



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Medium-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

For more information about GEF, visit TheGEF.org

PART I: PROJECT INFORMATION

Project Title: Energy Efficiency Improvement in the Honduran Hotel Industry			
Country(ies):	Honduras	GEF Project ID: ¹	5446
GEF Agency(ies):	UNDP (select) (select)	GEF Agency Project ID:	5061
Other Executing Partner(s):	National Secretariat of Natural Resources & Environment (SERNA), National Chamber of Tourism Honduras (CANATURH)	Submission Date:	21 October 2015
GEF Focal Area (s):	Climate Change	Project Duration(Months)	36
Name of Parent Program (if applicable):		Project Agency Fee (\$):	116,712
	<ul style="list-style-type: none"> ➤ For SFM/REDD+ <input type="checkbox"/> ➤ For SGP <input type="checkbox"/> ➤ For PPP <input type="checkbox"/> 		

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
CCM-2	Outcome 2.1: Appropriate policy, legal and regulatory frameworks adopted and enforced	Output 2.1: Energy efficiency policy and regulation in place	GEF TF	337,538	400,000
CCM-2	Outcome 2.2: Sustainable financing and delivery mechanisms established and operational	Output 2.2: Investment mobilized Output 2.3: Energy savings achieved	GEF TF	891,000	8,330,000
Total project costs				1,228,538	8,730,000

B. PROJECT FRAMEWORK

Project Objective: To remove the barriers to the increased commercial use of energy efficient electrical equipment in the small and medium-sized Honduran hotel industry						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
Component 1: Sustainable Tourism Low Emission Policies	TA	Outcome 1: Energy efficiency (EE) enabling policy framework enforced and technical capacity strengthened in the	Output 1.1: Established national EE policy and operationalized a Honduran hotel EE scheme in compliance with minimum energy	GEF TF	341,000	2,500,000

¹ Project ID number will be assigned by GEFSEC.

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

		Honduran hotel industry	performance standards for appliances Output 1.2: Completed capacity development for key stakeholders on electricity use, energy savings and GHG mitigation			
Component 2: Sustainable Tourism Low Emission Funding	TA	Outcome 2: Commercially-driven investment in energy efficient equipment and technology for the hotel industry mobilized (grant and non-grant mechanisms)	Output 2.1: Established the “Green Scheme” for EE projects in the hotel industry	GEF TF	250,000	2,687,650
	Inv		Output 2.2: Portfolio of 9 pilot projects at feasibility level with funding plans to implement EE Output 2.3: Set up a programme for monitoring and evaluation of actual energy savings, GHG emission reductions and EE investment performance		300,853	2,797,350
Component 3: Sustainable Tourism Low Emission Knowledge	TA	Outcome 3: Increased practice and application of energy efficient technologies in the Honduran hotel industry	Output 3.1: Documented and vetted case studies from the 9 projects piloted nationwide Output 3.2: Operationalized database and website on energy efficiency best practices, success	GEF TF	169,000	695,000

			stories and services for Honduran hotels			
Monitoring and Evaluation	TA				56,000	
Subtotal					1,116,853	8,680,000
Project management Cost (PMC) ³				(select)	111,685	50,000
Total project costs					1,228,538	8,730,000

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 (\$)
National Government	MiAmbiente	Cash	7,500,000
GEF Agency	UNDP	In-kind	400,000
GEF Agency	UNDP	Cash	30,000
Private	HOPEH	Cash	200,000
Private	HOPEH	In-kind	50,000
Private	FOPESIC	Cash	300,000
Private	CANATURH	In-kind	50,000
Private	CP+L	In-kind	200,000
Total Co-financing			8,730,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
UNDP	GEF TF	Climate Change	Honduras	1,228,538	116,712	1,345,250
Total Grant Resources				1,228,538	116,712	1,345,250

¹ 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.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

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

Component	Grant Amount (\$)	Cofinancing (\$) ³	Project Total (\$)
International Consultants	50,000	810,000	860,000
National/Local Consultants	70,000	83,000	153,000

³ Estimated at 10% of cash cofinancing

G. 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 PIF⁴

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.

