and employment, it lacks a governing body that can define guidelines and policies and coordinate the more than 10 State institutions involved, without failing to mention the vast number of forest enterprises, cooperatives, non-governmental organizations (NGOs) and international cooperating institutions also participating. In fact, the sector is impacted by various outside forces (bilateral cooperating institutions and multilateral organizations) that influence government decisions and public policy through financial and technical assistance and the development models they prescribe. The agricultural sector continues to benefit from a policy preference, as a result of the monoculture-based export model that started with bananas at the beginning of the last century and is now dominated by coffee and more recently by African oil palm. The agriculture sector has a corner on the country's wealth and political power.

Honduras has one of the highest indices of violence worldwide and faces major challenges with regards to public security and the fight against corruption. According to the Observatory on Violence, 7,172 homicides were committed in 2012, and the national homicide rate was 85.5 for every 100,000. The 2011- 2022 Comprehensive Policy seeks to frame State actions within a broader concept than the traditional one, such that preventive actions aimed at dealing with the factors leading to violence and crime are combined with actions for control and the penalizing of lawbreakers. The country's violent death rate makes it obligatory to take action, though not through aimless policies but by focusing on the country's reality and conditions that could lead to a reduction of insecurity and violence. Insecurity seriously affects the country's development and private and foreign investment.

According to reports prepared by the Mesoamerican Alliance of Peoples and Forests and the Salvadoran Research Program on Development and Environment (PRISMA), "intensive deforestation hotspots often overlap in space with transportation connection points, particularly near primary drug transfer centers in western Nicaragua and Honduras." For example, in 2011, Honduras's Río Plátano Biosphere Reserve was classified by UNESCO as a "World Heritage in Danger" site due to the alarming rate of forest loss attributed to the presence of drug smugglers, as the many clandestine airfields throughout the reserve would indicate. Deforestation "was increasing at the same pace as the increased transit of cocaine through the forest in western Honduras." The large size of the new patches of deforestation detected (more than 5.2 million

hectares) compared to indigenous agricultural landscapes (less than two million hectares) would indicate the presence in the area of agents with unusual capital.”

The studies determined that drug smugglers resort to “three interrelated mechanisms” tying deforestation to the establishment of drug transit centers. The first is cutting down the forest to make way for roads and clandestine airstrips. The second is intensifying the preexisting pressures on the forests by introducing unprecedented amounts of money and arms in border areas which already have weak governance. The third has to do with the huge profits obtained from drug smuggling, which create strong incentives among criminal networks for investing in agricultural activities. “They convert the forest to agriculture (generally pastures or palm oil plantations). The profits need to be “laundered”. The purchase and ‘improvement’ of remote land (by deforestation) makes it possible to convert dollars into private assets without leaving a trace and, at the same time, legitimates the presence” of drug cartels under the cover of agricultural production. This phenomenon poses a challenge for the development of this project and of a strategy for reducing deforestation in the context of REDD+. It will be necessary during its development to evaluate the pertinence and manner in which this challenge can be addressed, in full coordination with the relevant State and civil society entities.

Drivers and deforestation and forest degradation:

The Honduran forested area is 5,598 million hectares, of which 4,028 million hectares are in 91 declared protected areas. The latifoliate forest area is 3.74 million hectares, pine groves cover 2.47 million hectares (dense and sparse pine forests), and the remaining forests are mixed, dry and mangrove forests (Source: Anuario estadístico forestal 2011, ICF). Average annual wood production in the past 5 years was 880,000 m³, under the responsibility of some 632 legally established primary and secondary forest-based industries.

In the past four decades 1.7 million hectares have been deforested. However with around 50% forest cover in 2011, Honduras still has a very important forest cover. FAO and Corporación Hondureña de Desarrollo Forestal - COHDEFOR (2005) forest assessment studies estimate that some 46,000 to 67,000 hectares are lost annually (or between 0.8 and 1.1 %) from the advance of the agricultural frontier and illegal logging, especially in latifoliate forests. According to FAO data, 59.2% of GHG emissions in Honduras came from land-use change and forestry in 2011. Taking this data into account, the country could be considered as of the type “high forest, high deforestation”, where reducing emissions from deforestation appears to be the most important activity to unlock the REDD+ potential in the short to medium term. The country however, still does not have adequate tools for defining and measuring with certainty the rate of forest cover change or the impacts from emissions, nor does it have detailed, analyzed information about the real current causes of deforestation.

The recognized traditional causes of deforestation result from or are generated by structural factors – policies, laws, institutionality, and technical, social, cultural and financial aspects – that have had a negative impact on the forests, the environment, and the development indicators generated by the forestry sector. In the case of Honduras, the underlying causes highlighted by the study “Causas de la deforestación y

degradación de los bosques en Honduras” (Vallejo, 2011²) are: (a) a lack of public policy for dealing with deforestation and forest degradation; (b) confusing, difficult-to-enforce laws; (c) the weakness of the representative institution of the State Forest Administration; (d) conflicts of competition with other public institutions for access to financial resources; and (e) power and privilege associated with decision-making on forest management. Also important are the uses and customs contrary to forest management (slash and burn, etc.) and the lack of clarity and enforcement of existing incentives for encouraging reforestation and forest improvement.

Nevertheless, for accurate knowledge and understanding of the processes of deforestation and forest degradation, this information must be expanded and a detailed analysis must be made of the drivers of deforestation by region. Although the country has the basic elements for understanding land-use dynamics, it is not clear how the patterns of change occur between the different types of use and what the drivers are for these changes.

How the RPP proposes to address these drivers:

The intervention strategy of this project is based on two pillars. First, and consistent with the situation regarding the lack of specific knowledge on the dynamics of land use change, it focuses on identifying the causes of deforestation in the country and then it looks at addressing some of those causes, through the definition of specific policies and measures that will be incorporated into a strategy to reduce deforestation in the context of REDD+. This strategy is the result of the analysis of specific technical inputs that must be developed, as well as a process in which the parties involved, which also involves a process of targeted capacity building for relevant government institutions such as civil society, particularly the IPs, integrate information to design measures to address deforestation drivers. It is not clear if forest degradation drivers will be addressed at this stage. This strategy involves specific procedures for the participation of IPs, consistent with their rights under international law instruments.

Secondly, the intervention strategy of the project seeks to strengthen relevant existing policies and measures related to REDD+ that are currently being implemented in the country. This involves promoting opportunities for inter-institutional coordination between the different actors involved and technical strengthening of government institutions responsible for coordinating the preparation of the country for REDD+. This may also involve modification of the existing policies and measures to be consistent with the agreements defined in the context of the UNFCCC.

² Vallejo Mario, 2011, *Evaluación Preliminar sobre Causas de Deforestación y Degradación de Bosques en Honduras*, Programa Reducción de Emisiones de la Deforestación y Degradación de Bosques en Centroamérica y República Dominicana REDD – CCAD/GIZ, Tegucigalpa

II. PROPOSED PROJECT DEVELOPMENT OBJECTIVES

A. PROPOSED PDO

The FCPF and UNDP's initial activities relate to strategic planning and preparation for REDD+ FCPF and UN-RED member countries. Specifically, countries prepare for REDD+ by:

- i. assessing the country's situation with respect to deforestation, forest degradation, conservation and sustainable management of forests and relevant governance issues;
- ii. identifying REDD+ strategy options;
- iii. assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
- iv. working out a reference level of historic forest cover change and greenhouse gas emissions and uptake from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions; and
- v. designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+.

These preparatory activities are referred to as 'REDD+ Readiness' and supported in part by the Readiness Fund of the FCPF, and some of them are implemented through UNDP in Honduras, as Delivery Partner of the FCPF. This FCPF Readiness Preparation grant activity (referred to as "Project" in the R-PP Assessment Note) will fund only a portion of the R-PP activities, but will help Honduras towards achieving REDD+ Readiness, even though Honduras may not reach this stage until well after the grant closes; it will not finance any implementation of REDD+ activities on the ground (e.g., investments or pilot projects).

Thirty-seven countries have been selected as REDD+ Country Participants in the FCPF Readiness Mechanism, based on Readiness Preparation Idea Notes reviewed by the Participants Committee and independent reviews by a Technical Advisory Panel.

Many of these REDD+ Country Participants received grant support to develop a Readiness Preparation Proposal (R-PP), which contains an assessment of the drivers of deforestation and forest degradation, terms of reference for defining their emissions reference level based on past emission rates and future emissions estimates, establishing a monitoring, reporting and verification system for REDD+, adopting or complementing their national REDD+ strategy, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy. A Consultation and Participation Plan is also part of the R-PP.

Honduras has developed and submitted an R-PP, which has been presented during PC14 in March 2013, and endorsed by the FCPF PC. This REDD+ Readiness Preparation grant will provide additional funding to support the Country in carrying out the activities outlined in its R-PP. The grant will fund only a portion of the R-PP

activities. Based on the activities outlined in the R-PP, it is expected that Honduras would be able to engage in REDD+ results-based action and receive results-based payments.

B. KEY RESULTS

The specific objective of the Project is that Honduras will be prepared by 2017 to take part in a future REDD+ mechanism. This will require the following results:

1. Honduras has a National Strategy to Reduce Deforestation, in the context of REDD +, agreed with key stakeholders;
2. Honduras has created an implementation framework for the National Strategy to Reduce Deforestation and has implemented enabling tools following relevant international standards for REDD+, including:
 - a. Design and creation of a national financial mechanism for REDD+
 - b. Implementation of a National Forest Registry
 - c. Definition of a national forest reference emission level and / or a national forest reference level
 - d. Design of a national forest monitoring system
 - e. Design and implementation of a Safeguards Information System

The above results are not tied to the project only. The implementation strategy seeks at adding activities to the on-going efforts that Honduras is undertaking with the support from different cooperation programs and entities.

