



# REQUEST FOR CEO ENDORSEMENT

**PROJECT TYPE: Full-sized Project**

**TYPE OF TRUST FUND:SCCF**

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## PART I: PROJECT INFORMATION

Project Title: Competitiveness and Sustainable Rural Development Project in the Northern Zone (Northern Horizons - GEF)			
Country(ies):	Honduras	GEF Project ID: <sup>1</sup>	4657
GEF Agency(ies):	IFAD	GEF Agency Project ID:	NA
Other Executing Partner(s):	Ministry of Agriculture and Livestock (SAG) of Honduras	Submission Date:	22 March 2013
GEF Focal Area (s):	Climate Change	Project Duration(Months)	30
Name of Parent Program (if applicable):	NA	Agency Fee (\$):	300,000
	<ul style="list-style-type: none"> <li>➤ For SFM/REDD+ <input type="checkbox"/></li> <li>➤ For SGP <input type="checkbox"/></li> </ul>		

### A. FOCAL AREA STRATEGY FRAMEWORK<sup>2</sup>

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
CCA-1	1.2 Reduced vulnerability to climate change in development sector	1.2.1: Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability	SCCF	378,000	7,269,941
CCA-1	1.3 Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted area	1.3.1 Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	SCCF	882,000	6,887,893
CCA-2	2.1: Increased knowledge and understanding of climate variability and change induced threats at country level and in targeted vulnerable area	2.1.1: Risk and vulnerability assessments conducted and updated	SCCF	75,000	89,647
CCA-2	2.1: Increased knowledge and understanding of climate variability and change induced threats at country level and in targeted vulnerable area	2.1.2: Systems in place to disseminate timely risk information	SCCF	120,000	134,470

<sup>1</sup> Project ID nombre will be assigned by GEFSEC.

<sup>2</sup> Refer to the [Focal Area/LDCF/SCCF Results Framework](#) when completing Table A.

CCA-2 (select)	2.3: Strengthened awareness and ownership of adaptation and climate risk reduction processes	2.3.1: Targeted population groups participating in adaptation and risk reduction awareness activities	SCCF	180,000	224,117
CCA-3	3.1: Successful demonstration, deployment, and transfer of relevant adaptation technology in targeted areas	3.1.1: Relevant adaptation technology transferred to targeted groups	SCCF	1,215,000	2,713,006
(select) (select)		Sub-total	SCCF	2,850,000	17,319,074
(select) (select)		Project management cost	SCCF	150,000	1,604,146
<b>Total project costs</b>				<b>3,000,000</b>	<b>18,923,220</b>

## B. PROJECT FRAMEWORK

**Project Objective:** The objective of the additional SCCF intervention for the Northern Horizons project is to increase the climate resilience of agricultural productive chains in three departments of Northern Honduras, protecting smallholders farmers and its productions from the impact of climate variability.

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Capacities to address climate change impacts are improved, and awareness on its effects increased.	TA	<p>1.1 Climate change risks are mapped and characterized in the project area, and results disseminated</p> <p>1.2 Climate change adaptation measures and climate proofing are mainstreamed in the organizations and micro-enterprises.</p> <p>1.3 Climate related information is collected and disseminated to end-users and relevant Government Institutions</p>	<p>1.1.1 All participant agribusiness organizations have mapped and characterize climate change risks.</p> <p>1.1.2. A climate change awareness campaign is designed and put into practice.</p> <p>1.2.1 SAG project staff is trained in climate resilient value chains.</p> <p>1.2.2 At least 70% of all beneficiaries are trained in the identification and integration of relevant climate change adaptation measures into their business.</p> <p>1.2.3. No less than 50% of agri-business put into practice climate resilient plans to increase resilience to their productive chains.</p> <p>1.3.1 Training material and tools for mainstreaming CC adaptation into business development are produced.</p> <p>1.3.2. Information is collected through ad-hoc instruments (case studies, interviews, etc) and distributed.</p>	SCCF	750,000	3,973,390

2. Value chains are made more resilient through adaptation and adequate technologies	Inv.	2.1 Natural resources (soil, water) are better managed using protected sustainable management approaches	2.1.1 No less than 9,000 smallholder farmers include soil and water conservation measures in 12,000 hectares. 2.1.2. Up to 3,000 coffee and cocoa producers establish 2,500 has of agri forestry systems. 2.1.3. 1,000 small cattle farmers plant up to 1,500 has of perennial pastures.	SCCF	2,100,000	13,345,684
		2.2 Farming systems and post-harvesting are made climate resilient through new techniques and technologies	2.2.1 2,000 rural households enhance their post harvest techniques through improved silos and other climate resilient processing techniques. 2.2.2. Water use and management is made climate resilient, applying water conservation techniques that can also increase the efficiency of post harvesting processes			
		2.3 Rural infrastructure is climate-proofed and maintenance improved for better protection	2.3.1 At least 100 km of rural roads and other related infrastructure built in the project area, are climate-proofed. 2.3.2 At least 2000 users are trained for preventive maintenance of roads and drainage.			
		Subtotal				
Project management Cost (PMC) <sup>3</sup>					<b>150,000</b>	<b>1,604,146</b>
<b>Total project costs</b>					<b>3,000,000</b>	<b>18,923,220</b>

### C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
GEF Agency	IFAD	Soft Loan	8,720,000
Other Multilateral Agency	Central American Bank for Economic Integration	Hard-Loan	8,000,00
National Government	Government of Honduras	Grant	2,203,220
<b>Total Co-financing</b>			<b>18,923,220</b>

<sup>3</sup> PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY<sup>1</sup>**

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
IFAD	SCCF	Climate Change	Honduras	3,000,000	300,000	3,300,000
<b>Total Grant Resources</b>				3,000,000	300,000	3,300,000

<sup>1</sup> In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this

table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

<sup>2</sup> Indicate fees related to this project.

**E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	36,750	56,250	93,000
National/Local Consultants	16,125	18,750	34,875

**F. PROJECT MANAGEMENT COST**

Cost Items	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
Local consultants	117,000	1,072,076	1,189,076
Office facilities, equipment, vehicles and communications	6,480	409,403	415,883
Baseline, Mid Term and End of Term Evaluations	21,120	57,682	78,802
Audits	5,400	64,986	70,386
<b>Total</b>	<b>150,000</b>	<b>1,604,146</b>	<b>1,754,146</b>

**F. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No**

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

## PART II: PROJECT JUSTIFICATION

### **A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF<sup>4</sup>**

**The project is fully aligned with the original PIF**

#### **A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.**

The present proposal is country-driven, cost-effective and fully aligned with the National Poverty Reduction and Food Security policies and strategies of Honduras, and directly supports the Country Investment Plan for the Agri-food Sector (CIP), formulated by the Secretary for Agriculture and Livestock (SAG) in 2011. Market-based agricultural diversification and enhanced resilience to climate change, targeting on food and commercial value chains and on the poorest regions of Honduras are the foundations of the CIP, while it does identify priority areas to benefit from potential national budgetary and donor resources.

The contribution of the proposed GEF additional funds for achieving the Government's objectives is quite clear, since it assigns high priority to poverty reduction in the context of climate risk adaptation, reducing vulnerability and by rehabilitation of natural resources and value chain development. The main Policy document that establish these priorities is the National Climate Change Strategy (*Estrategia Nacional de Cambio Climático de Honduras, NSCC*), that addresses the interactions of causes, manifestations, impacts and response measures to climate change, whilst taking into account the social, economic and technological dimensions of the country's rural areas.

The NSCC Strategy is framed within the broader national planning processes and, thus, it is aligned with the *Plan of Nation 2010-2022* and the longer-term *Country Vision 2010-2038*. The NSCC is based on the Second National Communication of the United Nations Framework Convention on Climate Change (UNFCCC), submitted in April 2012.

The NSCC offers the required priority to climate change in agriculture, soils and food security, as raising temperatures and droughts are the most serious climatic threats to national agricultural production and productivity, thus impacting on food security and sovereignty. Their recommended actions include: i) to develop monitoring systems and measurement of weather conditions, ii) emergency early warning, iii) monitoring by geographic information systems, iv) new forms of land use and production practices, v) the adoption of new building codes applicable to houses buildings, roads and waterworks, vi) local and community management of risk, vii) storage of storm water and watershed conservation.”

In addition, creation and strengthening of institutional and human capacities are among the NSCC lines of action which are relevant to the sought GEF complementary funding through: i) training of local populations and the staff of strategic sectorial entities, including community leaders and representatives of vulnerable groups (rural and indigenous women, young people) and ii) technical assistance to municipalities in the design of programmes and projects aiming at adaptation.