N/A

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

N/A

A.3 The GEF Agency’s comparative advantage:

UNDP has a comparative advantage in addressing institutional capacity building capacity and politically sensitive areas of governance for successful project implementation. Particularly, UNDP Honduras has successfully supported previous energy efficiency investments in partnership with the FOPESIC trust fund. As such, UNDP is in a strong position to support local businesses to pursue energy efficiency interventions from the sustainable development angle, with FOPESIC providing the financial incentives adequate for small and medium sized hoteliers. For UNDP Honduras sustainable human development is highlighted in the country’s national agenda as a socioeconomic opportunity to promote an integral management of natural capital. The scope of the MSP through a result-based and evidence-based approach will contribute to access alternative and flexible financing mechanisms to promote entrepreneurial activities among underserved and vulnerable target groups in the S&M hotel sector, such as women and youth, and at the same time as an opportunity to enhance the nexus energy efficiency and tourism sectors from a climate change mitigation perspective. This takes into account that approximately 65% of the population still lives in poverty and 45% in extreme poverty, the market development for energy efficiency is conceived with a focus on environmental and social responsibility that contributes to generate permanent and decent jobs. Links between tourism sector, especially hoteliers, with staff, neighboring communities, land-holders, producers of food, fuel suppliers, operators of micro tourism businesses, craft-makers, and other users of tourism infrastructure and resources (e.g. water) are taken into account. Strategies to address poverty from a tourism perspective will range from increasing local employment to building mechanisms for consultation for development.

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

The overall business-as-usual scenario has not significantly changed since PIF approval. At the CEO endorsement stage only the following additional baseline aspects were identified during the project preparatory phase:

Component	Business-As-Usual

⁴ 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.

1. Sustainable Tourism Low Emission Policies	Additional guiding regulations to deal with energy efficiency were decreed since 2010 (e.g. Decree No. PCM-022-2010), with the National Strategy on Climate Change and Action Plan stating the goal of an increase of visitors by 8.4% per year. Decree No. 404-2013 on the full reform of the power sector (General Law of the Electricity Industry) creates the Power Regulatory Commission (CREE), setting forth that tariffs should reflect the real costs of electricity, as a market incentive for the end consumers, such as S&M hotels, to undertake cost-efficient actions. In March 2015, the draft proposal for the "Promotion of the Rational Use of Energy" was submitted to the legislative plenary for consultation. Additional aid by HOPEH and CANATURH will be provided to support the National Strategy and Action Plan for Cleaner Production.
	<i>SUBTOTAL Component 1 = \$2,500,000</i>
2. Sustainable Tourism Low Emission Funding	Current baseline funding adds linkages to alternative facilities promoting climate change mitigation in the Bay islands and, particularly, forest communities with indigenous populations attracting tourism development. These areas are being considered for additional financing (e.g. FCPC, UN-REDD and ecosystem-based adaptation funds), in addition to funding identified at the PIF approval stage. National (e.g. FOPESIC) and international (e.g. BCIE) financial institutions, and the private sector (e.g. HOPEH, CANATURH) are lending and/or making more funding available for energy efficiency investments (approx. US\$5m).
	<i>SUBTOTAL Component 2 = \$5,535,000</i>
3. Sustainable Tourism Low Emission Knowledge	The Ministry of Energy, Natural Resources, Environment and Mines – MiAmbiente – is implementing an institutional platform (the Programmatic Office) that would link nationwide EE activities with public institutions, including the Energy Efficiency Committee (EEC). The EEC involves other institutions such as the Honduran Institute of Tourism (IHT), the private sector (e.g. CANATURH and HOPEH) and FOPESIC. Honduras is piloting various energy efficiency initiatives, mainly driven by national tourism industry platforms CANATURH and HOPEH (US\$0.7m).
	<i>SUBTOTAL Component 3 = \$695,000</i>
TOTAL = \$8,730,000	