III. PROJECT CONTEXT

A. CONCEPT

1. Description

The Honduran R-PP (Readiness Preparation Proposal) encompasses all issues related to REDD+ readiness. The R-PP was developed in a participative manner, especially involving indigenous peoples and Afro-Hondurans, and culminated with endorsement of the R-PP in March 2013. The total estimated budget for REDD+ readiness is 8.659.600 USD which appears realistic.

This project will contribute USD 3,616,650³ for REDD+ readiness and will therefore be a central tool to fund and implement the process of REDD+ readiness in Honduras during the 2014-2017 period. The project will focus on the development of a national strategy

³ From the USD 3,800,000 granted to Honduras as per FCPF's Participants Committee resolution PC/14/2013/5 (PC14, March 2013), USD 183,350 have already been used for the project initiation phase.

to reduce deforestation in the context of an international mechanism of positive incentives for REDD+. This strategy must be agreed with all stakeholders and must be accompanied by an implementation framework and by enabling tools which will also be developed in the context of the project. The activities and actions of the Project Document are derived in part from a prioritization of the activities of the R-PP and a need for coordination between different donors working in the country on forest issues.

Status of REDD+ Readiness initiatives in Honduras (source: R-PP 2013 – revised FCPF budget)

Honduras's REDD+ readiness planning is supported by the following initiatives as follows (USD thousands):

	Budget (thousands)	RPP Comp 1	RPP Comp 2	RPP Comp 3	RPP Comp 4	RPP Comp 6
Government	1,322.0	X	X	X	XX	X
FCPF	3,800.0	XX	XX	X	X	X
Other Cooperation	3,442.7	X	X	XX	XX	X
Total	8,564.7					

XX: principle role

X: secondary role

A central element of the project is to promote synergies with related activities in the country already initiated. In recent years, some REDD+ readiness activities have been supported by specific donors. Honduras has begun work on two: the baseline emissions from forests / forest reference level and a national forest monitoring system (with the support of different funding sources). SERNA is relying in GIZ funding to develop the REDD+ Social and Environmental Standards (REDD+ SES). All previous activities have been taken into account to define the specific set of activities to be supported by this project, taking into account the importance of using the basis of current efforts and promote synergies, and in light of the guidelines emerging from the UNFCCC.

2. Key Risks and Issues

The REDD+ Readiness process presents a high level of risk, as it depends directly on a series of institutional changes and a conducive governance environment. A successful REDD+ mechanism involves important changes to the existing institutional framework and touches sensitive issues, such as land tenure rights and revenue distribution across government levels. In addition, the program has high visibility internationally, due to the high stakes of REDD+ for various stakeholders (including vulnerable forest-dependent communities).

Key operational, organizational, political, social and environmental risks have been assessed and included as part of the UNDP Risk, which includes proposed mitigation measures (The risk log is attached to the signed project document). In addition, as part of UNDP's due diligence process, an Institutional Context Assessment was conducted by an independent party in 2013. Some of the findings of this assessment are presented in this section.

Operational risk is identified, include

- **Funds management:** The bulk of the operations and investments of SERNA and ICF are funded through external funds (projects Cooperation). A capacity assessment for SERNA is available in Annex 2, together with the HACT assessments of 2010, whose overall assessment is “Significant”. As recommended by the HACT, to bring risks down to a low level, a project management unit will be incorporated into the present organizational structure of SERNA. This project management unit will have the autonomy to receive and transfer funds to implement the project. In addition, given that funds will be transferred directly from UNDP to CONPAH, a micro-assessment (see Annex 3) was carried out in 2012 to determine the degree of risk associated with the transfer of funds, and ensure that accompanying measures are well thought out from the start. The overall assessment is “significant risks” which is why amounts managed by CONHPA will be limited and UNDP will ensure strong oversight by providing a full time procurement specialist and accountant to ensure proper funds management and execution.

Key political and organizational risks also include:

- **Implementation Capacity:** Authoritarian management culture and high staff turnover due to politicization, does not allow the bureaucratic bodies to develop technical capacity, which affects the ability to execute. This creates challenges to plan, transparently, purchase and contract, execute budgets and to provide appropriate follow-up management. For UNDP it will be important to focus on the challenges related to the implementation capacities during the preparatory phase of REDD+. This implies supporting the REDD+ Subcommittee in the design and implementation of systems for planning, fund management, communication strategies, and procurement and contracting. Ideally, as indicated above, a multidisciplinary support team is created and properly integrated in the project management unit, which will be under the direct supervision of SERNA, supported by UNDP. The idea is no to do the work of the implementers, but assist them so they can do better.
- **Misuse of funds in bureaucratic bodies:** Poor delivery rate, results not always achieved, and difficulties to control a sound use of funds are some of the challenges that public institutions have to deal with. A user-oriented public administration and available technology are also poor. Consideration of these circumstances will be something that UNDP will need to have when thinking institutional strengthening.

Finally an important political, operational, and social risk was identified.

- **Indigenous Peoples’ Misleading Advocacy:** While many claims of IPs are highly legitimate in Honduras and must be given highest attention in the REDD+

readiness process, there is a risk that leaders of IPs promote their own agendas and seek to exploit economic and political spaces open by the REDD+ process. If the previous happens, it could lead to lack of legitimacy of the REDD+ process for IPs in Honduras.

UNDP's response to these risks must be systematic, in order to make government and indigenous community leaders "accountable". This involves:

- Clear documentation of interactions with IPs, of commitments made by all parties and
- Capacity building and oversight provided by UNDP on IP executed activities.
- Including communities in the REDD+ process by developing and implementing a communication and socialization strategy (move to communities, talk with elders, women and children and explain the process, responsibilities and benefits).

B. IMPLEMENTING AGENCY ASSESSMENT

The Environment and Natural Resources Secretariat (SERNA) is the Implementing Partner. It is responsible for Natural Resources Management including issues related to Climate Change mitigation in Honduras. The Instituto de Conservación Forestal (ICF), which is responsible for forest conservation and management is in the process of being integrated into SERNA following institutional reform.

The Confederation of Indigenous Peoples of Honduras (CONPAH) will be a Responsible Party. CONPAH is the main confederation that unites and coordinates 9 federations of indigenous peoples and Afro-Honduran, whose territories include most of the forests of Honduras. CONPAH aims to ensure that collective and ancestral rights of IPs are respected in Honduras.

These implementation arrangements reflect lessons learned from previous commitments taken by the government of Honduras and enshrined in agreements. Indeed from early 2012 until mid-2013 Honduras was in a process of political dialogue between the CONPAH and four government ministries (SERNA, ICF, INA, SEDINAFROH). This highly participatory political dialogue was generated around the creation of a platform for REDD+ that would be supported by civil society, donors and academia. The previous lead to the creation of a REDD+ Sub-committee under the responsibility of SERNA. This interagency and multisectoral process culminated with two milestones:

- the signing of fifteen points in an agreement between Government and CONPAH (Annex 1) and
- the creation of the Indigenous and Afro-Honduran Climate Change Roundtable (MIACC). This round table has become the forum where indigenous and Afro-Honduran participate in the REDD+ process under the guidance and mandate of

CONPAH, thus contributing to ensuring their internationally recognized rights under conventions and declarations.

A capacity assessment for SERNA is shown in Annex 2, together with the HACT assessments of 2010 for the SERNA, whose overall assessment is “Significant”.

As recommended by the HACT, to bring risks down to a low level, a project management unit will be incorporated into the present organizational structure of SERNA. This project management unit will have the autonomy to receive and transfer funds to implement the project. A new HACT assessment will be carried out to monitor the quality of SERNA’s financial management systems.

In addition, given that funds will be transferred directly from UNDP to CONPAH, a micro-assessment (see Annex 3) was carried out in 2012 to determine the degree of risk associated with the transfer of funds, and ensure that accompanying measures are well thought out from the start. The overall assessment is “significant risks” which is why amounts managed by CONHPA will be limited and UNDP will ensure strong oversight by providing a full time procurement specialist and accountant to ensure proper funds management and execution. A new assessment will be carried out in July 2014 and training and follow-up will be given to those responsible in CONPAH.

C. IMPLEMENTATION ARRANGEMENTS

Oversight of Project Activities.

Project activities, performance, and results will be overseen by the REDD+ Subcommittee of the Inter-Agency Committee on Climate Change (CICC), which was created by Executive Decree PCM-022-2010 as a permanent body to support the National Climate Change Directorate (DNCC) of the Ministry of Natural Resources and Environment (SERNA), both politically and technically. The CICC incorporated representatives from the following areas: Central and Local Government, Private Sector, Civil Society Organisations, Academia, Professional, Cooperating, Indigenous Peoples through MIACC and others, as relevant to the issue of climate change.

This committee acts as a platform for discussion that aims to generate policy change in multidisciplinary and multisectoral manner that facilitates a coordinated approach aimed at ensuring the adaptation to the adverse effects of climate change and / or contribution to mitigation actions; while contributing to the fulfillment of international commitments.

The CICC will function as an advisory body to the President of the Republic on the issue of climate change, as a political platform, in which Ministers will be involved. The CICC has formed a Technical Committee on Climate Change (CTICC) to serve as a permanent executive body to implement the guidelines issued by the CICC. CTICC shall review and conduct technical recommendations on plans, strategies, programs, projects and implement climate change actions approved by the CICC. The products from the CTICC will be subject to review and final approval of the CICC and subsequently integrated in the National Climate Change Strategy (ENCC).

CTICC is divided into thematic sub-committees to address the various relevant sectors. The REDD+ Subcommittee is one of those subcommittees.