#### **A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.**

Aligned with GEF's overall focus for climate change adaptation, the additional funds will support initiatives of organized producer groups of local communities to reduce vulnerability and increase the

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<sup>4</sup> For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question

adaptive capacity of smallholders. The concept of the complementary US\$3.0 GEF million grant from GEF's Special Climate Change Fund (SCCF), is rooted in the SCCF fundamental strategy and its main goal of supporting developing countries to increase resilience to climate change through both immediate and long- term adaptation measures in development policies, plans, programs, projects and actions. The additional fund seeks to support Honduras to become climate-resilient by integrating adaptation measures (reducing vulnerability, increasing adaptive capacity, transferring of adaptation technology) within the agricultural production and rural development activities of the Northern Horizons project.

Expected project outcomes aligned with the SCCF strategy, include: i) diversified and strengthened livelihoods of poor rural families; ii) development and implementation of adaptation practices to respond to climate change-induced constraints of target groups at community level; iii) reduction of absolute losses due to climate change; iv) incorporation of risk analysis and vulnerability assessment as part of the proposed investment project; and v) involvement of communities in disaster planning, preparedness and prevention, and other related action.

Within a territorial and local approach, the additional GEF funds will address the impact of climate change on the household economies, value chains (sustainable crop and livestock management) and food security of the IFAD's principal target groups of poor small agricultural producers, micro entrepreneurs, and rural women and young people. Sustainable agricultural production, rehabilitation of natural resources (soils, water, biodiversity) and value chain development/ consolidation are all key elements of the project's scope, objectives, activities/ investments and expected outcomes.

The proposed GEF additional fund is fully consistent with the Special Climate Change Fund's (SCCF) eligibility criteria and funding priorities, as Honduras is highly vulnerable to climate change and extreme weather events. Despite the fact that the country's biophysical and topographic characteristics imply an abundant natural wealth in some regions that hold special agro-ecological conditions, these zones are also highly vulnerable to climatic variability and environmental degradation. As it has been mentioned, Honduras is the most vulnerable countries in the world (Global Climate Risk Report, 2013); this situation is linked to shifting and increasing constraints for rural territorial development, as disadvantageously faced by poor rural families.

The objectives of the additional funding will focus on key activities/investments to adaptation to climate change in agriculture and forestry, seeking as key results the following: i) higher local value added and transformation of local production; ii) the strengthening of value chains of importance to small producers in the northern zone (basic grains and commercial crops) and iii) higher productivity through improved technological practise and technology transfer that will reduce the pressure on the natural resource base. The project will centre its actions on the SCCF programming priorities of agriculture, land/water management, infrastructure development, and capacity building for territorial municipal planning, preparedness, and disaster management related to climate change.

### **A.3 The GEF Agency's comparative advantage:**

NA

### **A.4. The baseline project and the problem that it seeks to address:**

Since PIF stage there has not been changes in the baseline project and activities for the baseline project.

**Economic and social context.** Honduras is a lower middle-income country with persistent poverty and inequality challenges. Its income per capita has been estimated at US\$1,800 (2009, Atlas method). Of the total population of 7.9 million, about 60% live in rural areas. Poverty in the country affects 60% of the population, while 36% of the population lives under extreme poverty conditions. In rural areas, these figures rise to 63 per cent and 50 per cent respectively. These conditions of poverty and inequality are associated with food insecurity and malnutrition. Rural women, young people and the members of ethnic groups are among the most vulnerable people in the country. The scarce employment and limited livelihood options available in rural areas have been major driving forces of

Honduras' significant level of emigration. In consequence, the Government has embarked in a consistent effort to reduce poverty and extreme poverty, nation-wide, while making concerted efforts to reduce climate vulnerability as Honduras is the most-affected country by meteorological events in the world, according to the Global Climate Risk Index 2013 (as mentioned previously). The Human Development Index for Honduras is 0.604 (2010), ranking 106 out of 169 countries. Honduras is also the 5th country in Latin America with the highest income inequality, with a Gini coefficient of 0.568.

**Rationale and justification of baseline project.** The IFAD financing of a new project in the Northern zone of Honduras –a region with a limited number of development operations– represents a invaluable opportunity to improve the living conditions of the rural poor and extremely poor populations, balanced with an integrated approach to natural resource, and making it climate resilient. Consideration is also given to the fact that the poorer municipalities in the Northern zone hold exceptional agroecological conditions within the country (soil, water, biodiversity); and their production have a great potential for insertion into relevant value chains. In this context, the IFAD proposed project could apply the experience previously gained in Honduras and other Central American countries, integrating profitable farm and non-farm enterprises into local, national and global value chains, aiming to generate opportunities for wealth creation and employment in rural areas, while making populations more resilient to climate variability and environmental degradation - the overarching goal of the new IFAD's Strategic Framework 2011-2015, recently approved.

**Baseline project objective.** The associated baseline project (Northern Horizons) is a pro-poor value chain development investment that will also support capitalization and asset building in production, value aggregation and transformation, commercialization and better market access. The associated project will: (a) Provide „investment funds“ as enabling conditions to capitalizing agribusinesses and rural microenterprises of poor rural smallholders; (b) Promote the creation, strengthening and capitalization of rural credit and savings associations (Cajas Rurales); (c) Promote linkages between formal financial institutions, agribusinesses and rural microenterprises for short-term financing; (d) Improve food security and reduce environmental vulnerability in the project area, mainly through soil and water conservation measures; and (e) Provide social infrastructure and access roads to improve the living conditions for poor rural families, especially those headed by women. The baseline project's expected users-beneficiaries consist of 24 000 households. 1,000 young people (women and men) will be trained to obtain employment, while benefiting of project-financed scholarships. The baseline project's objective is to reduce environmental vulnerability of poor rural families within a framework of sustainability, gender equity and rural youth inclusion, while increasing their income, employment and food security. The US\$ 21.0 million project has three components: (a) Human and social development (19 per cent of project costs); (b) Value chains and competitiveness (73 per cent), and (c) Project management and monitoring and evaluation (8 per cent).

**Components and results.** The baseline project will seek to achieve seven outcomes, through the two operational components mentioned above (Human and Social Development; and Value Chains and Competitiveness). In addition, Project Management will be responsible for activity planning and coordination, progress monitoring, results evaluation, knowledge management, and project administration.

**Component 1. Human and Social Development Component.** This component will centre its activities on three key results related to (i) the promotion and strengthening of smallholder organization for production and rural business management; (ii) building human capacities for business development, the labour market and self-employment; and (iii) the improvement of the living conditions of the poor rural populations.

**Component 2. Value Chains and Competitiveness Component.** This component will focus on achieving four other results related to the development of agribusinesses and micro-enterprises through investments. To this effect, the component will support a diversified and consistent list of activities and specialized technical services, according to the specific expected results and required technical and managerial activities.



**Project area and target groups.** The project will be executed in 27 municipalities with a high concentration of rural poverty in the departments of Atlántida, Cortés and Santa Barbara (North/North-western Honduras). These areas comprise unique and vulnerable ecosystems of the Mesoamerican corridor and the Lake of Yojoa watershed. The project's target groups include: (a) small agricultural producers, either not organized or with diverse organizational linkages to markets; (b) poor artisans, with incipient organizations and weak links to markets; (c) rural women, young people and ethnic groups (Lenca and Garifuna); and (d) poor rural populations lacking social and rural road infrastructure. The project will benefit about 24,000 households. Of these, some 12,000 will benefit from specialized production and business-related technical assistance, capitalization funds, financial services and rural roads; and over 12,000 will benefit from access to rural roads and social infrastructure. In addition, 1,000 young women and men will be trained in job-seeking skills.

**A. 5. Incremental /Additional cost reasoning describes the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:**

Climate change in Honduras is severely affecting the whole natural-resource base across the country and the living conditions of the rural populations, while posing additional stress on the agricultural sector with expected decreases in precipitation and increases in temperature under all identified scenarios to 2020. The increased drought and flooding risks are affecting agricultural production and productivity, making it more difficult both to meet food demands and to sustain the incomes and livelihood of small agricultural producers and their families. In this context, water quality and its overall availability for agriculture and rural household use are thus affected, undermining the government's rural poverty reduction efforts.

While impacting directly on the livelihood of poor agricultural producers, climate change and the country's increased environmental degradation are associated with: i) uncontrolled expansion of the agricultural frontier in some zones; ii) expanding steep-sloped rainfall-based subsistence agriculture; iii) increased frequency, severity and variability of rainfall and hurricanes; iv) continued utilization of firewood for cooking and other household use; v) constraints gaps in financial, technical and capacity sectors; vi) lack of proper education, training and public awareness and vii) agrochemical pollution.

The Northern Horizons project as designed, presents an innovative approach to the consolidation of small producers' organizations, the mainstreaming of rural women, young people and ethnic groups in rural businesses, and for the mitigation of environmental vulnerability. However the NH project requires to be complemented in key areas, in order to:

- Effectively make more resilient to climate change the value chains of relevance to the target groups;
- Incorporate risk analysis and vulnerability assessment as part of the overall project action; and
- Encompass specific elements of environmental education, climate risk mapping and capacity building that are required among the rural populations and the structures of the concerned sectorial institutions.