While the project as initially conceived focused on the hotel sector, the tourism industry as a whole represents a significant higher portion of consumers in the commercial sector of Honduras, about 25%, than reported at the PIF stage. Overall electricity consumption in this industry represented 344 GWh in 2013 (approximately 163 GWh in the hotel sector), this is expected to increase to 621 GWh in 2034. Other than the broader emphasis on the whole tourism sector, which the baseline places, the problems faced in the absence of the GEF intervention remain the same as at the PIF approval stage. The sector is willing to increase its competitiveness and also contribute to reduce social inequality, starting with cost- and energy-efficient opportunities that small medium-size hotels in Honduras are not in a position to undertake given:

Barrier Type	Barrier Descriptions
<u>Regulatory Policy / Legal:</u> <i>Weak enforcement of existing EE standards</i>	Honduras does not have an effective public policy/long-term EE strategy. The handling of the draft EE law is delayed due to the lack of continuity and effective institutional actions to lobby the legislative branch. Meanwhile, voluntary technical standards OHNx standards have not been shared with other key players (e.g. customs officers, utility officers, and wholesale equipment importers).
<u>Institutional / Technical:</u> <i>Lack of information, skills and knowledge on energy efficiency technologies</i>	The DGE does not have knowledge management tools to systematize EE experiences (e.g. information center as reference for the hotel industry, and other energy-consuming sectors). EE must be internalized by policymakers for their support in strengthening the National Quality System. In the meantime, there are a very limited number of professionals trained to carry out energy audits and able to incorporate viable forms of access to innovative financing in the technical analysis. There are no facilities to test and validate the requirements for conformity assessment, in order to ensure compliance with minimum efficiency levels.
<u>Market / Financial:</u> <i>Limited access to commercial lending for small and medium-sized hotels</i>	Conventional lending has a high cost for S&M hotels, due to the high rates of intermediation of the financial system in Honduras and collateral requirements established by national banking regulation that hinder access to existing credit lines. On the other hand, the lack of technical understanding (of credit officers and risk analysts) to gauge the economic benefits of investments in more efficient equipment; in their analysis they qualify S&M hoteliers as too risky, arguing that occupancy rates vary throughout the year, significantly affecting the financial flow for the repayment of the loans. In addition, technical specialists (engineers) who execute energy audits have limited capacity in filling out loan applications and writing bankable business plans, to make the financial worthiness of an EE investment attractive to conventional lending entities. Meanwhile, there is a secondary market to import outdated, low efficiency electrical equipment, which hoteliers purchase based on their operation, not on their energy performance, motivated by the low cost of the initial investment.

A. 5. Incremental /Additional cost reasoning: describe 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:

In the absence of the proposed MSP, the S&M hotel sector has minimum opportunities to deal with significant operating costs, because the conventional financial market is not fully committed to small-scale investments and still sees it as too risky and asks for substantial guarantees or collateral. The GEF involvement should also have significant incremental impact in the field of improving the policy and regulatory environment for energy efficiency under the newly created institutional platform of MiAmbiente. Within the GEF CC focal area, the MSP supports the objectives of Climate Change Objective 2: “Promote market transformation for energy efficiency in industry and the building sector”. The GEF support under this objective may involve technical assistance, innovative financing mechanisms, awareness campaigns, and investments in demonstration and deployment of high-performance technologies.