UNDP also has a role in the oversight of the project implementation. As stated in the Delegation of Authority's attachment three (UNDP Project Cycle Management Services for FCPF Projects – see Annex 4), during project implementation UNDP Country Office will have the following responsibilities and will take the following actions:

- Apply relevant provisions of the Programme and Operations Policies and Procedures (POPP) and UNDP Monitoring & Evaluation Handbook
- General oversight and monitoring, including the provision of UNDP project assurance as set out in the POPP
- Monitor progress of key activities as defined in AWP
- Perform oversight functions through field visits and periodic audits
- Liaise with UN Country Team counterparts to ensure the coordination of activities
- Support the project's systems, IT infrastructure, branding, knowledge transfer
- Prepare and revise the AWP with the national implementing partner
- Prepare progress reports as required
- Conduct budget revisions, verify expenditures, advance funds, issue combined delivery reports, and ensure no over-expenditure of budget
- Ensure necessary audits
- Provide other information on the status of implementation as may be requested by UNDP REDD+ team
- Coordinate harmonized UNDP positions in advance of Project Board meetings and other key in-country meetings
- Facilitate and support Project Board meetings as outlined in project document and agreed with the Regional Technical Advisor (RTA)
- Initiate and supports missions of REDD+ team
- Arrange mid-term review: prepare TOR, hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports
- Ensure translation of mid-term review into English
- Prepare management response to midterm review

Specific quality assurance measures during implementation:

- Calls on REDD+ team's support (a) regularly; and (b) as per an agreed set of project milestones
- Participate in quarterly discussions with REDD+ team to agree the quality assurance elements connected to technical assistance inputs
- Undertakes the project management quality assurance as per the UNDP POPP
- Responsible for updating the Risks and Issues Logs
- Apply the Guidance Note on Dispute Resolution as necessary
- Responsible for the fiduciary accountability of UNDP's FCPF funds

Similarly, during the project implementation the UNDP REDD+ Team at regional and global level will have the following responsibilities and will take the following actions:

- Review AWP, in order to ensure FCPF requirements are met and provide written clearance on all technical matters of quality assurance
- Provide technical support services to CO and National Implementing Partner

- Prepare regular Mission Reports
- Work with the FCPF Management Team and UN-REDD Programme to ensure the coordination of activities at the global and regional levels
- Contribute lessons and experiences from other UNDP REDD+ related programming and from other REDD+ initiatives
- Provide operational guidance on FCPF requirements
- Prepare technical analysis, compilation of lessons, dissemination of technical findings for the FCPF
- Review and clear any reports to be submitted by UNDP to the FCPF
- Coordinate harmonized UNDP positions in advance of FCPF meetings
- Contribute to management response to mid-term review
- Follow-up on matters regarding the Transfer Agreement between UNDP and FCPF

Specific quality assurance measures during implementation:

- Participate in quarterly discussions with the CO to agree the quality assurance elements connected to technical assistance inputs and to assess risks
- Undertake regular reviews of the Risk and Issues Logs and provide feedback to the CO regarding technical issues and social/environmental risks
- Make recommendations to the CO for the management of technical issues and social/environmental risks
- Provide guidance to the CO and national counterparts on the application of the “common approach” for social and environmental issues
- Undertake regular missions, in consultation with CO to review the implementation risks and agree adaptive management actions with the CO and national counterparts

Management of Project Activities. The FCPF activities will be managed by the SERNA with the support of UNDP.

Incorporating the lessons learned from UN-REDD in the LAC region about the difficulty of making progress in a tense political climate, implementation arrangements have been made so that the CONPAH will be engaged on specific issues of relevance to IPs, with strong UNDP support and oversight.

Administration of Project Activities. An operational unit embedded in the SERNA has been established for this purpose. Staff of the Unit consist of one coordinator, one technical assistant, one IP expert and one administrative staff hired through UNDP.

IV. OVERALL RISK RATINGS

During the elaboration of the R-PP, and later on the elaboration of the project document, the potential risks and issues have been discussed with the national counterparts. This information will be taken into account for the project implementation phase and have been the basis to identify measures to lower such risks. The potential risks are related to: the project’s partners difficulties for an expedite fund management;

effective inter-institutional coordination; difficulties to coordinate and organize an overlapping set of policies relevant to REDD+; lack of institutional capacity to exercise control over the territory; and potential for using REDD+ platforms to promote misleading agendas. The main risks and issues are attached to the signed project document.

UNDP QUALITY ASSURANCE INPUTS

UNDP staff revised the R-PP (document that included a comprehensive assessment of REDD+ opportunities and challenges) and supported the preparation of the project document. Multiple UNDP technical support missions took place from 2012 to 2014 with the objective of providing guidance for the preparation of, and subsequent implementation of the project, taking the R-PP as a basis. This included several consultations with stakeholders. Technical clearances of the project document have been provided, and will continue during the initiation of the project phase, up until the “inception workshop”, moment in which the formal implementation of the project starts. It is anticipated to hire the Project Operative Unit (POU) staff before that workshop. An important milestone of such workshop is the approval of the first-year annual work plan.

The following are mandatory requirements for the implementation of the project:

- UN-REDD Programme operational guidance must be applied during the design and implementation of the project.
- If changes are made at the output or activity level, they may be agreed by the Steering Committee. Before such changes are contemplated they must be discussed with and approved by the Regional Technical Advisor.
- If changes are proposed at the Outcome level they must be discussed with the UNDP/REDD+ Principal Technical Advisor before being approved by the Regional Technical Advisor.
- The project is subject to a midterm review and a final evaluation conducted according to Terms of Reference established by UNDP.
- Funds will be audited in accordance with UNDP Financial Regulations and Rules and audit policies.

Compliance with the FCPF Common Approach to Environmental and Social Safeguards

Implementation will ensure compliance with the Common Approach to Environmental and Social Safeguards. The United Nations Development Programme’s Social and Environmental Policies and Procedures that ensure compliance with the Common Approach include the following elements:

Environmental and Social Screening Procedure (ESSP): The ESSP is a mandatory requirement to undertake an environmental and social screening of UNDP projects

(country, regional and global and all thematic areas) with a budget of \$500,000 or more. The screening process results in an outcome which determines if further environmental and social review (e.g. impact assessment) and management measures are required. The results of the screening for the Honduras' R-PP and project document are shown in Annex 6.

UNDP's Social and Environmental Standards (SES): The objectives of the Standards are to: (i) strengthen the social and environmental outcomes of UNDP projects; (ii) avoid adverse impacts to people and the environment affected by projects; (iii) minimize, mitigate, and manage adverse impacts where avoidance is not possible; (iv) strengthen UNDP and partner capacities for managing social and environmental risks; and (v) ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people. For more information, see the [Social and Environmental Standards](#)

UNDP's Social and Environmental Compliance Review: In October 2012 the UNDP Administrator revised the Charter of the Office of Audit and Investigations (OAI) to include the mandate to investigate UNDP's compliance with applicable social and environmental policies and procedures. In February 2013 OAI established the Social and Environmental Compliance Unit (SECU) to respond to complaints that UNDP may not be meeting its social and environmental commitments during the interim phase. The main purpose of the compliance review will be to investigate alleged violations of UNDP's environmental and social commitments in a project financed, or to be financed, by UNDP or any other project where UNDP policies apply. The compliance review may result in findings of non-compliance, in which case recommendations will be provided to the Administrator about how to bring the Project into compliance and, where appropriate, mitigate any harm resulting from UNDP's failure to follow its policies or procedures. In carrying out its compliance review functions, the compliance unit will need full access to UNDP personnel, policies and records. It will also need the authority to conduct site visits of UNDP-supported projects in order to carry out its fact-finding function. For more information, see the [Standard Operating Procedures for UNDP's Social and Environmental Compliance Unit](#).

UNDP's Stakeholder Response Mechanism (SRM): The SRM provides an additional, formal avenue for stakeholders to engage with UNDP when they believe that a UNDP project may have adverse social or environmental impacts on them; they have raised their concerns with Implementing Partners and/or with UNDP through standard channels for stakeholder consultation and engagement; and they have not been satisfied with the response. The SRM provides a way for UNDP to address these situations systematically, predictably, expeditiously, and transparently. Through the SRM, UNDP Country Offices, Regional Bureaux and Service Centers and Headquarters collaborate in a thorough, good faith effort to resolve outstanding concerns to the satisfaction of all parties, and to document the results to ensure accountability and promote organizational learning. Given their proximity to the project, relationships with

relevant actors and understanding of country context, Country Offices are generally best placed to lead in responding to complaints that come through the SRM. It is expected that the Resident Representative will identify a member of the Country Office management team to oversee and manage the SRM on a regular basis. For more information on the SRM, see: [UNDP's Stakeholder Response Mechanism: Overview and Guidance](#).

National-level Grievance Mechanism

In addition to addressing the above institutional requirements, UNDP will be responsible for supporting the partner country to establish a national-level grievance mechanism to address issues related to REDD+.