This proposal stresses the notion that the combination of the GEF additional funds with the already approved IFAD lending funds can better support the Government's planned adaptation activities and investments for enhanced focus and larger resilience and impact in the region.

**Climate change impacts on value chains<sup>5</sup>.** In order to better detect and analyse the expected impacts of climate change in the territories prioritized in the Northern Horizons project and as well as making

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<sup>5</sup> For further information please see Appendix 3 and Working Document N3: Analysis of climate change impacts on coffee, cocoa and basic grains in value chains in NH.

preliminary recommendations on how to better protect from climate risks the proposed value chains, while contributing to increase the resilience of the project beneficiaries an innovative methodology on climate simulation to enhance food security was carried out by Fundación para la Investigación del Clima (Climate Research Foundation, FIC) and Instituto de Estudios del Hambre (Institute for Hunger Studies, IEH) that serves as input for the design of the additional GEF fund's activities.

*Objective and proposed methodology of the study.* The study was aimed to analyse climate change impacts on the areas prioritized by the Northern Horizons project, and issue recommendations allowing to strengthening the resilience of project beneficiaries in coffee, cocoa, maize and beans value chains. The proposed methodology sets out and applies a range of minimum requirements for a solid generation of climate change scenarios through the use of the most advanced climate models and historical series of daily data. It also quantifies uncertainties, verifies and validates the methods and applies regionalization in order to downscale the projected changes at local scale. By mapping the value chains and consulting national experts, the methodology identifies the critical elements most vulnerable to climate change, formulates and verifies indicators to predict how future climate will affect the value chains and analyzes its impact, proposing adaptation measures.

*Methodological process of the study.* The methodological process applied responded to the three stages necessary to address climate change adaptation: i) to describe the potential conditions of future climate; ii) to evaluate how this future climate will impact the value chains covered by the study; and iii) to make recommendations aimed to minimize the adverse impacts identified, and propose effective measures of adaptation to climate variability. These stages must be developed at a local scale -that is, at the three departments included in the project area: Santa Bárbara, Cortés and Atlántida- considering that many of the adaptation interventions are defined at this level.

*Main impacts of climate change in the coffee value chain.* In the case of coffee crop, the expected impacts are negative due to the increase in temperatures that will provoke changes in the crop cycle, with consequences ranging from a higher vulnerability to some disease to more complicated harvesting and post-harvesting tasks.

*Main impacts of climate change in the cocoa value chain.* On the contrary, higher temperatures projected by the scenarios will favor cocoa growing, although there will also be negative impacts associated to better conditions for monilia<sup>6</sup> development.

*Main impacts of climate change in basic grains.* In maize crop, in general terms, future climate will be beneficial to most of the studied areas, though in some parts higher rainfall will complicate certain cropping phases, including the first stages of developing and harvesting, which will increase vulnerability to diseases. Something similar will happen with beans: increased rainfall will make sowing, flowering and grain filling more difficult.

*Preliminary recommendations* for coffee crop include improving the existing varieties and crop management; supporting investment on infrastructure such as irrigation systems or drying facilities; encouraging more efficient associations; and researching about the relationships between crop and climate. In the case of cocoa crop, it is recommended to expand the cultivated area and replace old plants by better adapted varieties, improve cultural practices in order to reduce disease impacts and enhance quality; diversify the sources of income of cocoa producers with timber species which also enable to protect from higher temperatures; and support the small-scale producer to gradually incorporate more added-value activities to the chain, requiring more training, technical support and better associations.

**Objective of the GEF additional funding.** The GEF additional funds' objective is *to reduce environmental vulnerability of poor rural families within a framework of sustainability, gender equity*

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<sup>6</sup> Monilia: a pathogen of cocoa and other species in or related to the genus Theobroma.

and rural youth inclusion, while increasing their income, employment and food security. Aligned with GEF's overall focus for climate change adaptation, the project will support initiatives of organized producer groups of local communities, who will aim at reducing vulnerability and increasing the adaptive capacity of smallholder farmers to climate change in two distinct agro-ecological zones of Honduras: i) selected municipalities of Atlántida and Cortes departments and ii) selected municipalities of Santa Barbara department, in the wider Lake Yojoa.

#### Summary of additional reasoning (GEF additional financing)

Northern Horizons Project	GEF additional financing
<p><b>Objective:</b> Increase income, employment and food security of rural poor families and reduce their environmental vulnerability within a framework of gender equality and rural youth inclusion.</p>	<p><b>Additional objective:</b> Increase the climate resilience of selected agricultural value chains, protecting poor smallholders farmers and their production from the impacts of climate variability</p>
<p><b>Main activities:</b></p> <p>Component 1. Human and Social Development:</p> <p>1.- Promotion and strengthening of smallholder productive organizations; 2.- Human capacity building and incorporation of vulnerable groups into competitive production; 3.- Creation of social infrastructure seeking to improve the living conditions of poor rural populations; and</p> <p>Component 2. Value Chains and Competitiveness:</p> <p>4. - Development of agribusinesses and rural microenterprises (RMEs); 5. - Reduction of food insecurity and environmental vulnerability; 6. - Organization and capitalization of rural financial services; and 7. - Construction/ improvement of rural access roads.</p> <p>Component 3. Project Management.</p>	<p><b>Additional activities:</b></p> <p>Component 1. Human and Social Development:</p> <p>1. - Mapping, characterization and dissemination of climate change risks; 2.-Climate Change measures and climate proofing are mainstreamed in the organizations and micro-enterprises; 3.-Knowledge and Information on Climate Smart Smallholder Agriculture documented and disseminated</p> <p>Component 2. Value Chains and Competitiveness:</p> <p>4. - Natural Resources better managed and protected applying sustainable management mechanisms; 5.-Farming systems made climate resilient; 6.-Rural infrastructure is climate-proofed.</p> <p>Component 3. Project Management.</p>
<p><b>Project area and value chains:</b> The Project will be executed in 27 municipalities with high concentration of poverty in the departments of Atlántida, Cortés and Santa Barbara (North/ North-western Honduras): (a) Department of Atlántida, seven (7) municipalities: Jutiapa, Arizona, La Masica, El Porvenir, Esparta, San Francisco, and Tela; (b) Department of Cortés, six (6) municipalities: San Antonio de Cortés, Omoa, San Francisco de Yojoa, Pimienta, Potrerillos, and Santa Cruz de Yojoa; and (c) Department of Santa Bárbara, fourteen (14) municipalities: Santa Bárbara, Concepción del Sur, Concepción del Norte, Chinda, Gualala, Ilama, Arada, El Nispero, Ceguaca, Santa Rita, San Francisco de Ojuera, San Pedro Zacapa, San José de Colinas and Las Vegas.</p>	
<p><b>Target groups and beneficiaries. The project's target groups include:</b></p> <p>(a) small agricultural producers, either not organized or with diverse organizational linkages to markets;</p> <p>(b) rural women, young people and ethnic groups (Lenca and Garifuna); and</p> <p>(c) in general, poor rural populations that lack social and rural road infrastructure.</p>	

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**Key expected outputs.** The GEF additional funds will focus on key activities/investments related to adaptation to climate change in agriculture and forestry, seeking as key outputs the following: i) higher local value added and transformation of local production; ii) the strengthening of value chains of importance to small producers in the northern zone (basic grain and commercial crops), aiming at income and employment generation; and iii) higher productivity through improved technological practices and technology transfer that will reduce the pressure on the natural resource base. For further information please see tables below (Summary of additional activities to be supported by GEF additional funds in Component 1 and Component 2 respectively).

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**Summary of associated adaptation benefits (GEF additional financing)**

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**Complementarities between the NH project and the additional GEF funds:**

- 70% of all beneficiaries of NH project will be trained in the identification and integration of relevant climate-change adaptation measures into their business plans;
  - 50% of producers associations of NH project are consolidated and inserted competitively into strengthened and more resilient value chains; and
  - 50% of agricultural production units of NH project and agro-business and rural micro-enterprises put into practice climate-resilient production and business plans.
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**Expected associated adaptation benefits to be delivered by the additional GEF funds:**

- Improved capacities for resilience action by the targeted users-beneficiaries, the municipalities and key operating units within SAG and other government bodies; and
- A better understanding of the specific needs of poor small producers and their formal and informal organizations regarding the direct climate change related impacts they face;
- Increased resilience of agriculture systems and rural microenterprises to climate change impacts, increasing the productivity of the value chains and protecting rural livelihoods;
- Improved management of natural resources (water, soil, biodiversity), resulting in increased soil fertility and reduced erosion, etc.; and
- Reduced post-harvest losses and thus increased household food security.