Component	MSP Activities	Increment
1. Sustainable Tourism Low Emission Policies	The project will review the limited application of the voluntary standards and labels (BAU) for EE technologies in the industrial and commercial sectors, in partnership between government agencies and the private sector, and analyze the most favorable path to the adoption of low-carbon standards and labels for electrical equipment. The observance of national standards and labels provisions for electrical equipment will help motivate hoteliers and other sectors of the economy to implement energy efficiency measures, also to reduce their high electricity bills.	MEPS standards, conformity assessments and labelling will be enforced for the commercialization of air conditioners, lighting (CFL and LED), and refrigeration units. A law EE proposal will be submitted to the National Congress and if approved, the legal code prepared during MSP execution (2016-2018).
2. Sustainable Tourism Low Emission Funding	An innovative financial mechanism, the “Green Scheme” that catalyzes access to finance by S&M sized hotels will help demonstrate the commercial viability and cost-effectiveness of EE investments for different types of hotels nationwide. The successful implementation of the pilot project portfolio in the northern part of	A financial scheme of at least US\$ 8.6 million will be fully commissioned and operational to support EE investments for S&M hotels (Environmental Trust Fund), able to

	Honduras leads and creates the conditions for the replication of EE measures across the country, which is translated into: (a) increased electricity bill savings, (b) reduced GHG emissions; (c) improved S&M hotel competitiveness.	couple with FOPESIC. 9 new successful MSP interventions will be completed by the end of MSP, using tax incentives for the hotel sector.
3. Sustainable Tourism Low Emission Knowledge	Information and communication tools highlight EE mechanisms in Honduras for S&M hoteliers, best practices and lessons learned as the main cost-effective measure amongst cleaner production actions to increase productivity and competitiveness. Existing technical information at the regional level that is widely available from past UNDP/GEF initiatives, e.g. PEER adapted to the hotel industry and for other energy end-users in the commercial and industrial sectors.	9 case studies will be prepared, validated, and disseminated, and a database on-line through a public-private alliance to promote EE best practices, success stories and services for Honduran hotels.

As a result of these interventions, total annual savings potential for CANATURH’s registered members (400 hotels) will be at least 40 GWh per year that would otherwise have been generated by fossil fuels, plus other direct impacts that outcomes also have on other energy-intensive sectors of the economy, such as the domestic and industrial sectors, which are beyond the scope of this MSP. Total emissions avoided with GEF involvement are 316,318 tons of CO2 over a 20 year period, which generates a Unit Abatement Cost of 3.88 per tCO2. Moreover, the MSP would lead to further reductions if once obsolete R22-refrigerators and cooling equipment are replaced with new refrigeration systems, amongst the HCF options available in the market that provide the lowest GWP potential vis-à-vis the highest EE mitigation potential.

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:

A group of risks has been identified and has to be taken into account during the execution of the MSP. At the MSP design stage, the UNDP met several times with most relevant financiers, private stakeholders and high-ranked public officers of MiAmbiente. Because of the implementation of the financial mechanism, the failure of obtaining the support of second-tier financial institutions is consequently considered as the main MSP risk. However, two regional development banks established in Honduras have shown their interest to embark on the MSP. These banks will make their decision based on the detailed design of the Green Scheme and the related regulation. The following Table presents the additional risks identified during the project preparation stage:

Identified risks and their mitigation strategy		
Risks	Likely	Mitigation Strategy
In an emerging market for EE equipment, low quality technologies may drive high quality products out of the market, causing unfair competition.	High	The MSP has included a group of activities to enforce and promote strict technical norms for EE equipment, a topic that is transversally treated in the execution of all activities related to capacity building.
Honduras’ climate and position between the Atlantic and Pacific Oceans makes it susceptible to climate-related disasters including hurricanes, tropical storms, floods and rainfall-triggered landslides	Moderate	Climate resilient will be promoted hotel installations with emphasis on their ability to withstand extreme conditions. The proposed EE interventions in buildings will be an integral part of the disaster risk and emergency management activities promoted in the tourism sector, as another means of promoting climate change adaptation.