In late 2013 a mission of the UN-REDD Programme supported a consultancy in Honduras with the purpose of contributing to development and establishment of a national-level grievance mechanism to address issues and resolve potential conflicts related to REDD+. The Consensus Building Institute conducted this consultancy and its recommendations established a suite of actions, some of which have been considered for this project:

- Strengthen instances designated to host the mechanism. The focus should be to build credible spaces to work together among all stakeholders - IPs, government institutions and representatives of civil society and the private sector. An analysis of institutional capacity served as a basis for identifying the institutions that could take the role of handling complaints and disputes. This supported the preliminary recommendation that the REDD+ Subcommittee could be the instance to host the mechanism handling complaints and disputes. Regardless of the final decision, it will be necessary to strengthen the instances identified to host this mechanism.
- Promoting a Prevention Agenda: Advancing agreements, arrangements and / or legislation on Aboriginal rights and FPIC. For example, CONPAH has already developed a draft bill for the Law of FPIC.
- Development of a Grievance Redress Mechanism: This mechanism would be embedded within the REDD+ Subcommittee and CONPAH/MIACC where complaints will be received, managed by referring cases to national government institutions and/or regional organizations, and then followed until their resolution. A structure (e.g. a secretary) for permanent operability is required. Eventually, the REDD+ mechanism should include the following elements: A list of certified mediators; a protocol to refer cases to a voluntary mediation process; guidelines for the mediation process to give more predictability to the process; a mechanism to fund the work of mediators; a process to document the process and results.
- Improve Capacity in Mediation / Conciliation: Start with a diagnosis of current capacity (existing national and regional bodies as well as REDD+ Subcommittee and MIACC); based on the diagnosis, create alternate mechanisms for conflict resolution and thus subsequently define a list of mediators.

- Development of Monitoring Protocols Cases: Is the design of new electronic systems within key ministries such as ICF, SERNA and the Public Ministry (Attorney Environment). These protocols also form part of the mechanism itself and could be extended to some key organizations, such as CONPAH.
- Identification and positioning of a Political Champion: A figure with presidential term for the required coordination between ministries and promote this effort. It could be a new Commissioner, or a new mandate to an existing entity.
- Designing a dispute resolution mechanism for indigenous peoples and Afro-Honduran.

The recommendations included in the report of this consultancy have provided valuable information on how to comply with this obligation and ensure that an effective grievance mechanism is in place in Honduras for the REDD+ readiness process. Most importantly, the mechanism will be required to undertake the above activities while ensuring the below principles are met:

- **Independence:** Independence requires that the mechanism be established and operate without undue influence from the institution's operational decision-makers, or from any external stakeholders. Those who assess and respond to grievances for the organization should be accountable to the organization for seeking solutions that meet the interests of all affected stakeholders, and not only for meeting the immediate interests of the organization. They should recuse themselves if there is an actual or potential conflict of interest in addressing a particular dispute.
- **Professionalism:** The mechanism's decision-makers and staff should meet high standards of discretion and professionalism; the mechanism should be able to hire consultants with specific expertise when needed.
- **Fairness:** Fairness and objectivity require the mechanism to give equal weight to the concerns and interests of all stakeholders. The dispute resolution procedures should treat all parties fairly, and fairness should be an expectation of all outcomes.
- **Transparency:** The principle of transparency requires public comment and participation in the design and operation of the mechanism, and clear, demonstrable and publicly available rules of procedure. In addition, the mechanism should publicly and regularly report in a timely fashion on the number of times it has been used during the reporting period, the types of issues it has handled, the number of cases that have been resolved, are still outstanding, or have moved to other channels for resolution, and any lessons learned that can be used by the organization and/or its external stakeholders to reduce the future frequency, scope and/or intensity of grievances and disputes.
- **Accessibility and Decentralization:** In order to be accessible to affected people, the mechanism should maintain open lines of communications and

provide information in languages and formats required to allow the greatest access practicable to affected people. Although mechanisms will benefit from support at the organization's senior/HQ level, the mechanism typically needs to operate as close to the project level and potentially affected citizens, communities and interest groups as possible. Accessibility also requires that no unnecessary barriers impede stakeholder's access to the mechanism; for example, it should be possible for stakeholders to communicate a concern to local project managers and generate an organizational response, rather than having to communicate directly with an office in the capital city where the organization has its headquarters.

- **Effectiveness and Flexibility:** The mechanism should be effective in objectively assessing concerns raised by external stakeholders, in determining the most appropriate process for addressing those concerns, in implementing that process constructively and expeditiously, and in communicating to all stakeholders, including those who raised the grievance, the institution, and the public. The dispute resolution process must allow for flexibility in using different techniques as required in specific cases or contexts. The process should be based on voluntary participation of various stakeholders in a joint problem-solving process, such as negotiation, mediation, conciliation, or facilitation. Even for a single organization, the contexts, stakeholders, specific issues, and motivations for participating in grievance processes can vary greatly. Those responsible for the response must have the resources and the mandate.

UNDP will support this activity in line with the [FCPF/UN-REDD Guidance Note for REDD+ Countries: Establishing and Strengthening Grievance Redress Mechanisms](#).

Finally, UNDP, to ensure compliance with the Common Approach, will apply the following Guidance:

- [FCPF/UN-REDD Guidelines on Stakeholder Engagement](#)
- [UN-REDD Programme Guidelines on Free, Prior and Informed Consent \(FPIC\)](#)

Implications: UNDP will need to strengthen its own institutional capacity as well as the partner country's capacity to receive and address grievances in an independent, transparent, fair and effective manner, which will require delving into often sensitive governance issues.

Conclusion: Both UNDP and Honduras will be opening themselves up to increased feedback, input and in some cases, complaints and conflict. In some cases UNDP could be in a position where it will be accused of not following its own policies and procedures; in other cases UNDP will need to mediate between stakeholders who have a grievance against their government, UNDP's main client. Both UNDP and partner countries will have new roles and responsibilities with regard to receiving and addressing these claims and will be increasingly scrutinized with regard to their conduct in addressing these claims by external stakeholders, NGOs and the media. There is a

potential for increased reputational risks associated with receiving high profile and public claims against the organization and the government from potentially impacted stakeholders.

While this new level of accountability will be challenging, if done well, there could also be several benefits, including progress toward meeting the following objectives:

- Identify and resolve implementation problems in a timely and cost-effective manner: As early warning systems, well-functioning grievance mechanisms help identify and address potential problems before they escalate, avoiding more expensive and time consuming disputes.
- Identify systemic issues: Information from grievance mechanism cases may highlight recurring, increasingly frequent or escalating grievances, helping to identify underlying systemic issues related to implementation capacity and processes that need to be addressed.
- Improve REDD+ outcomes: Through timely resolution of issues and problems, grievance mechanisms can contribute to timely achievement of REDD+ objectives.
- Promote accountability: Effective grievance mechanisms promote greater accountability to stakeholders, positively affecting both specific activities and overall REDD+ governance.
- Improve environmental and social outcomes for local communities and other stakeholders affected by UNDP projects;
- Enhance UNDP's ability to manage risks related to its Social and Environmental Standards, in order to avoid or mitigate social and environmental impacts.
- Ensure that UNDP responds to the concerns of project stakeholders (particularly vulnerable groups that are central to UNDP's programmatic work) with regard to social and environmental risks and impacts;

V. PROPOSED TEAM COMPOSITION AND RESOURCES, INCLUDING TECHNICAL ASSISTANCE PROVIDED BY UNDP TO DATE

Honduras has anticipated a strong need for institutional capacity building, as part of a general capacity assessment exercise run during the R-PP formulation. This capacity building will mainly translate into staff recruitment. Based on the evaluation of capacity of the main institutions involved, and the anticipated workload within the grant agreement, it has been planned to recruit the following staff to ensure the implementation of the project:

- One National Coordinator in charge of general oversight and management of the project;
- One Technical Specialist in charge of ensuring the technical soundness of the project's activities and products, as well as complying with monitoring and evaluation obligations;
- One communication and knowledge management officer ;

- One officer in charge of coordination and engagement with IPs; and
- One finance and procurement officer to support administrative and procurement processes.

In addition to this technical team, spread amongst the different institutions in charge of the readiness process, UNDP has been and will keep providing technical assistance. This is materialized by the support given from the different levels of the Organization, including the Country Office, the Regional Service Center based in Panama, and the global experts spread around the world. During the project document elaboration and its due diligence process, UNDP organized a series of technical missions to facilitate these processes.

VI. ASSESSMENT SUMMARY

A. TECHNICAL

Taking into account all the discussions held with the key stakeholders and right holders in the country during the R-PP and project document elaboration, the recommendations of the GRM scoping mission, and the implication of the key stakeholders and right holders during the elaboration of the project document, the proposed project is considered technically feasible.

For UNDP it will be important to mitigate the implementation risks from the onset by strengthening implementation capacities during the preparatory phase of REDD+. For this it has been decided to hire a multidisciplinary team to support the REDD+ Subcommittee design and the adoption of systems for management, planning, fund management, communication and engagement strategies, as well as procurement and contracting. The 5-staff project operative unit team will be integrated in the SERNA and ICF. The project management unit will need to find the balance between providing support and ensuring that risks are managed while not “rushing” the project by doing the work of the implementers in their place.

Another critical element to consider is the need to ensure proper coordination among organizations and programs supporting Honduras in its REDD+ readiness process. The project document activities have been defined taking into consideration the on-going REDD+ readiness efforts. Any change in the programming and execution of those on-going activities might pose impacts on the ability to complete or develop the activities of this project. Adaptive management will be necessary to apply during the entire life-cycle of this project.

B. FINANCIAL MANAGEMENT

Pursuant to the UN General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system, UNDP adopted a common operational framework for transferring cash to government and non-

government Implementing Partners. Its implementation will significantly reduce transaction costs and lessen the burden that the multiplicity of UN procedures and rules creates for its partners.

The project will be executed under the modality of UNDP National Implementation (NIM). The SERNA will be the implementing partner responsible to the UNDP for ensuring achievement of the project's results. If necessary, the SERNA will sign agreements with relevant counterparts to help execute the project's specific components.

The UNDP will be responsible for accountability of this project's effective implementation to the FCPF/WB. As the delivery partner, the UNDP is responsible for providing a number of key general management and specialized technical services. These services are provided through the UNDP REDD+ Team and country and regional units. UNDP will provide support services at the government's request.