**Summary of additional activities (GEF additional funds in component 1)**

**Component 1: Human and Social Capital**

<b>EXPECTED OUTCOMES</b>	<b>EXPECTED OUTPUTS</b>	<b>ADDITIONAL ACTIVITIES AND TARGETS</b>
<b>1.1 Climate change risks are mapped and characterized in the project area, and results disseminated</b>	Output 1.1.1. All participant agro-business organizations have mapped and characterizing climate change risks	<ul style="list-style-type: none"> <li>▪ Extension staff from regional climate-change roundtables is trained on: participative vulnerability and climate-change risk mapping and climate-change scenario interpretation</li> <li>▪ A risk and vulnerability assessment is undertaken, including dedicated mapping</li> <li>▪ Processes of participative mapping and climate-change scenario interpretation are developed in at least 9 Local Agricultural Research Committees (CIAL), 3 for each agro-ecological zone, involving producer associations of the selected territories and value chains</li> <li>▪ A graphics-based management information system is designed and implemented</li> </ul>
<b>1.2 Climate change adaptation measures and climate proofing are mainstreamed in the organizations and micro-enterprises.</b>	Output 1.2.1. Relevant staff is trained in climate resilient value chains	<ul style="list-style-type: none"> <li>▪ A training programme is designed and implemented</li> <li>▪ Training workshops are executed on resilient agri-food value chains developed with SAG and IFAD projects technical staff, extension staff, and staff of the regional climate change roundtables (60 trainees)</li> </ul>
	Output 1.2.2. At least 70 % of all beneficiaries are trained in the identification and integration of relevant climate-change adaptation measures into their businesses	<ul style="list-style-type: none"> <li>▪ 9 CIALs are consolidated (3 in each of the identified intervention areas),</li> <li>▪ A participative agricultural research process is developed (learning by doing) under the CIAL modality, in the priority zones and value chains</li> </ul>
	Output 1.2.3. No less than 50% of agro-businesses put into practice climate resilient plans to increase resilience of their productive chains	<ul style="list-style-type: none"> <li>▪ Dynamic climate-change adaptation plans are generated, involving resilience practices for the associated agricultural producers in the identified zones and value chains</li> </ul>
<b>1.3 Knowledge on Information on Climate Smart Smallholder Agriculture documented and disseminated</b>	Output 1.3.1. Training material and tools for mainstreaming CC adaptation into business development are produced	<ul style="list-style-type: none"> <li>▪ Key training materials are produced, addressing the specific adaptation requirements of poor smallholders in the identified intervention zones: i.e. Guide for CIALs Operation; Basic training materials for smallholders;</li> </ul>
	Output 1.3.2. Information is collected through ad-hoc instruments (case studies, interviews, etc.) and distributed	<ul style="list-style-type: none"> <li>▪ A climate change data bank is established</li> <li>▪ Compilation of project implementation climate change and resilience experiences/ best practices</li> </ul>
	Output 1.3.3. A climate change awareness campaign is designed and implemented	<ul style="list-style-type: none"> <li>▪ An awareness campaign on climate change is designed and implemented, targeting differentiated audiences: (a) the rural population; (b) the teachers and students ; and (c) people involved in the identified value chains</li> <li>▪ Multimedia and basic material are designed and distributed</li> </ul>

**Summary of additional activities (GEF additional funds in component 2)**

**Component 2: Value Chain and Competitiveness**

<b>EXPECTED OUTCOMES</b>	<b>EXPECTED OUTPUTS</b>	<b>ADDITIONAL ACTIVITIES AND TARGETS</b>
<b>2.1. Increased availability of natural resources (land, water) are better managed and protected applying sustainable management approaches</b>	Output 2.1.1. No less than 9,000 smallholder farmers include soil and water conservation measures in 12,000 hectares (overall project target)	<ul style="list-style-type: none"> <li>▪ 1,200 smallholders involved in GEF additional fund pilot projects are trained in specific capacities for the promotion of appropriate climate change adaptation/ resilience enhancing technologies</li> <li>▪ 1,600 hectare under minimum tillage soil conservation technique</li> <li>▪ 1,200 small production units under organic fertilizers and related crop waste materials</li> </ul>
	Output 2.1.2. Up to 3,000 coffee and cocoa producers establish 2,500 ha. of agroforestry systems (overall project target)	<ul style="list-style-type: none"> <li>▪ 400 coffee and cacao producers trained and supported to establish integrated agroforestry systems</li> <li>▪ 300 hectares under agroforestry systems (coffee and cacao) supported to diversify and associate other crops</li> <li>▪ Greenhouses established to produce diversified and resilient planting material production</li> </ul>
	Output 2.1.3. 1,000 small cattle raisers plant up to 1,500 hectares of perennial pastures (overall project target)	<ul style="list-style-type: none"> <li>▪ 200 small cattle raisers are trained to develop integrated silvo-pastoral production systems</li> <li>▪ 300 hectares of silvo-pastoral production systems establish live fences</li> <li>▪ Resilient pasture management systems are developed</li> </ul>
<b>2.2. Farming systems and post-harvesting are made climate resilient through new techniques and technologies</b>	Output 2.2.1. 2,000 rural households enhance their post-harvest techniques through improved silos and other climate resilient processing techniques (overall project target)	<ul style="list-style-type: none"> <li>▪ 250 households are trained on post-harvest management and grain storage. Pilot scheme comprises the provision of grain storage metal devices</li> </ul>
	Output 2.2.2. Water use and management made more climate-resilient, applying water conservation techniques that can also increase the efficiency of post-harvesting processes.	<ul style="list-style-type: none"> <li>▪ 250 households establish water harvesting systems for resilience enhancing micro-irrigation</li> </ul>
<b>2.3. Rural infrastructure is climate-proofed and its maintenance improved for better protection</b>	Output 2.3.1. At least 100 km of rural roads and other related infrastructure, built in the project area, are climate-proofed, while agricultural and other infrastructure is climate-proofed.	<ul style="list-style-type: none"> <li>▪ 100 km of roads and related road drainage and other infrastructure are climate proofed</li> <li>▪ Agricultural producers are trained in the operation and management of coffee and cacao driers and other value-adding infrastructure</li> </ul>
	Output 2.3.2. At least 2,000 users are trained for preventive maintenance of roads	<ul style="list-style-type: none"> <li>▪ 250 users-beneficiaries are trained and equipped in the rehabilitation and preventive maintenance of rural road and related drainage works</li> </ul>

## **A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:**

The key policy and economic assumptions on which the project is based, and the risks presented herein were identified during project inception and design. These assumptions involve: (a) that the Government's agenda for rural poverty reduction, climate change adaptation and food security maintains its stated high priority; and (b) that the sub-regional and other external markets favour the growth of the country's agricultural production. Risks on these issues will be mitigated by an active IFAD country presence, continued country dialogue, and direct supervision and implementation support. With respect to the functioning of and shifts in external markets for particular products, price and market-prospect information systems will be promoted as well as commercial fairs and the focusing on the demands of the local market.

Implementation risks that the overall project may face relate to the ability of small-scale farmers to respond promptly to market demands, required investments and special product quality requirements. This will be mitigated by promoting alliances between more dynamic and well-organized producers with service providers, processing and marketing enterprises and financial intermediaries operating in the project's intervention areas and zones. Finally, climate-related risks will affect the various regions of the country. The Northern Horizons project, as a whole, has been designed to offset these latter risks through complementary and reinforcing investments from the different financing sources: (a) pilot adaptation subprojects for small-scale agricultural production; (b) specialised climate-change mapping, monitoring information systems and general adaptation capabilities within sectorial institutions; (c) participatory territorial/ municipal planning and climate-change aligned rural infrastructure; (d) climate-change aware value chains, business plans and rural businesses and micro-enterprises; and (e) the promotion of agroforestry systems (coffee and cacao) and the financing of soil and water conservation works. With the supplementary GEF grant financing, the project is designed to achieve better adapted primary production and sustainable rural businesses with their accompanying income/ employment and additional adaptation-capacity related benefits, in the overall context of the social, technical and environmental factors of the targeted agro-ecological zones.

Other risks that the project may face comprise: political intervention in the hiring of project staff; aversion on the part of users-beneficiaries to assume business and commercial risks; and weak management by producers' organizations. Planned mitigation measures for these risks include: (a) IFAD direct supervision and UNDP financial management to limit political interference; (b) exchange of experiences among successful organizations of poor rural people to stimulate interest in business development; and (c) organizational and managerial training to build capacities in business management.

## **A.7. Coordination with other relevant GEF financed initiatives**

NA

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

### **B.1 Describe how the stakeholders will be engaged in project implementation.**

#### **Other key stakeholders involved in the project and their respective roles.**

The overall Northern Horizons Project will be executed over six years, while the GEF additional fund is expected to be implemented during 30 months, seeking to capture the necessary climate-change adaptation experience to be continued during the rest of the project's execution period.