A.7. Coordination with other relevant GEF financed initiatives

This MSP will create synergies with similar GEF financed EE initiatives in Central America, for instance, taking advantage of the regional knowledge management platform created by UNDP-GEF Regional Program for Energy Efficiency in Central America (PEER, 2006-2011) and the learning curve developed by the UNDP-GEF MSP Energy

Efficiency in Public Buildings under implementation in El Salvador. For example, the release of a series of technical publications for lighting systems, A/C systems, refrigeration systems, electric motors, and best practices in the hotel sector, produced and widely disseminated by PEER.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

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

UNDP has formed mutually beneficial long-standing relationships with senior policy makers and has assisted the consolidation of newly created Ministry of Environment (MiAmbiente). It has also created a synergy with key stakeholders in the private sector during the formulation of the ProDoc and will continue in the upcoming execution phase since small and medium sized hotels are the most important partners for this MSP. Of these, 141 are registered as small-sized (less than 15 rooms) and 190 of these facilities are registered as medium-sized (between 15 and 49 rooms), under the leadership of two private associations, CANATURH as the leading entity to support policy actions for the entire tourism sector and HOPEH that serves as the main link from the operational stand-point with small and medium hotels. Main stakeholders and partners and their roles are presented in the Table below.

EE Institutional Frameworks at National and Local Levels	
Public authorities	Responsibilities – Roles and Purpose
Ministry of Environment General Energy Directorate (MiAmbiente/DGE)	MiAmbiente (also the GEF Operational Focal Point) is leading national policies on adaptation and mitigation and is the primary Implementing Partner of the MSP. This Ministry also coordinates the AP+L initiative with the objective of increasing the competitiveness of hotels and restaurants over the long run. DGE is the national bureau of the newly created Ministry for Environment (MiAmbiente) that is in charge of implementing EE public policies in the energy sector.
National System for Quality (SNC)	Decree 29-2011 creates the institutional infrastructure for quality in Honduras, based on the public activities of three main bureaus: <ul style="list-style-type: none"> • National Bureau of Standards (OHN), • National Bureau of Metrology, and • National Bureau of Accreditation (OHA).
National Power Utility of Honduras (ENEE)	ENEE is in charge of power generation, transmission and distribution and it is going through a major process of change under the recent General Law of the Electric Industry. From 2001 to 2011, it implemented a Rational Energy Use Program (URE) with major support from the European Union (the GAUREE Project) which will serve a substantial information-base for Component 3 of the MSP.
National Energy Commission (CNE)	CNE used to be the public agency in charge of regulating and overseeing the power sector. This agency will be transformed into the National Regulatory Energy Commission (CREE), in 2015 and will play a key role with the new tariff structures for the entire hotel sector and in the bi-directional measurement.
Honduran Institute of Tourism (IHT)	IHT is the public institution responsible for setting up national policies for sustainable tourism in Honduras, under Decree 103-93 of July 14 th , 2006.
Technological University of Honduras (UNITEC)	This public university offers a comprehensive graduate Program on Energy Engineering (5 years), and a post-graduate training program for engineers and architects (2 years), having energy efficiency as one of its three main focus areas which will be adapted to provided hands-on-training for S&M hoteliers.
National Autonomous University of Honduras	This is also a public university with regional branches throughout the national territory. In the engineering academic area, it has several formal training