There is a risk that cash transferred to Implementing Partners may not be used or reported in accordance with agreements between UNDP and the Implementing Partner. The level of risk can be different for each Implementing Partner. For each Implementing Partner the Agencies effectively and efficiently manage this risk by: 1) assessing the Implementing Partner's financial management capacity; 2) applying appropriate procedures for the provision of cash transfers to the Implementing Partner; and 3) maintaining adequate awareness of the Implementing Partner's internal controls for cash transfers through assurance activities.

For each Implementing Partner the level of risk may change over time, and this may result in changes in the cash transfer procedures and assurance activities, and possibly in the choice of modality.

During its due diligence process, UNDP assesses the risks associated with transactions to each Implementing Partner, before initiating cash transfers under the harmonized procedures. Two types of assessments are required: a macro assessment and a micro assessment. They serve two objectives:

- *Development objective:* The assessments help UNDP and the Government to identify strengths and weaknesses in the project financial management system and the financial management practices of individual Implementing Partners, and identify areas for capacity development.
- *Financial management objective:* The assessments help UNDP identify the most suitable resource transfer modality and procedures, and scale of assurance activities to be used with each Implementing Partner.

The UNDP-FCPF project document identifies one implementing partner and two responsible parties:

- The Secretaria de Recursos Naturales y Ambiente (SERNA) is the Implementing Partner.
- The Confederation of Indigenous Peoples of Honduras (CONPAH) and UNDP CO are the responsible parties.

The HACT assessments of 2010 mentions that the SERNA poses “Significant Risk”. As recommended by the HACT, to bring risks down to a low level, a project management unit will incorporate the present organizational structure of SERNA, this project management unit will have the autonomy to receive and transfer funds to implement the project.

UNDP has developed a specific modality for disbursement. UNDP will utilize the cash advance modality of funds. At the end of each three-month period, the POU will submit a report on activities and a financial report for expenses incurred along with a request for funds for the next period.

Given that funds will be transferred directly from UNDP to CONPAH, a micro-assessment (see Annex 3) was carried out in 2012 to determine the degree of risk associated with the transfer of funds, and ensure that accompanying measures are well thought out from the start. The overall assessment is “significant risks” which is why amounts managed by CONHPA will be limited and UNDP will ensure strong oversight by providing a full time procurement specialist and accountant to ensure proper funds management and execution.

UNDP will also facilitate communication between the POU, the Implementing Partner and the FCPF/WB as and if required. All communication and reporting to the FCPF/WB will be through the UNDP REDD+ Team. As stated in the project document, this project will be audited as following:

- Yearly NIM audit by external auditors
- Mid-term and final audits by UNDP internal services

Additional UNDP provisions regarding the financial management include:

- Any proposed budget revision will be discussed with and forwarded early to the UNDP RTA together with a clear explanation of the changes proposed, as significant changes might require review and approval by the FCPF. Any over-expenditure of this project will have to be absorbed by other UNDP CO resources.
- All FCPF-funded projects will be audited in accordance with UNDP Financial Regulations and Rules and Audit Policies, and an appropriate separation between project oversight and direct project support is required in accordance with the UNDP Internal Control Framework.
- Project manager will be requested to prepare detailed annual operational plans based on the annual work plan. For the first year of the project implementation the detailed plan should be reviewed at the inception workshop and subsequent years by the project board.
- Midterm review and a terminal evaluation will be undertaken with a corresponding management response.

C. PROCUREMENT

UNDP's procurement rules and processes will apply. As per UNDP's Financial Regulations and Rules, the following general principles must be given due consideration while executing procurement on behalf of the organization: Best Value for Money; Fairness, Integrity, Transparency; Effective International Competition; The Interest of UNDP.

A Finance and Procurement Officer will be hired with project funds to ensure efficient and effective implementation of the Honduras REDD+ Programme through the development of effective systems and the building of staff capacity. Specifically the Officer's role will focus on:

- Providing support to Programme Planning and Coordination
- Elaborate/update periodically procurement plans, hand in hand with the Annual Working Plans
- Developing, implementing and improving Accounting and Reporting Procedures
- Ensuring strong financial and operational control
- Conducting Bank reconciliation
- Developing Procurement processes and Inventory Register
- Supporting programme administration
- Providing Oversight and Training to implementing partners

Procurement processes will be regularly audited throughout the lifetime of the project, by both external and UNDP consultants.

D. SOCIAL AND ENVIRONMENTAL (INCLUDING CONSULTATION, PARTICIPATION, DISCLOSURE AND SAFEGUARDS)

The FCPF Readiness Preparation grant complies with UNDP social and environmental policies and procedures. This grant will, in part, support the country's activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD+ Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts.

During the elaboration of the UNDP-FCPF project document, the realization of the SESA process has been discussed and a couple of clarifications have been provided regarding how the elaboration of the terms of reference of the SESA will take place, and how this assessment will be realized. The formulation of the SESA in itself will largely

result from the outputs of the strategy design and from the all participative process agreed upon stakeholders in Honduras for the elaboration of the background studies, the identification of the REDD+ options and their potential social and environmental impacts, and the step wise definition of the national REDD+ strategy. This process is detailed in the project document, and summarized below.

D.1. Social (including Safeguards)

Key assessments of social risks and the Country's capacity to manage these risks will be undertaken by the country through a SESA, as detailed in the R-PP.

It is also important to note that it was agreed at the UNFCCC Conference in Cancun in 2010 (COP16) that a set of seven safeguards should be promoted and supported when undertaking REDD+ activities. The Cancun Agreements, and the subsequent Durban Agreement, also requested parties implementing REDD+ to provide information on how safeguards are being addressed and respected throughout the implementation of the REDD+ activities.

The project will support analysis and active participation of all stakeholders, to define how the REDD+ safeguards defined in Cancun are to be reflected in the readiness process. The work on UNFCCC safeguards and the SESA will be consistent, and the SIS will capture the safeguards in an integrated set of tools and process. The information resulting from the SIS could be linked to the Forest Monitoring Systems of the country.

The SESA will be a responsibility shared by the implementing partner (SERNA) and the National REDD+ Sub-Committee and MIACC, entities that have the power to form working committees. To provide adequate and appropriate care, an instance of control and monitoring for the SESA will be created. This instance, Safeguards Group (or SESA Special Commission), will be responsible for maintaining close and direct coordination with members of the National REDD+ Sub-Committee and MIACC. The Safeguards Group (or SESA Commission) shall be composed of members of the National REDD+ Sub-Committee and MIACC members who are genuine representatives of the environmental and social areas. The active involvement of stakeholders in this process will be essential which is why the project will support continuous capacity building for effective decision making. Special emphasis will have the full and effective participation of representative members of IPs and Afro-Honduran.

Depending on the decisions made by the REDD+ Subcommittee and MIACC, actions to implement these safeguards will be identified as an output of this project.

D.2. Environmental (including Safeguards)

Key assessments of environmental risks and the Country's capacity to manage these risks would be undertaken by the country through a SESA, as described in the R-PP. The same process as for social risks will be followed (see above section).

D.3. Consultation, Participation and Disclosure

i. Experience to Date

From early 2012 until mid-2013 Honduras was in a process of political dialogue between the CONPAH and four government ministries (SERNA, ICF, INA, SEDINAFROH). This interagency and multisectoral process has been highly participatory and culminated with the achievement of two milestones: (1) the signing of a fifteen points agreement between Government and CONPAH (Annex 1); and (2) the creation of the Indigenous and Afro-Honduran Mesa Climate Change (MIACC). This space has become the instance where indigenous and Afro-Honduran participate fully and effectively in the REDD+ process under the guidance and mandate of CONPAH, thus ensuring their internationally recognized rights under conventions and declarations.

To ensure representation of the views from different stakeholders for the project implementation it has been stated that the REDD+ Subcommittee and MIACC will advise the project board and will have one representative each at the board.

UNDP is in the process of up-dating to up-load all relevant documents to a website for public disclosure, in line with the common approach and UNDP specific policies on this matter.

ii. Proposal Going Forward

To ensure consultation, participation and disclosure the project will

- Establish a platform for the dissemination of information on the national REDD+ process (See Prodoc activity 1.4).
- Establish a feedback and grievance redress mechanism (See Prodoc activity 1.5).
- Develop mechanisms for participation and consultation with indigenous peoples and Afro-Hondurans according to their rights, in areas where REDD+ is implemented (See Prodoc activity 1.6).

Consistent with the R-PP, the project will support the execution of a consultations Plan with all stakeholders. This idea is based on dialogues that have been initiated since 2011 between the Government and IPs and Afro-Honduran. Consultation will be agreed with the CONPAH / MIACC, in line with generally accepted international FPIC guidelines, as well as agreements reached within the framework of local and regional processes that are relevant.

UNDP will work to ensure the active and effective participation of rights holders, who have direct responsibility for managing their territories, respecting their existing organizational structures. Initially an analysis of the organizational system of the different indigenous and Afro-Honduran peoples, based on the progress already made through a UNDP study of Honduras will be performed. Special attention will be given to the world view of each people, as well as their economic and political system.