**Secretariat of Agriculture and Livestock.** The overall Project will be executed by the Secretariat of Agriculture and Livestock (SAG). The executing unit designated in the Loan Agreement is the Ministry of Agriculture (Secretariat of Agriculture and Livestock) which is responsible for its orientation and sign the Loan Disbursement Requests. The Minister of Agriculture shall delegate the conduct of the Project to a Project Management Unit, which will be directed by the Project Manager who will be responsible of being the link between SAG and all field operations.

**Project Management Unit.** The PMU: (a) will be headquartered in San Pedro Sula, department of

Cortés, and a regional office will be established in Santa Barbara, Department of Santa Barbara; and (b) will be responsible for the administration and the disbursements and procurement of both the IFAD loan and the GEF grant. The PMU will be staffed by: a Project Manager, a Coordinator for the Value Chain and Competitiveness component, a Coordinator for the Human and Social Development component, a Coordinator for Planning, Monitoring and Evaluation, a Coordinator for Rural Roads and Infrastructure, and a Gender specialist. The PMU will be complemented with a Value Chain Adaptation specialist (GEF focal point), a Climate Change Capacity Development specialist, an M&E Specialist, an M&E Assistant, and an Administrative assistant under the GEF additional fund. Project policies and annual operational plans will be approved by a Steering Committee, while microenterprise business plans and other investments will be approved by a Committee for Investments Approval. Representatives of the target groups, local governments and the private sector will be part of both committees.

PMU main responsibilities. The PMU will be responsible for the following main activities:

- (a) to be the institutional and operational link between SAG (the project's executing entity), IFAD and GEF;
- (b) prepare the Annual Operational Plan and the corresponding operational budgets;
- (c) manage the project as pertaining to loan and grant administration and the actual field investments and works;
- (d) establish the targeting mechanisms and identify/ select the project users-beneficiaries according to the project's targeting/ gender strategy and the components' expected activities and results, and set into operation a suitable system for the evaluation/ranking of producer associations;
- (e) submit to the Investment Approval Committee the proposed Business Plans and the formulated investment project for social infrastructure and rural access roads;
- (f) authorize the actual disbursement (payments) for the execution of business plans;
- (g) seek the formal No Objection statements from IFAD and the co-financing entity and apply the GEF grant funds;
- (h) establish and operate the project's planning, monitoring & evaluation and knowledge management system and the Climate Change Information Management System;
- (i) identify suitable service providers for specific investments, activities and works, and establish the required contracts;
- (j) follow-up and supervise the project at field level, paying attention to the requirements of components and activities and the proper follow-up of pilot initiatives, including primary production and climate-change adaptation of value chains, in order to derive the expected learning and experiences from their implementation for consequent replication/ up-scaling;
- (k) conduct the awareness campaign on climate change and evaluate its results/ impact and
- (l) provide the necessary reports to the financing institutions and government entities according to loan and grant agreements, i.e., RIMS surveys, mid-term and final evaluations, etc.

The PMU will maintain coordination with local, municipal and departmental authorities and with the development programmes being implemented in the project area. It will also maintain operational communication with other public entities, including: (a) the Secretariat of Public Finance for budgetary and counterpart funding matters, etc.; (b) SERNA for overall coordination of climate change concerns and for the required environmental impact assessments of rural roads and rural businesses and microenterprises; and (c) SEPLAN for all territorial planning matters, through Municipal and Sub-regional Councils, and for the monitoring of the overall project's physical and financial execution, as well as for the required results and impact reports.



**Steering Committee.** The Steering Committee-CDP-Project shall consist of the Minister of Agriculture or his representative, the Minister of Finance or his representative, the Program Manager, two (2) representatives of civil society, and in charge of gender Project. The functions of the Steering Committee will be to support the PMU in defining the general guidelines of the Project. The council will meet twice a year, and if necessary, may call special meetings. Its duties will include:

- (a) Define and establish policies, plans, strategies and standards required for the operation of the Project,
- (b) Approve the Strategic Plans and Annual Operational Plans (POA) and Annual Budget Project, which shall be prepared by the PMU and submitted to the Committee by the Minister of Agriculture.

**IFAD Country Programme Committee-Honduras.** The SAG will monitor the overall implementation of all IFAD-funded programs in Honduras through the implementation of the IFAD Country Programme Committee-Honduras. This will be a coordination committee to strengthen coordination mechanisms between them IFAD programs, the institutions of the multilateral and bilateral cooperation, and the SAG, with the aim to harmonize rural development interventions. The Committee shall consist of: (i) the Minister of Agriculture, who shall preside; (ii) the directors / managers of the IFAD programs, (iii) a representative appointed by CABEL, (iv) a representative of UNDP, and (v) a representative of the Ministry of Finance. During the meeting other actors related to rural development may be invited, as mayors, directors of other foreign aid programs, and private sector representatives.

**Committee for Investments Approval.** It shall consist of: (a) the Project Manager, (b) two representatives of Municipalities of the area of influence elected by the municipalities themselves that rotate their participation in the committee, to open the participation of representatives of local governments in making decisions, (c) two civil society representatives, one for youth and another for women (may be the municipal offices of Women). Additionally, there will be a representative of UNDP as manager of resources and effects of the financial performance of the Loan, as an observer without voting.

#### **Other stakeholders**

**Implementing partners.** Whilst the UNDP office in Honduras will provide loan administration and procurement assistance to the PMU, through a direct agreement established between UNDP and the Government, the key implementing partners include: (a) the municipalities which are expected to benefit from technical assistance and capacity building for territorial planning and climate-change; to be associated in the funding and supervision of innovative agricultural producers (PRIs); and to complement the financing of rural road rehabilitation and maintenance; (b) qualified private technical service providers and specialized non-governmental entities, which will actually execute the project activities under the guidance, coordination and supervision of PMU staff; (c) government agencies, in terms of inter-institutional coordination, i.e. SERNA, the Regional Planning Technical Units (SEPLAN), and Hondulago (the Lake of Yojoa Authority), etc.; and (d) rural savings associations and microfinance institutions. Information on the overall project implementation will be made available by SAG to the Inter-institutional Technical Committee on Climate Change, the multisectorial entity responsible for promoting the policies, strategies and mechanisms on the matter.

Specific institutions to be associated with the project's execution include: the Honduran Coffee Institute (IHCAFE), the Honduran Foundation for Development (FUNDER), The Honduran Association of Cacao Producers (AHPROCACAO); the Honduran Foundation for Agricultural Research (FHIA); the Professional Training Institute (INFOP) and the Central American Polytechnic Institute (IPC).

**Gender strategy and participation.** To achieve gender equality and the mainstreaming of youth's concerns, the project will promote the active participation of rural and indigenous women and young people in agribusiness, microenterprises and cajas rurales. The main activities will be: (a) institutionalization of the gender perspective in the PMU and the services providers; (b) partnerships with public institutions and NGOs in the project area; (c) strengthening of women and young people's

decision-making and management capacities; (d) technical support to the Municipal Women's Offices; and (d) implementation of social infrastructure to improve the living conditions of women and facilitate their participation in the production and social/business management. Project participants will be involved in: participatory diagnosis and strategic planning; participatory formulation of business plans; M&E/ learning of project's activities; and the project steering and investment approval committees

**B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCE/SCCF):**

The benefits of the GEF additional funds will reach the target group by means of: a) strengthening target groups producers organization by improving their knowledge and their social and managerial, capabilities to adapt to climate change, b) improvement of agricultural production/productivity and enhancement of the resilience capabilities of different users and beneficiaries c) reduction of food insecurity, malnutrition and environmental vulnerability and d) enhancement of the position of rural woman and youth to catalyze incremental benefits derived from more focused climate change adaptation activities and thus enhanced resilience of communities and households.

The additional GEF funds will directly benefit 1200 smallholders involved in training of specific climate change adaptation technologies; 400 coffee and cacao producers involved in the establishment of integrated agroforestry systems; 200 small cattle raisers to develop integrated silvo - pastoral production systems and 250 users trained in the rehabilitation of preventive maintenance rural roads and drainage work.

It has been estimated that approximately 35% of smallholders who will be trained will be women.

Indirectly the additional GEF funds will contribute to generate the following benefits: i) 9000 smallholders farmers will include soil and water conservation measures, ii) 3000 coffee and cocoa producers will establish agroforestry systems, iii) 1000 small cattle raisers plant perennial pastures, iv) 2000 rural households enhance their post-harvest techniques through resilient processing techniques, v) 250 households establish waters harvesting systems and vi) at least 2000 users are trained for preventive maintenance of roads and drainage.

In addition and through the awareness campaign the GEF additional funds will contribute to share information and knowledge between greater audiences.

### Socioeconomic benefits delivered by additional GEF funds

The additional GEF funds will contribute to the NH objective of reducing the environmental vulnerability of poor rural families in order to increase their incomes, employment and food security, within a framework of gender equality and youth inclusion.