(UNAH)	programs that can support formal and informal capacity building activities for both, staff maintenance of S&M hotels and financiers.
EE Private Sector Institutional Framework	
Central American Development Bank (CABEI/MiPYMEs Verdes)	CABEI is the regional development bank that is implementing a large regional initiative: MiPYMEs Verdes, to finance energy efficiency and renewable energy investments through financial intermediaries.
Power Utilities in the Bay Islands	The following private power companies are operating on the three main Caribbean Islands of Honduras: RECO (Roatan Electric Company) in Roatan, UPCO (Utila Power Company) in Utila, and BELCO (Bonnaca Electric Company) in Guanaja.
Investment Fund for the Commercial and Industrial Sectors (FOPESIC)	FOPESIC is a financial scheme that is cofinanced by the GEF and ACDI since 2008 and it is managed by CEHDES and UNDP. This Fund is one of the outcomes of the PESIC MSP UNDP/GEF to trigger EE markets in the industrial and commercial sectors, carried out from 2008 to 2011. This Fund is wholly dedicated to supporting EE investments in these sectors and it already has a lending portfolio of US\$1.4 M. Its involvement in this project will expand its impact to the tourism sector, as the barriers encountered in other sectors are similar, particularly for SMEs.
National Chamber for Tourism of Honduras (CANATURH)	CANATURH is fully engaged in supporting cleaner production actions in line with the National Strategy and Action Plan for Cleaner Production. The role of CANATURH is two-fold: the liaison of the restaurant sub-sector with the PMU and facilitator of more favorable public policies and policy incentives for the S&M hotel population.
Honduran Association of Small Hotels (HOPEH)	HOPEH is also linked to the National Strategy and Action Plan for Cleaner Production, actively supporting cleaner production activities in small hotels throughout Honduras. Both organizations, CANATURH and HOPEH, will take a proactive role in the overall execution of the MSP activities, especially in the design, implementation, and follow-up of the “Green Scheme”. HOPEH will also link the interest of S&M hotels with the PMU. Under this Strategy, the commitment of Honduras is two-fold: strengthening of capacities and transfer of energy-efficient technologies and switching entrepreneurial behavior for end-users through communication and dissemination of best practices.
National Center for Cleaner Production of Honduras (CNP+LH)	This Center, also attached to CEHDES, provides technical assistance and strengthening for cleaner production and management systems to industries and commercial businesses. It has an institutional track record of supporting many of the capacity-building activities proposed in this MSP.
Red Katalysis	This is a Central American network, based in Honduras, made up of a group of micro-financiers focusing on the provision of financial services and innovative products to address the investment needs of low income people. They currently implement a training program on energy efficiency and renewable energy with support from the CABEI/MiPYMEs Verdes Program.
Banco Atlántida (Green Fund)	Banco Atlántida in 2011 received a US\$28M loan from the IDB to set up a financial facility to support the development of its renewable energy and energy efficiency lending portfolio.
Banco del Pais (Subordinated Loan)	Banco del País in 2011 received a loan from the IDB to support growth in their lending portfolio in high social impact areas to Small and Medium-size Enterprises (SMEs) in Honduras. The types of projects that BanPais will finance, among others, are geared to reduce greenhouse gas emissions with loans of US\$10,000 and up to US\$1 million.

<p>EE Private Consulting firms</p>	<p>There are a few consulting firms fully engaged in the EE business in Honduras, among them:</p> <ul style="list-style-type: none"> • Energy Efficiency of Honduras, very active firm providing services to the hotel sector. • CTII, very active in the San Pedro Sula region and senior consultants to FOPESIC. • SAGE Electro-mechanical, also senior consultants to FOPESIC. • Vegas Electric, a large private consulting firm in the industrial and commercial sectors, mainly for hotels on the Bay Islands and on the northern coast. Vegas are also a wholesale retailer of EE lighting systems, solar pumps and photovoltaic systems.
<p>International Development Organizations participating in EE</p>	
<p>United Nations Development Program (UNDP)</p>	<p>UNDP is the GEF implementing agency for this MSP. UNDP-GEF also carried out the Central American Regional Program (PEER 2006-2011) that has triggered energy efficiency markets for electrical equipment in Central America in the commercial and industrial sectors, particularly the development of technical standards and labels for electrical devices.</p>
<p>4E Project (GIZ/SICA)</p>	<p>4E is a regional program implemented by GIZ to increase capacity building towards renewable energy and energy efficiency in Central America by acting on three levels:</p> <ol style="list-style-type: none"> i. Policy and management. ii. Increasing institutional capacities. iii. Carrying out pilot projects.
<p>Japan International Cooperation Agency (JICA)</p>	<p>Japan's cooperation agency has an ongoing technical assistance program to increase national capacities of tourism experts.</p>