ANNEX 1: AGREEMENT BETWEEN GOVERNMENT AND CONPAH



**ACTA DE COMPROMISO DE CUMPLIMIENTO ENTRE LA SECRETARIA DE
ESTADO EN LOS DESPACHOS DE RECURSOS NATURALES Y AMBIENTE
(SERNA), EL INSTITUTO NACIONAL DE CONSERVACION Y DESARROLLO
FORESTAL, AREAS PROTEGIDAS Y VIDA SILVESTRE (ICF), LA SECRETARIA DE
ESTADO EN LOS DESPACHOS DE PUEBLOS INDIGENAS Y AFROHONDUREÑOS
(SEDINAFROH), EL INSTITUTO NACIONAL AGRARIO (INA) Y LA
CONFEDERACION DE PUEBLOS AUTOCTONOS DE HONDURAS (CONPAH) Y
SUS FEDERACIONES**

Nosotros, **RIGOBERTO CUELLAR CRUZ**, mayor de edad, casado, Doctor en Derecho, hondureño y de este domicilio, quien actúa en su condición de Secretario de Estado en los Despachos de Recursos Naturales y Ambiente, nombrado según Acuerdo Ejecutivo número 156-2010 de fecha veintitrés (23) de Febrero del año dos mil diez (2010) y que en adelante se denominará "**SERNA**"; **JOSE TRINIDAD SUAZO**, mayor de edad, casado, Ingeniero Forestal, hondureño y de este domicilio, actuando en su condición Ministro Director del Instituto Nacional de Conservación y Desarrollo Forestal, Áreas Protegidas y vida Silvestre, nombrado mediante acuerdo ejecutivo número 140-2010 de fecha 16 de Febrero del 2010 y que en adelante se denominará "**ICF**"; **CESAR DAVID ADOLFO HAM PEÑA**; mayor de edad, sociólogo, hondureño y de este domicilio, actuando en su condición de Ministro Director del Instituto Nacional Agrario, nombrado según acuerdo ejecutivo número 125-2010 de fecha 27 de Enero del 2010, quien en adelante se denominará "**INA**"; **LUIS FRANCISCO GREEN MORALES**, mayor de edad, casado, hondureño y de este domicilio, actuando en su condición de Secretario de Estado en los Despachos de Pueblos Indígenas y Afro hondureños, nombrado según acuerdo ejecutivo número 290-2010 de fecha 30 de Noviembre del 2010 y que en adelante se denominará "**SEDINAFROH**" y **BAYARDO ALEMAN**, mayor de edad, casado, hondureño, de la comunidad de Culuco, municipio de Dulce Nombre de Culmí, departamento de Olancho, en su condición de presidente de la Confederación de Pueblos Autóctonos de Honduras, nombrado en asamblea general ordinaria celebrado el 28 de diciembre del 2011, que en adelante se denominará "**CONPAH**" con personalidad jurídica No. **064-94**, del 21 de abril de 1994, acordamos celebrar la presente Acta de Compromiso de cumplimiento obligatorio de los acuerdos alcanzados entre los Pueblos Indígenas y Afro hondureños con las instituciones de gobierno en el marco de la revisión, análisis y ajustes del R-PP Honduras, de acuerdo a las siguientes cláusulas:

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01 de Enero 2013

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01/11/2013



ok

~~Revisado~~
~~ok~~

1. Dar cumplimiento a lo establecido en la Estrategia Nacional de Cambio Climático en cuanto al fortalecimiento de espacios de Consulta intersectorial a través de grupos focalizados como la creación y el establecimiento de la Mesa Nacional Indígena y Afro hondureña de Cambio Climático (MNIACC) bajo su propio reglamento interno, tomando en consideración que la misma será liderada por la CONPAH y sus federaciones y demás organizaciones indígenas y afro hondureñas existentes en el país.

ok

2. La Mesa Nacional Indígena y Afro hondureña de Cambio Climático (MNIACC) será una instancia representativa de los pueblos indígenas con la finalidad de establecer el diálogo para integrar su visión, frente a la futura Estrategia Nacional de REDD+ y poder promover un proceso de negociación e implementación en los territorios indígenas y afro hondureños con el Gobierno Nacional para la estrategia pre citada.

3. Las acciones conjuntas a realizar entre Gobierno y CONPAH en el marco del proceso R-PP REDD+ quedarán sujetas a las siguientes consideraciones:

a- Institucionalizar la participación plena y efectiva de los Pueblos indígenas y afro hondureños en concordancia con la Declaración de las Naciones Unidas de los Derechos de los Pueblos Indígenas y el Convenio 169 de la OIT.

b- El gobierno reconoce el derecho histórico sobre el territorio de los pueblos indígenas y afro hondureños y asume su responsabilidad de garantizar la seguridad jurídica territorial conforme a sus respectivas competencias en el marco nacional vigente, así como lo establecido en el Convenio 169 de la OIT y la Declaración de las Naciones Unidas sobre los Derechos de los Pueblos Indígenas.

c- Las acciones que se realicen en territorios indígenas y afro hondureños serán desarrolladas con el debido conocimiento y participación de la MNIACC las cuales quedarán previamente establecidas en el RPP.

ok

4. La Mesa Nacional Indígena y Afro hondureña de Cambio Climático (MNIACC) quedará integrada como miembro dentro del CICC con voz y voto y en el Subcomité REDD+, en su condición de observador designando dos miembros en cada caso, y de igual manera los miembros del Subcomité REDD+ participarán

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en su condición de observadores en la MNIACC. Para lo anterior, ambas partes remitirán los nombres de sus representantes.

5. Realizar reuniones constantes para analizar, discutir y consensuar la ruta crítica del proceso de REDD+ entre el Sub Comité REDD+ y los representantes de la MNIACC previa convocatoria de al menos 10 días hábiles de antelación, comprometiéndose la MNIACC a confirmar su participación por escrito con al menos 8 días hábiles de antelación, salvo casos debidamente justificados y aceptados por ambas partes.
6. Concertar dos o más reuniones anuales de acuerdo a la necesidad que se amerite entre ambos comités para coordinar acciones tendientes a la implementación del RPP conforme a la disponibilidad técnica y financiera de las partes.
7. Ambas partes trabajarán de manera conjunta en la elaboración de un ante proyecto de ley para la implementación del derecho a la Consulta y Consentimiento Previa Libre e Informada (CPLI) como lo establece el convenio 169 de la OIT y la Declaración de las Naciones Unidas sobre los Pueblos Indígenas, para lo cual, se requerirá el apoyo que pueda ser gestionado a través del Estado con la cooperación Internacional acreditada en el país.
8. Que el CICC promueva ante las otras instituciones de gobierno, el deber de respetar las estructuras de autogobierno indígena establecidas desde la cosmovisión de los pueblos indígenas y afro hondureños, a través de los niveles de toma de decisión que tiene establecido cada federación siempre que éstas no sean incompatibles con los derechos fundamentales definidos por el Marco Jurídico Nacional ni con los derechos humanos internacionalmente reconocidos.
9. Las acciones tendientes a la aplicación de la Estrategia Nacional de REDD+ en territorios indígenas y afro hondureños, será desarrollada con el debido conocimiento y participación de la MNIACC.
10. El Gobierno reconoce que los derechos de los recursos naturales en territorios indígenas y afro hondureños son derechos ancestrales exclusivos de sus pueblos por su valor espiritual y cultural que representa para la sobrevivencia de las futuras generaciones, así como el acceso y equidad en distribución de beneficios según lo establecido en el Convenio 169 y demás normativa internacional vigente. En lo que respecta a los potenciales derechos del carbono, se regirá por esta regla. Así mismo, se establece que para los fondos del proceso de ejecución del RPP, para actividades relacionadas con la



socialización, consulta y fortalecimiento de la MNIACC, se definirá el mecanismo de canalización correspondiente conjuntamente con gobierno y el ente implementador de los fondos (PNUD) conforme a los lineamientos administrativos estipulados y a las normativas que para este tipo de actos se establezcan por ellos.

11. El Estado se compromete a crear e implementar mecanismo apropiados para detener ó minimizar las causas de la deforestación y degradación forestal promovidos por foráneos (avance de la frontera agrícola, Tala ilegal, proyectos extractivos, represas hidroeléctricas, agrocombustibles, incentivos perversos y otros) cuando se refiera a recursos naturales (ríos, arrecifes, manglares, playas, mares) en territorios de los pueblos indígenas y afro hondureños.
12. El Gobierno en coordinación con la MNIACC en consenso con sus federaciones definirá en que pueblos indígenas se realizaran los proyectos pilotos cuando se refiere a bosques en sus territorios tomando en cuenta los criterios técnicos, sociales y ambientales correspondientes y de acuerdo al Establecimiento de una Línea Base Nacional de REDD+ en el país y las directrices establecidas por la CMNUCC; garantizando con todo lo anterior, el pleno ejercicio de sus derechos como lo establece el convenio 169 de la OIT y la Declaración de las Naciones Unidas sobre Pueblos Indígenas.
13. La MNIACC elaborará y entregará a un corto plazo una propuesta de fortalecimiento institucional al CICC en el cual las instituciones gubernamentales se comprometen a gestionar con otras instituciones internacionales y privadas apoyo material y financiero para el fortalecimiento de las federaciones indígenas de acuerdo a la disponibilidad presupuestaria de los entes involucrados.
14. Las instituciones gubernamentales gestionarán con la cooperación internacional la contratación de dos (2) técnicos para el apoyo de la Comisión técnica de CONPAH para el fortalecimiento de la MNIACC, conforme a la disponibilidad administrativa, técnica y financiera de los cooperantes.
15. Las instituciones gubernamentales y la MNIACC se comprometen a respetar la institucionalidad existente y fomentar la participación y unidad entre los Pueblos Indígenas y Afro hondureños.


VIGENCIA DE LA CARTA DE COMPROMISO.

La presente Acta de Compromiso tendrá una vigencia de tres años prorrogable por el interés manifiesto de las partes a través de giro de comunicaciones por escrito.


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ACEPTACIÓN.

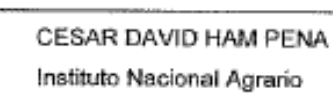
Las partes declaran que han leído y entendido el contenido de la presente Carta de Compromiso, que actúan de buena fe y están de acuerdo en todo y en cada una de sus partes, en fe de lo cual y para constancia firman el presente Convenio en la ciudad de Tegucigalpa, Municipio del Distrito Central, a los 09 días del mes de Enero de 2013.