Increased knowledge of the target population, linked to agribusiness, on the causes and effects of climate change, allowing them to be able to build resilience.	A better understanding of the specific needs of poor small producers and their formal and informal organizations regarding the direct climate change related impacts they face;
Increased capacity of government agencies and rural users to address the effects of climate change on agricultural issues.	Improved capacities for resilience action by the targeted users-beneficiaries, the municipalities and key operating units within SAG and other government bodies; and
Increased resilience of agriculture systems and rural microenterprises to climate change impacts, increasing the productivity of the value chains and protecting rural livelihoods;	Strengthened local citizen participation around the management of natural resources and their relation to agriculture. This will in line with the implementation of the National Climate Change Strategy in agriculture, enhancing the dissemination of knowledge in the rest of the country.
Improved management of natural resources (water, soil, biodiversity), resulting in increased soil fertility and reduced erosion, etc.; and	Reduced post-harvest losses and thus increased household food security.

### B.3. Explain how cost-effectiveness is reflected in the project design:

Without-project situation indicates that small scale production is still backward. Under a land tenancy of 1 to 2 hectares, the following are the main characteristics of small scale production (a) hard technologies availability is low; (b) there is no apparent knowledge of soil and water conservation techniques; (c) rotation farming is scarce; (d) agriculture production is still inadequate from the point of view of sustainability, particularly given the excessive use of chemical inputs. Self-consumption is prominent, generally speaking, as basic grain output shows no surplus to sell.

With-project situation indicates that incomes increase between 27 and 47 percent. The with-project modeling of the farming indicates that there is an adequate increase in annual income. Farming systems of small producers in the project area would show an income in the range of USD 2 281 to USD 2 500 per year.

**Yearly incomes with and without project (1 hectare)**

	Income without project (USD)	Income with project (USD)	Change (%)	Proposed Objectives
CACAO FARM	1940	2486	28.1	(i) cacao plantations are renewed and newly set; (ii) farmed area is increased; (iii) soil conservation techniques are introduced; (iv) agroforestry systems are introduced; (v)

				organizational and marketing growth is aimed
COFFEE FARM	1696	2505	47.7	(i) coffee plantations are renewed; (ii) soil conservation techniques are introduced; (iii) agroforestry systems are introduced
STAPLE GRAINS FARM	1791	2281	27.4	(i) soil conservation techniques are introduced; (ii) farmed area is increased; (iii) grain production techniques is improved; (iv) marketing effort is improved through grain storage
LIVESTOCK FARM	1854	2489	34.3	(i) permanent forage is introduced; (ii) sanitary and reproductive improvement is spread; (iii) one calf is introduced for genetic improvement purposes; (iv) soil conservation techniques are introduced

### Modeling and financial indicators

Description	IRR - F (@12%)	NPV - F (@12%)	C / B - F (@12%)
Cacao	33.2%	\$10 447.16	1.30
Coffee	28.0%	\$9 603.74	1.21
Staple grains (maize and beans)	56.7%	\$10 808.42	1.49
Milk	22.3%	\$9 862.21	1.13
Cacao processing facility	14.2%	\$18 768.42	1.00
Coffee processing facility	15.9%	\$6 525.71	1.01
Grains packing	29.6%	\$14 450.55	1.03
Milk processing facility	15.1%	\$2 189.85	1.01
Fiber processing facility	16.8%	\$4 542.86	1.01
Fish processing facility	22.1%	\$21 363.15	1.04
Rural tourism microenterprise	22.3%	\$11 198.73	1.08
Rural services microenterprise	37.1%	\$5 418.37	1.04

Source: adapted from FIDA (2011) Proyecto para la Competitividad y el Desarrollo Rural Sostenible en la Zona Norte -Horizontes del Norte. Informe de Diseño Final del Proyecto. Documento de Trabajo 5, Sistemas Productivos y Microempresas Rurales.

Indicators show that the with-project situation is financially sound. Over a ten year period and under the assumptions of small scale production (see WP 5 above), the Internal Rate of Return of the models proposed is within 14 and 37 per cent; net present values oscillate in the range USD 2 000 and USD 21 000. There was no official information to endeavour to an economic analysis (shadow exchange ratios or standard conversion factors).

Climate change risk assessment indicates that the with-project situation is still advantageous to project beneficiaries under extreme climate events. Monte Carlo simulations have been undertaken as to incremental benefits per model over a ten year period and one occurrence of an extreme event (drought, flood, rainfall surplus or deficit, plight occurrence). Assuming extreme climate events, the with-project situation indicate that (a) cacao producers' incremental incomes would suffer by 45%; (b) coffee producers would suffer by 86% in their incremental incomes; (c) staple grains (maize and beans) producers' incremental income would suffer by 67%; (d) milk producers' incremental incomes would suffer by 45%. Although there is scarce project-specific climate change information, there is no doubt that its effects can be dramatic for small scale producers, particularly from the point of view of income making. Yet, with-project simulations indicate that the effort is still worth it. Without-project simulations

indicate that the whole existing facility is wiped out. Under the prevailing uncertainty, the most responsible option is to assume the precautionary principle. That is, uncertain damage could be as large as unknown; hence, it is better and cheaper to assume the proposed climate change adaptation and resilience costs.

The proposed project is more cost effective than alternatives forethought. The current proposed project has a net present value at USD 15.3 million. That figure is cheaper by 3.4 per cent when existing funds are diverted to large infrastructure works. The current project is also cheaper by 2.3 per cent when existing funds are diverted to larger and more risky administrative costs.

### Cost effectiveness

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Project as it is							
Investment costs	1 479 911	4 626 165	5 463 758	4 513 020	1 770 348	991 831	18 845 032
Recurrent costs	457 981	526 114	543 466	554 244	505 769	506 671	3 094 244
<b>Total project costs as it is</b>	<b>1 937 891</b>	<b>5 152 278</b>	<b>6 007 224</b>	<b>5 067 264</b>	<b>2 276 117</b>	<b>1 498 502</b>	<b>21 939 277</b>
Large infrastructure project							
Investment costs	2 700 591	4 451 013	5 650 445	4 257 326	2 061 897	300 334	19 421 606
Recurrent costs	411 016	478 210	494 605	504 405	454 933	454 819	2 797 988
<b>Total project costs with large infrastructure emphasis</b>	<b>3 111 607</b>	<b>4 929 223</b>	<b>6 145 050</b>	<b>4 761 731</b>	<b>2 516 830</b>	<b>755 153</b>	<b>22 219 594</b>
Larger administrative costs project							
Investment costs	2 582 615	4 125 858	4 824 974	3 793 266	1 547 424	194 579	17 068 716
Recurrent costs	739 784	813 553	836 655	853 296	810 802	817 805	4 871 895
<b>Total project costs with large administrative costs</b>	<b>3 322 399</b>	<b>4 939 411</b>	<b>5 661 629</b>	<b>4 646 562</b>	<b>2 358 226</b>	<b>1 012 384</b>	<b>21 940 611</b>
<b>Net Present Value of current project as it is (@12%)</b>	<b>\$15 384 503.66</b>						
<b>Project net present value with large infrastructure (@12%)</b>	<b>\$15 918 559.39</b>						
<b>Project net present value with large administrative costs (@12%)</b>	<b>\$15 737 931.70</b>						

**C. DESCRIBE THE BUDGETED M&E PLAN:** The amounts per component are generally aligned with the initially approved allocations in the PIF (Project Identification Form). The duration of the project implementation is estimated at 30 months and is planned to begin in 2014.

The project will establish from the first year of implementing a Comprehensive Planning, Monitoring, Evaluation and Knowledge Management System (PLASEG) that will begin with the preparation of the Draft Strategic Plan. For the SAG specific case it would be a Multiannual Strategic Plan that would serve as a basis for the different Annual Work Plans and Budgets (AWPB). The AWPB will be approved by the institutional authorities in the country (SAG) and then be submitted to IFAD for its no objection.

The mechanisms of M&E to establish the project, such as the field M&E, M&E meetings of the PMU, automated monitoring, etc.. Have to be necessarily oriented to verify results and determine the relevance of the processes and strategies and provide feedback on the progress of the Project. These mechanisms will support the roles of the project management, regarding the implementation of results-based management system. Also the PLASEG Project System will be linked to the other M&E Systems from the other implementing and relevant institutions for the project such as:

- RIMS System (Results Impact Measurement System) from IFAD.
- With the M&E system that is SAG is developing within the Agri-Food Strategy.
- With UNDP, the project will harmonize its mechanisms with the Results and Resources Framework including in the PRODOC which is the basis for the M&E from UNDP

**Planning and Reporting.** Planning of project activities would be undertaken by the PMU in coordination with the SAG using standard procedures including the preparation of Annual Work Plans and Budgets (AWPB) starting with a first AWPB to be based on the detailed design document and its appendices. Subsequent plans should include a brief description of the implementation of the project during the period and the possible challenges and opportunities during the year, including a strategic analysis of the approach and the rationale of the project. The report must also include: i) the results obtained by component and the proposed plan for the next year including executing times and specific goals, ii) the estimated budget by category of expenditure and sources of financing, iii) foreseen procurement and, iv) the M&E plan for the year.