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 (LDCF/SCCF):

In order to bring socio-economic benefits to the greatest possible number of hotels, the MSP should consider key impacts on employment. At the local level, an important strategy is to focus the implementation of the pilot projects in those regions where poverty levels are critical. At the national level, sustainable hotel management offers better quality opportunities for stable employment, as well as training for empowering women, it attracts more committed tourist businesses, green jobs and it adapts and mitigates the impacts of climate change holistically, including fundamental aspects that contribute to Sustainable Human Development.

On the gender front, small hotels offer an opportunity for equity, as many of these facilities with less than 15 rooms are women-owned or managed, so additional access to capital (i.e. any of the conventional debt and innovative financing mechanisms underscored in the Green Scheme) will help them be more competitive vis-à-vis their male peers. Also, in the design and implementation of a voluntary agreement for an “Energy Efficiency Award” geared to those hotels interested in receiving an annual distinction as a “more sustainable and resource efficient hotel”, the role of the Association of Small Hotels of Honduras (HOPEH) is critical because gender benefits will be highly recognized in the evaluation process of the proposed award.

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

The GEF grant of US\$1,28 million that will be mainly used to support the take-off of the financial mechanism with the aim of implementing the “Green Scheme” and 9 EE pilot projects (from 2015 to 2018), and in strengthening capacity building to remove policy and information barriers. The GEF funding will be complemented by the direct co-financing of US\$9.6 million. Each US\$1 of GEF funding allocated to the “Green Scheme” will be leveraged by

US\$9.6 by second-tier development banks and other international development agencies. The co-financing will be used for: (i) funding EE investments to S&M hoteliers (about \$8 million) and training; (ii) \$1.6 million in grant to 15 additional EE hotel projects in order to carry out energy audits and for implementing additional EE training activities also during the MSP. UNDP will support project management and to continue promoting the programmatic and strategic development of MiAmbiente through a result-based management and an evidence-based change approach to achieve sustainable human development throughout the implementation of this MSP.

C. DESCRIBE THE BUDGETED M & E PLAN:

Project monitoring and evaluation (M&E) will be conducted in accordance with established UNDP and GEF procedures. The Logical Framework Matrix in Annex A provides performance and results indicators for MSP implementation along with their corresponding means of verification. The following table outlines the main components of the M&E plan and indicative cost estimates related to M&E activities:

M&E Work Plan and Budget			
Type of M&E activity	Responsible Parties	Budget US\$ Excluding project team staff time	Time frame
Inception Workshop and Report	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO, UNDP/GEF 	\$1,000	Within first two months of MSP start up
Measurement of Means of Verification of project results	<ul style="list-style-type: none"> ▪ UNDP/GEF RTA/Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members ▪ Monitoring and Reporting consultant 	To be finalized in Inception Phase and Workshop	Start, mid and end of MSP (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on output and implementation	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ MSP team 	To be determined as part of the Annual Work Plan's preparation	Annually prior to ARR/PIR and to the definition of annual work plans
ARR/PIR	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP RTA ▪ UNDP EEG 	None	Annually
Periodic status/ progress reports	<ul style="list-style-type: none"> ▪ Project Manager and MSP team 	None	To be determined by MSP team and UNDP CO
Terminal Evaluation	<ul style="list-style-type: none"> ▪ Project Manager and MSP team ▪ UNDP CO ▪ UNDP RCU ▪ External Consultants (i.e. evaluation team) 	\$ 47,000	At least three months before the end of MSP implementation
Project Terminal Report	<ul style="list-style-type: none"> ▪ Project Manager and MSP team ▪ UNDP CO ▪ local consultant 	0	At least three months before the end of the MSP
Audit	<ul style="list-style-type: none"> ▪ UNDP CO ▪ Independent financial auditors 	\$8,000	\$2,000 Annually (x 4 years)
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP CO ▪ UNDP RCU (as appropriate) ▪ Government representatives 	none	Included into the GEF agency fee.
TOTAL indicative COST Excluding MSP team and UNDP staff time and travel expenses, if needs be.		US\$ 56,000	