RIGOBERTO CUELLAR CRUZ
Secretaría de Estado en los
Despachos de Recursos Naturales y
Ambiente



JOSE TRINIDAD SUAZO
Instituto Nacional de Conservación y
Desarrollo Forestal, Áreas Protegidas
y Vida Silvestre



CESAR DAVID HAM PENA
Instituto Nacional Agrario



LUIS FRANCISCO GREEN M.
SEDINAFROH



BAYARDO ALEMAN
CONPAH

**ANNEX 2: UNDP HARMONISED APPROACH TO CASH TRANSFERS (HACT)
ASSESSMENT OF SERNA (2010)**

See attached document.

ANNEX 3: UNDP CONPAH MICRO ASSESSMENT (2012)

See attached document.

ANNEX 4: UNDP PROJECT CYCLE MANAGEMENT SERVICES FOR FCPF PROJECTS

United Nations Development Programme

Annex 3: UNDP Project Cycle Management Services for FCPF Projects

Stage	Country Office ¹	UNDP REDD+ Team at regional (i.e. RTA) and global level
R-PP Preparation	<ul style="list-style-type: none"> Identify REDD+ as part of country programme/CPAP and UNDAF/CCA. Coordinate UNDP's inputs to the preparation of the R-PP, if requested by national counterpart Support FCPF missions 	<ul style="list-style-type: none"> Support the inclusion in the FCPF where appropriate. Input on policy alignment between projects and programmes. Provide information on substantive issues and FCPF funding opportunities. Policy advisory services including identifying, accessing, combining and sequencing financing. Verify potential eligibility of identified idea. Reviews draft R-PP, as required Identifies technical experts and consultants to support the preparation of the R-PP, as required
FCPF Participants Committee (PC) approval	<ul style="list-style-type: none"> Support country delegation to the PC as requested If possible, attend PC meeting as part of the UNDP delegation 	<ul style="list-style-type: none"> Lead UNDP delegation to the PC Participate in PC Contact Group to prepare resolution Interact with the FCPF Management Team
Project Development (including <i>Initiation Plan</i> if applicable)	<ul style="list-style-type: none"> Coordination, management and financial oversight of UNDP Initiation Plan Discuss management arrangements 	<ul style="list-style-type: none"> Assist in preparation of UNDP Initiation Plan Technical support, backstopping and troubleshooting. Support discussions on management arrangements
Appraisal of the Project Document (ProDoc) before Signature	<ul style="list-style-type: none"> Apply relevant provisions of the POPP and UNDP appraisal requirements² Determine the implementation modality Ensure the HACT assessments are undertaken Undertake UNDP Environmental and Social Review of project before the LPAC. Ensure the relevant documentation is signed by the RR of Chair of LPAC and attached as annex to the project document Draft the Annual Work Plan (AWP) with the national counterpart Organise and chairs the LPAC and prepares the minutes 	<ul style="list-style-type: none"> Provide guidance, support and review on the application of the relevant provisions of the POPP and UNDP appraisal requirements, in the context of REDD+³ and the FCPF requirements Provide substantive technical input to the finalization of the ProDoc Provide REDD+ specific inputs to the UNDP Environmental and Social Review to ensure UNDP's obligations under the "common approach" are met Technically review the draft ProDoc before the LPAC and provides written clearance on all technical matters of quality assurance Review the AWP to ensure it is consistent with FCPF requirements and UNDP REDD+ standards Assist the CO respond to any technical review comments Prepare and post the FCPF required documents as set out in Attachment 3 of the "common approach", in particular the PID-equivalent and the R-PP Assessment Note

¹ As per UNDP POPP with additional FCPF requirements where relevant.

⁵ For example, the Prodoc Review Checklist, Considerations for Quality Programming, the Implementing Partner Checklist and the Risk Log

⁶ This will include the application of UNDP's Proposal for Environmental and Social Compliance Review and Grievance Processes

United Nations Development Programme

Stage	Country Office ¹	UNDP REDD+ Team at regional (i.e. RTA) and global level
Project Inception	<ul style="list-style-type: none"> Lead the recruitment of the project staff (if support to NIM or DIM), with participation of the National Implementing Partner and the RTA Assist the National Implementing Partner(s) in recruiting other project staff and consultants (as appropriate) Brief the project staff and consultants on UNDP implementation arrangements Participate in Inception Workshop Revise the AWP with the national implementing partner, if necessary Set up the Atlas budget 	<ul style="list-style-type: none"> Participate in the recruitment of CTA and/or key project staff Assist in sourcing potentially suitable international candidates and other experts Participate in Inception Workshop Advise the CO, PMU and consultants on technical and FCPF issues during the Inception Workshop Comment on revisions of the AWP and provides written clearance on all technical matters of quality assurance Prepare inputs into the Inception Report, including the baseline against which to measure the performance indicators
Project Implementation	<ul style="list-style-type: none"> Apply relevant provisions of the POPP and UNDP Monitoring & Evaluation Handbook General oversight and monitoring, including the provision of UNDP project assurance as set out in the POPP Monitor progress of key activities as defined in AWP Perform oversight functions through field visits and periodic audits Liaise with UN Country Team counterparts to ensure the coordination of activities Support the project's systems, IT infrastructure, branding, knowledge transfer Prepare and revise the AWP with the national implementing partner Prepare progress reports as required Conduct budget revisions, verify expenditures, advance funds, issue combined delivery reports, and ensure no over-expenditure of budget Ensure necessary audits Provide other information on the status of implementation as may be requested by UNDP REDD+ team Coordinate harmonized UNDP positions in advance of Project Board meetings and other key in-country meetings Facilitate and support Project Board meetings as outlined in project document and agreed with RTA. Initiate and supports missions of REDD+ team Arrange mid-term review: prepare TOR, 	<ul style="list-style-type: none"> Review AWP, in order to ensure FCPF requirements are met and provide written clearance on all technical matters of quality assurance Provide technical support services to CO and National Implementing Partner Prepare regular Mission Reports Work with the FCPF Management Team and UN-REDD Programme to ensure the coordination of activities at the global and regional levels Contribute lessons and experiences from other UNDP REDD+ related programming and from other REDD+ initiatives Provide operational guidance on FCPF requirements Prepare technical analysis, compilation of lessons, dissemination of technical findings for the FCPF Review and clear any reports to be submitted by UNDP to the FCPF Coordinate harmonized UNDP positions in advance of FCPF meetings Contribute to management response to mid-term review Follow-up on matters regarding the Transfer Agreement between UNDP and FCPF

United Nations Development Programme

Stage	Country Office ¹	UNDP REDD+ Team at regional (i.e. RTA) and global level
<i>Specific Quality Assurance Measures During Implementation</i>	<ul style="list-style-type: none"> hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports Ensure translation of mid-term review into English Prepare management response to mid-term review 	
	<ul style="list-style-type: none"> Calls on REDD+ team's support (a) regularly; and (b) as per an agreed set of project milestones Participate in quarterly discussions with REDD+ team to agree the quality assurance elements connected to technical assistance inputs Undertakes the project management quality assurance as per the UNDP POPP Responsible for updating the Risks and Issues Logs Apply the Guidance Note on Dispute Resolution as necessary Responsible for the fiduciary accountability of UNDP's FCPF funds 	<ul style="list-style-type: none"> Participate in quarterly discussions with the CO to agree the quality assurance elements connected to technical assistance inputs and to assess risks Undertake regular reviews of the Risk and Issues Logs and provide feedback to the CO regarding technical issues and social/environmental risks Make recommendations to the CO for the management of technical issues and social/environmental risks Provide guidance to the CO and national counterparts on the application of the "common approach" for social and environmental issues Undertake regular missions, in consultation with CO to review the implementation risks and agree adaptive management actions with the CO and national counterparts
Project Evaluation and Closure	<ul style="list-style-type: none"> Integrate project terminal evaluation into CO evaluation plan. Identify synergies with country outcome evaluations. Arrange terminal evaluation: prepare TOR, hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports. Ensure translation of terminal evaluation into English. Prepare management response to terminal evaluation and post both terminal evaluation report and management response in UNDP ERC. Facilitate and participate in other UNDP and FCPF evaluations as necessary Close the project in accordance with the relevant provisions of the POPP Final reports as required by FCPF 	<ul style="list-style-type: none"> Contribute technical input and quality assurance to monitoring, reporting and evaluations Advise on how the evaluation should be undertaken in accordance with FCPF requirements and guidance Participate in evaluation as appropriate Contribute to the UNDP management response to the evaluation and/or audit, as needed

ANNEX 5: PREPARATION SCHEDULE AND RESOURCE ESTIMATE

The detailed preparation schedule and resource estimate are available as part of the project document, which has been released at UNDP CO's website.

ANNEX 6: UNDP ENVIRONMENTAL AND SOCIAL SCREENING PROCESS

QUESTION 1:

Has a combined environmental and social assessment/review that covers the proposed project already been completed by implementing partners or donor(s)?

Select answer below and follow instructions:

- ☒ **NO** → Continue to Question 2
- ☐ **YES** → No further environmental and social review is required if the existing documentation meets UNDP's quality assurance standards, and environmental and social management recommendations are integrated into the project. Therefore, you should undertake the following steps to complete the screening process:
1. Use Table 1.1 to assess existing documentation. (It is recommended that this assessment be undertaken jointly by the Project Developer and other relevant Focal Points in the office or Bureau).
 2. Ensure that the Project Document incorporates the recommendations made in the implementing partner's environmental and social review.
 3. Summarize the relevant information contained in the implementing partner's environmental and social review in Annex A.2 of this Screening Template, selecting Category 1.
 4. Submit Annex A to the PAC, along with other relevant documentation.