During implementation the PMU would submit semi-annual Progress Reports which shall contain a brief summary of project activities and description of planned activities and performance issues. The progress report should present the main achievements, issues and constraints of the previous period, including the main recommendations of supervision missions and the state of related follow-ups, as well as an appreciation of the impact of the project on the poverty and gender situation. These reports should contain information on financial and physical achievements in comparison with targets set in AWPBs as well as possible impact and outreach. The reports should highlight the implementation strategy and describe the main physical results obtained so far, indicate positive results as well as implementation problems and the reasons for the, as well as an analysis of the level of expenditures by components and performance of the portfolio funds. Specific reference should be made to recommendations by supervision missions and to changes in the poverty and gender situation as reflected in national government studies.

**Monitoring and evaluation.** The project would have an M&E system to be implemented according to IFAD and GEF procedures and guidelines<sup>7</sup>. The M&E system would be designed based on the activities, indicators and means of verification specified in the Logical Framework. The M&E activities would follow the principles of adaptive management (to update information needs and indicators overtime) and participatory evaluation.

**Responsibilities and linkages.** M&E system operations would be under the direct responsibility of the Project Manager and the M&E Specialist (contracted under the GEF additional funds). The M&E Specialist would be responsible for tracking project progress and achievements of results for which he/she would ensure that the necessary information is timely gathered and processed in order to verify Project progress and compliance with objectives and planned activities. The M&E Specialist would be supported by an M&E Assistant during the 30 months of project implementation.

The M&E Specialist would contribute to the six-monthly, annual, mid-term and final reports of the project. He/ she would continuously provide feedback to the Project Manager in order to give timely advice on required adjustments if needed. This would be undertaken in order to facilitate and adaptive management of the project. Any suggested adjustment to Annual Work Plans and Budget (AWP&B) would be reflected in Progress Reports for consideration by the SAG and IFAD for their consent and endorsement.

**Participatory evaluation.** The M&E team would compile information on project progress using participatory methods and field verifications. Appropriate participatory methods would be selected in order to gather information on aspects that may be preventing the project from achieving planned outputs, any emerging risk and opportunities for success, unintended and intended outcomes, and lessons learned and immediate required actions to ensure the satisfactory progress of the reports. Methods to be selected would consider IFAD's guidelines for this purpose. The M&E team would ensure the involvement in these activities of all stakeholders directly impacted by the Projects and any other stakeholders whose involvement and opinions are relevant for the successful implementation of the project.

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<sup>7</sup> IFAD's Project M&E Guide: [www.ifad.org/evaluation/guide/index.htm](http://www.ifad.org/evaluation/guide/index.htm)

**System design.** The project’s AWP&B would be formulated by the Project Manager in collaboration with the M&E team and with contributions from SAG/SERNA staff. The plans would be consulted and shared with local actors to ensure their engagement and support while guaranteeing the pertinence of proposed specific activities and timeframes to local conditions and contexts.

M&E activities are going to be carried out by a full time national staff in charge and his/her assistant. M&E staff will be part of the larger host project which will begin one year earlier. They are going to keep official records of project advance as to the logical framework in general and AMAT in particular.

M&E staff’s hiring activities of national consultants will include the following products (i) a climate change adaptation baseline whose main characteristics are local participation, geo-referencing (GIS), mapping, and public reach; (ii) logframe-related databases whose fields will include variables related to project advance, climate change, ecosystem dynamics and risks, mapping, and subproject variables; (iii) ToRs and monitoring of climate change studies in the project’s area; and (iv) participatory evaluations reporting from beneficiaries. Other duties include official AWP&B at SAG and the Ministry for the Environment, quarterly reports of subproject activities, and mid and end-of-term evaluations. Critically, M&E staff will develop the instruments necessary to compile information on subproject activities and ensure that the proposals made by the project beneficiaries are appropriately monitored.

GEF’s contribution for M&E activities total USD 200,000. Staff (as above) represents USD 89,232. Equipment amounts to USD 48,362; this figure includes a vehicle, information technologies such as GPS, statistical software, and fittings and furniture. Last, it also includes USD 62,406 for studies and evaluations.

The Northern Horizons Project has budgeted a total of USD 597,534 for the Planning and Monitoring and Evaluation Unit. This unit is the GEF’s cofinancing M&E counterpart. The staff for this large unit amounts to USD 152,848. Equipment sums USD 25,302 including a vehicle and fitting and furniture. Technical assistance and training expenses amounts to USD 367,330. Last, Operating costs sum USD 52,054 .

### M&E and Knowledge Management activities and budget (USD)

#### GEF additional contribution (USD 200,000) and Honduras Government contribution (USD 26,324)

	Expenditure	Government of Honduras	GEF	Total (USD)
<b>I. Investment Costs</b>				
<b>A. Monitoring and Evaluation</b>				
<b>1. M&amp;E Staff</b>				
Expert in M&E	TA	6.552	48.048	54.600
Assistant in M&E	TA	5.616	41.184	46.800
<b>Subtotal Monitoring and Evaluation</b>		12.168	89.232	101.400
<b>2. Equipment</b>				
Vehicle	Equipment	3.279	24.042	27.321
Databases design and installment	Equipment	1.513	11.096	12.610
Global Positioning Systems	Equipment	202	1.480	1.681
Software (SPPS, GIS)	Equipment	757	5.548	6.305
Computer modules /a	Equipment	719	5.271	5.990
Furniture & fittings	Equipment	126	925	1.051
<b>Subtotal Equipment</b>		6.595	48.362	54.957

**3. Studies**

CC adaptation baseline  
Mid - Term Evaluation  
End-of-Project evaluation  
M&E Studies  
Publications  
Workshops

TA  
TA  
TA  
TA  
TA  
TA  
TA

1.200	8.800	10.000
720	5.280	6.000
960	7.040	8.000
1.800	13.200	15.000
2.880	21.120	24.000
-	6.966	6.966
7.560	62.406	69.966
26.323	200.000	226.323
12%	88%	100%

**Subtotal Studies**

Total project costs

%



**PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):**  
 (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
<b>Mr Irina Pineda Aguilar</b>	Director of External Cooperation and GEF Technical Focal Point	MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT (SERNA)	09/13/2011

**B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Mr Kevin Cleaver Associate VP, Programs			Ms. Estibalitz Morrás, ECD/LAC IFAD	+390654592438	<a href="mailto:e.morras@ifad.org">e.morras@ifad.org</a>

**ANNEX A: PROJECT RESULTS FRAMEWORK** (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

**Logical Framework NH Project (including additional GEF financing)**

OBJECTIVE HIERARCHY	KEY PERFORMANCE INDICATORS AND TARGETS	VERIFICATION MEANS	ASSUMPTIONS
<p><b>GOAL</b></p> <p>Contribute to reduce rural poverty and to increase food and nutritional security of poor rural populations in Honduras.</p>	<ul style="list-style-type: none"> <li>▪ Percentage reduction of children malnutrition (RIMS anchor indicator).</li> <li>▪ Percentage of households that increase their index of household asset ownership (RIMS anchor indicator).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Baseline study.</li> <li>▪ RIMS surveys.</li> <li>▪ Human Development and MDGs Reports</li> </ul>	
<p><b>OVERALL PROJECT PURPOSE</b></p> <p>Poor rural families in the project area increase their incomes, employment and food security, while reducing their environmental vulnerability within a framework of gender equality and rural youth inclusion.</p> <p><i><b>SPECIFIC OBJECTIVE OF THE ADDITIONAL GEF FINANCING : increase the climate resilience of the selected agricultural value chains, protecting poor smallholder farmers and their production from the impacts of climate variability.</b></i></p>	<ul style="list-style-type: none"> <li>▪ 60% of user-beneficiary associations and rural microenterprises (RMEs) increase their income and generate employment, managing financially viable businesses and accessing to national and external markets.</li> <li>▪ <i><b>70% of all beneficiaries are trained in the identification and integration of relevant climate-change adaptation measures into their businesses.</b></i></li> <li>▪ <i><b>50% of agricultural production units and agro-businesses and RMEs put into practice climate-resilient production and business plans.</b></i></li> <li>▪ <i><b>50% of producer associations are consolidated and inserted competitively into strengthened and more resilient value chains.</b></i></li> <li>▪ 60% of poor, subsistence rural families improve their food and nutritional security, producing and having sustainable access to basic food.</li> <li>▪ 70% of user-beneficiary associations increase their production related assets.</li> <li>▪ 40% of producer and agribusiness associations, RMEs and <i>cajas rurales</i> (CRs) achieve access to financing from established rural financial services (RFS).</li> <li>▪ 50% of young people that complete a technical study programme get incorporated into the labour market and 30% establish a related rural business.</li> <li>▪ 60% of user-beneficiary rural and indigenous women reduce their domestic work load, gaining time for personal development, production activities and income generation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Baseline study; mid-term and final evaluations, disaggregated by sex and including appropriate gender analyses of key issues</li> <li>▪ RIMS surveys.</li> <li>▪ Regular P/M&amp;E reports.</li> <li>▪ Thematic evaluation reports.</li> <li>▪ Media articles and reports.</li> </ul>	<p>The Government’s agendas for rural poverty reduction, climate-change adaptation and food security maintain their stated high priority.</p> <p>The country’s economy is stable; and market conditions favour productive agricultural growth and exports.</p> <p>Availability of sex-disaggregated data and expertise</p>

**NOTE:** While most of the elements of the GEF additional funds will influence the overall NH project’s results and impact, the key specific adaptation-related outputs, targets and indicators from the additional GEF funds are highlighted (*in bold and italic*) in this Logical Framework. The GEF additional support do not attain directly neither in the Output 3: Social Infrastructure nor in the Output 6: Productive capitalization and access to rural finance services.