QUESTION 2:

Do all outputs and activities described in the Project Document fall within the following categories?

- ☐ Procurement (in which case UNDP's [Procurement Ethics](#) and [Environmental Procurement Guide](#) need to be complied with)
- ☐ Report preparation
- ☐ Training
- ☐ Event/workshop/meeting/conference (refer to [Green Meeting Guide](#))
- ☐ Communication and dissemination of results

Select answer below and follow instructions:

☒ **NO** → Continue to Question 3

☐ **YES** → No further environmental and social review required. Complete Annex A.2, selecting Category 1, and submit the completed template (Annex A) to the PAC.

QUESTION 3:

Does the proposed project include activities and outputs that support *upstream* planning processes that potentially pose environmental and social impacts or are vulnerable to environmental and social change (refer to Table 3.1 for examples)? (Note that *upstream* planning processes can occur at global, regional, national, local and sectoral levels)

Select the appropriate answer and follow instructions:

☐ **NO** → Continue to Question 4.

☒ **YES** → Conduct the following steps to complete the screening process:

1. Adjust the project design as needed to incorporate UNDP support to the country(ies), to ensure that environmental and social issues are appropriately considered during the upstream planning process. Refer to Section 7 of this Guidance for elaboration of environmental and social mainstreaming services, tools, guidance and approaches that may be used.
2. Summarize environmental and social mainstreaming support in Annex A.2, Section C of the Screening Template and select "Category 2".
3. If the proposed project **ONLY** includes upstream planning processes then screening is complete, and you should submit the completed Environmental and Social Screening Template (Annex A) to the PAC. If downstream implementation activities are also included in the project then continue to Question 4.

TABLE 3.1 EXAMPLES OF UPSTREAM PLANNING PROCESSES WITH POTENTIAL DOWNSTREAM ENVIRONMENTAL AND SOCIAL IMPACTS	Check appropriate box(es) below
<p>1. Support for the elaboration or revision of global-level strategies, policies, plans, and programmes.</p> <p><i>For example, capacity development and support related to international negotiations and agreements. Other examples might include a global water governance project or a global MDG project.</i></p>	NO

TABLE 3.1 EXAMPLES OF UPSTREAM PLANNING PROCESSES WITH POTENTIAL DOWNSTREAM ENVIRONMENTAL AND SOCIAL IMPACTS	Check appropriate box(es) below
<p>2. Support for the elaboration or revision of regional-level strategies, policies and plans, and programmes.</p> <p><i>For example, capacity development and support related to transboundary programmes and planning (river basin management, migration, international waters, energy development and access, climate change adaptation etc.).</i></p>	NO
<p>3. Support for the elaboration or revision of national-level strategies, policies, plans and programmes.</p> <p><i>For example, capacity development and support related to national development policies, plans, strategies and budgets, MDG-based plans and strategies (e.g. PRS/PRSPs, NAMAs), sector plans.</i></p>	YES
<p>4. Support for the elaboration or revision of sub-national/local-level strategies, policies, plans and programmes.</p> <p><i>For example, capacity development and support for district and local level development plans and regulatory frameworks, urban plans, land use development plans, sector plans, provincial development plans, provision of services, investment funds, technical guidelines and methods, stakeholder engagement.</i></p>	YES

QUESTION 4:

Does the proposed project include the implementation of *downstream* activities that potentially pose environmental and social impacts or are vulnerable to environmental and social change?

To answer this question, you should first complete Table 4.1 by selecting appropriate answers. If you answer “No” or “Not Applicable” to all questions in Table 4.1 then the answer to Question 4 is “NO.” If you answer “Yes” to any questions in Table 4.1 (even one “Yes” can indicate a significant issue that needs to be addressed through further review and management) then the answer to Question 4 is “YES”:

☒ **NO** → No further environmental and social review and management required for downstream activities. Complete Annex A.2 by selecting “Category 1”, and submit the Environmental and Social Screening Template to the PAC.

☐ **YES** → Conduct the following steps to complete the screening process:

1. Consult Section 8 of this Guidance, to determine the extent of further

environmental and social review and management that might be required for the project.

2. Revise the Project Document to incorporate environmental and social management measures. Where further environmental and social review and management activity cannot be undertaken prior to the PAC, a plan for undertaking such review and management activity within an acceptable period of time, post-PAC approval (e.g. as the first phase of the project) should be outlined in Annex A.2.
3. Select “Category 3” in Annex A.2, and submit the completed Environmental and Social Screening Template (Annex A) and relevant documentation to the PAC.

Environmental and Social Screening Summary

Name of Proposed Project: Supporting Readiness for Reducing Emissions from Deforestation and Forest Degradation (REDD +) in Honduras

A. Environmental and Social Screening Outcome

Select from the following:

- ☐ Category 1. No further action is needed
- ☒ Category 2. Further review and management is needed. There are possible environmental and social benefits, impacts, and/or risks associated with the project (or specific project component), but these are predominantly indirect or very long-term and so extremely difficult or impossible to directly identify and assess.
- ☐ Category 3. Further review and management is needed, and it is possible to identify these with a reasonable degree of certainty.

B. Environmental and Social Issues

REDD+ readiness process is mainly dealing with capacity building and policy development. As such, the potential environmental and social impacts or benefits raised below are not direct. They depend on the directions that the national and local dialogues will take, in various technical, political or general spheres. At last, the potential impacts and benefits listed here do not intent to be complete but rather focus on major risks and opportunities. They cannot be considered as “no-go” like thresholds, but should facilitate the implementation of the project by raising attention on key areas of attention.

- Relevant stakeholders: the project may run the risk to empower stakeholders and representatives who are not legitimate. On the other hand, the project offers the opportunity for stakeholders to reinforce their representative structures, governance and accountability.
- Marginalisation: Some stakeholders and rightholders might suffer from lesser access to information and decision, in particular vulnerable and remote communities in the hinterland. Addressing such an issue might, reversely, increase the capacity of marginalised population to take an active part in national affairs.
- Efficiency: the success of the project depends on its capacity to be managed effectively, which includes transparent and accountable fund and activity management, coordinated actions from partners to support national leadership, respect for the rule of law and justice. Failing to deliver efficiently runs the risk to design tools and policies that are unfair or

unsustainable. Reversely, succeeding could help disseminate good practices and increase overall public efficiency throughout the country.

- Protection of rights: REDD+ readiness should support the country with meeting its national and international obligations in terms of respect and protection of stakeholders' rights, particularly for IPs and Afro-Honduran peoples. The design of the national strategy should fully promote and strengthen these rights on land, territories and resources, as well as traditional knowledge and heritage
- Gender equity and equality: REDD+ offers an opportunity to empower Honduran women to take a more active role in the sustainable development of the country
- Sustainable development: The way REDD+ strategy is designed and benefits are shared, whether under the form of strategic investments and incentives to targeted stakeholders or compensations, are expected to promote low-carbon sustainable development and reduce poverty. Robust quality standards will need to be met to prevent counter-productive incentives or restrictions. Benefits can be maximised by ensuring equitable benefits sharing with stakeholders and rightholders and valuing economic and social well-being particularly for most vulnerable groups, as well as permanence of environmental benefits in terms of carbon, biodiversity, protection of multiple ecosystem services and valuation of the multiple functions of forests
- Nature of policies and measures promoted: The readiness process will lead to policies, measures and programmes that might eventually have negative social or environmental impacts, like forced resettlement or conversion of natural forests. The related opportunity is to disseminate best practices in terms of social and environmental standards, impacts assessments, thresholds and benefits maximisation to other sectors like mining, infrastructures, agriculture etc.

C. Next Steps

The project includes provisions for a very agile and adaptive mechanism to manage the risks raised above, and maximise potential social and environmental benefits. These include:

- A multi-stakeholders REDD+ Sub-Committee
- Transparency, access to information and specific activities to support to stakeholders with fewer capabilities for reaching out to their constituencies
- Respect for self-selection principle when nominating representatives, and support to IPs and Afro-Honduran peoples for setting up legitimate and accountable platforms of representation
- Coordination of partners in support to national leadership, with the R-PP as the entry point and coordinated roadmap for all stakeholders and partners.
- Performing fiduciary and fund management procedures for core and co-funding through UNDP, and formalized REDD+ Readiness Coordination Rules and Procedures applying to parallel support
- A feedback grievance and redress mechanism
- Application of FPIC
- Design and implementation of national social and environmental standards
- Ambitious capacity building and training efforts for all major stakeholders and right holders, including at the subnational level

- A strategic environmental and social assessment, with international expert oversight and peer-review, integrated to the process of formulating the national strategy and related policy measures etc.
- A cross-sectoral process, including for the formulation of national strategy, to ensure systemic approach to low-carbon sustainable development
- Application of UNDP's Social and Environmental Standards
- Perhaps the most important response to the potential risks outlined above is that UNDP will incorporate the Social and Environmental Strategic Assessment (SESA) into the project's activities (as outlined above) to build in the ongoing assessment of potential impacts, formulate alternatives and mitigation strategies, if necessary, and enhance the decision-making process around the design of the national REDD+ framework.

D. Sign Off

Project Manager

Date

PAC

Date

Programme Manager

Date

ANNEX 7: R-PP SUBMITTED BY THE REDD COUNTRY PARTICIPANT

The R-PP of Honduras can be downloaded here:

http://www.forestcarbonpartnership.org/sites/fcp/files/2013/August2013/RPP.doc%20HN%20.31%20Julio%202013%20final_ENVIADO.pdf

ANNEX 8: DRAFT GRANT AGREEMENT FOR REDD+ READINESS PREPARATION (IF AVAILABLE)

Available at UNDP CO's website.