**COMPONENT 1: HUMAN AND SOCIAL CAPITAL DEVELOPMENT**

<p><b>Output 1: Promotion and strengthening of smallholder productive associations</b></p> <p>The organisational and entrepreneurial capacities of user productive and business associations are strengthened. It implies that <i>climate-related information is collected and disseminated to end-users and relevant Government institutions, and that climate-change risks are mapped and characterized in the project area, and results disseminated.</i></p>	<ul style="list-style-type: none"> <li>▪ 40 associations with agribusinesses and 33 RMEs improve their organisational and entrepreneurial capacities.</li> <li>▪ 80% of new associations formalise their legal operational framework, and 60% of existing associations revise/ update their internal statutes and regulations.</li> <li>▪ Rural and ethnic women and young people integrate the Boards and hold key positions in 40% of producer associations with agribusinesses and RMEs.</li> <li>▪ <i>A climate-change awareness campaign is designed and put into practice.</i></li> <li>▪ <i>Information is collected through ad-hoc instruments (case studies, interviews, etc.) and distributed.</i></li> <li>▪ <i>All participant agro-business associations have mapped and characterized climate-change risks.</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Minutes of associations' meetings.</li> <li>▪ Survey of associations' organisational status.</li> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> </ul>	<p>Political will for municipal, territorial development, exercised.</p>
<p><b>Output 2: Human capacity building and incorporation of vulnerable groups into competitive production</b></p> <p><i>Climate-change adaptation measures and climate proofing are mainstreamed in the producer and other economic interest associations and micro-enterprises</i> It includes that the labour and business management capacities of vulnerable groups are strengthened (rural women and young people and ethnic groups).</p>	<ul style="list-style-type: none"> <li>▪ <i>Training material and tools for mainstreaming climate-change adaptation into business development are produced.</i></li> <li>▪ <i>SAG project staff is trained in climate-resilient value chains.</i></li> <li>▪ 300 young people (of which 50% women) receive technical training and 70% of the total obtain suitable employment.</li> <li>▪ 700 women and young people receive basic technical and RME administrative training.</li> <li>▪ 200 producer associates or children of associates receive specialized training on microenterprise management.</li> <li>▪ 40% of technically trained young people receive basic training for business creation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> <li>▪ Registry of technical scholarship programme.</li> </ul>	
<p><b>Output 3: Social infrastructure</b></p> <p>Poor rural communities and households have access to improved basic infrastructure.</p>	<ul style="list-style-type: none"> <li>▪ 4,500 poor rural families have access to key household infrastructure, i.e., improved firewood-saving stoves (3,000) and water storage devices (<i>aljibes</i>) (1,500).</li> <li>▪ 60 communities with access to hanging bridges and community infant and children care facilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> <li>▪ Records of infrastructure contracts and works.</li> </ul>	<p>An incentive system for communities and municipalities for infrastructure construction/ maintenance, established.</p>

**COMPONENT 1: HUMAN AND SOCIAL CAPITAL DEVELOPMENT**

<p><b>Output 1: Promotion and strengthening of smallholder productive associations</b></p> <p>The organisational and entrepreneurial capacities of user productive and business associations are strengthened. It implies that <i>climate-related information is collected and disseminated to end-users and relevant Government institutions, and that climate-change risks are mapped and characterized in the project area, and results disseminated.</i></p>	<ul style="list-style-type: none"> <li>▪ 40 associations with agribusinesses and 33 RMEs improve their organisational and entrepreneurial capacities.</li> <li>▪ 80% of new associations formalise their legal operational framework, and 60% of existing associations revise/ update their internal statutes and regulations.</li> <li>▪ Rural and ethnic women and young people integrate the Boards and hold key positions in 40% of producer associations with agribusinesses and RMEs.</li> <li>▪ <i>A climate-change awareness campaign is designed and put into practice.</i></li> <li>▪ <i>Information is collected through ad-hoc instruments (case studies, interviews, etc.) and distributed.</i></li> <li>▪ <i>All participant agro-business associations have mapped and characterized climate-change risks.</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Minutes of associations' meetings.</li> <li>▪ Survey of associations' organisational status.</li> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> </ul>	<p>Political will for municipal, territorial development, exercised.</p>
<p><b>Output 2: Human capacity building and incorporation of vulnerable groups into competitive production</b></p> <p><i>Climate-change adaptation measures and climate proofing are mainstreamed in the producer and other economic interest associations and micro-enterprises</i> It includes that the labour and business management capacities of vulnerable groups are strengthened (rural women and young people and ethnic groups).</p>	<ul style="list-style-type: none"> <li>▪ <i>Training material and tools for mainstreaming climate-change adaptation into business development are produced.</i></li> <li>▪ <i>SAG project staff is trained in climate-resilient value chains.</i></li> <li>▪ 300 young people (of which 50% women) receive technical training and 70% of the total obtain suitable employment.</li> <li>▪ 700 women and young people receive basic technical and RME administrative training.</li> <li>▪ 200 producer associates or children of associates receive specialized training on microenterprise management.</li> <li>▪ 40% of technically trained young people receive basic training for business creation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> <li>▪ Registry of technical scholarship programme.</li> </ul>	
<p><b>Output 3: Social infrastructure</b></p> <p>Poor rural communities and households have access to improved basic infrastructure.</p>	<ul style="list-style-type: none"> <li>▪ 4,500 poor rural families have access to key household infrastructure, i.e., improved firewood-saving stoves (3,000) and water storage devices (<i>aljibes</i>) (1,500).</li> <li>▪ 60 communities with access to hanging bridges and community infant and children care facilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Planning/ M&amp;E reports.</li> <li>▪ Mid-term and Final evaluations.</li> <li>▪ Records of infrastructure contracts and works.</li> </ul>	<p>An incentive system for communities and municipalities for infrastructure construction/ maintenance, established.</p>

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

The project document accommodates comments that have been received – I twas also shared with the government of Honduras prior to submission and cleared through the IFAD internal quality control processes. The project proposal is aligned with the original approved PIF. Only a slight reduction in the co-financing estimates to be noted.

**ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS<sup>8</sup>**

A. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

All PPG have been undertaken in a cost effective manner. The initial PPG among has not been fully used as savings were made at design..

Project Preparation Activities approved	Implementation status	GEF Amount (USD)				Co-financing (USD)
		Amount approved	Amount spent to-date	Amount committed	Uncommitted amount	
1. Preparatory studies and baseline information	Completed	33 718	30 276.01	3 441.50	-0.01	48 750
2. Preparation of Project Strategy and development of indicators for Monitoring and Evaluation	Completed	25 845	23 772.56	2 072.44	0.00	32 750
3. Assessment of institutional capacities, implementation modalities and costs	Completed	19 874	16 851.20	3 022.57	-0.02	29 966
4. Consultations and validation of project design by key stakeholders	Yet to complete	20 064	7 888.41	1 463.49	10 711.85	18 000
5. Enhancement of project quality and project design management	Yet to complete	0	0.00	0.00	0.00	27 894
Contingencies	Yet to complete	3 000	0.00	0.00	3 000.00	5 000
<b>Total project preparation financing</b>		<b>102 500 *</b>	<b>78 788.19</b>	<b>10 000.00</b>	<b>13 711.81 **</b>	<b>162 360</b>

\* Kindly note that there was a 1 USD discrepancy in the PPG amount approved (102 501 instead of 102 500). In order to be in line with the amounts approved by category, the above reporting was done in line with the PPG amount requested (USD 102 500).

\*\* This is the current PPG balance at the submission. It will be confirmed once all encumbrances are expensed. All uncommitted funds will be returned to the Trustee.

<sup>8</sup> If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

**ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

NA