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)
Rosibel Martinez Arriaga	Director of External Cooperation and Resources Management	SECRETARÍA DE ENERGÍA, RECURSOS NATURALES, AMBIENTE Y MINAS	03/25/2015

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
Adriana Dinu UNDP-GEF Executive Coordinator		October 21, 2015	Oliver Page Regional Technical Advisor, UNDP- GEF, EITT	+507-302- 4548	oliver.page@undp.org

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).

Please, refer to Section 3.1 in the ProDoc on page 44.

<p>Country Programme Outcome Indicators: Result 3 - In the context of economic rights and environmental conventions contribute to a productive Honduras, generating decent jobs, leveraging sustainable and integrated natural resources and reduce disaster risks resulting from environmental vulnerability. Outcome 2 - The Government of Honduras, the private sector and communities in areas of intervention, adopt best practices of ecosystem management, solid waste management, disposal of substances that deplete the ozone layer, mitigation and adaptation to climate change enabling the preservation of natural capital, reduce economic losses and income generation opportunities for sectors in conditions of greater vulnerability. Indicator - Number of avoided CO2 emissions voluntarily.</p>					
<p>Alignment to the UNDP Strategic Plan 2014-17 - Outcome 1 - Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded. Outcome Indicator 1.5 Outcome Indicator 1.5.1 Number of new development partnerships with funding for improved energy efficiency and/or sustainable energy solutions targeting underserved communities/groups and women</p>					
<p>Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): 1. Mainstreaming environment and energy OR 2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor.</p>					
<p>Applicable GEF Strategic Objective and Program: Climate Change Objective 2: Promote market transformation for energy efficiency in industry and the building sector.</p>					
<p>Applicable GEF Expected Outcomes: CC Objective 2: Sustainable financing and delivery mechanism established and operational</p>					
	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
<p><u>Project Objective:</u> The Objective is to remove barriers to the increased commercial use of</p>	<p>Energy savings and the corresponding GHG emissions resulting from hotel and restaurants end-uses of electricity</p>	<ul style="list-style-type: none"> Annual electricity use: 681,132 kWh 	<ul style="list-style-type: none"> Energy savings: 299,698 kWh as a result of 9 pilot projects at the end of MSP: Direct (20-year) GHG emissions (9 hotels): 1,978 tons CO2 	<ul style="list-style-type: none"> Final evaluation report 	<ul style="list-style-type: none"> GoH and IHT will commit to provide financial incentives to S&M hotels to increase competitiveness of the tourism industry and create new incentives for CO2 mitigation.

energy efficient electrical equipment in the small and medium-sized (S&M) hotel industry in Honduras			Indirect (20-year) GHG emissions (391 hotels): 314,640 tons CO2 Total: 316,318 tons CO2 Note: There is also a GWP gain by switching to low GWP refrigerants in A/C units (See Annex 2 of the ProDoc)		<ul style="list-style-type: none"> Commercially-driven and Government support to capitalize sources of funding that support the <i>Green Scheme</i> triggered mechanisms after MSP completion to help ensure sustainability of outcomes.
	Number of energy efficiency policies and/or legal normative for commercial electrical equipment enforced	<ul style="list-style-type: none"> 0 	Conformity assessments and labelling fully implemented for the commercialization of : <ul style="list-style-type: none"> air conditioners, lighting (CFL and LED), and refrigeration units 	<ul style="list-style-type: none"> 4 national decrees enacted by the GoH on: A/C, CFL, LED and self-contained refrigeration units Final evaluation reports 	
	Number of related jobs (disaggregated by sex/type) direct / indirectly promoted	<ul style="list-style-type: none"> 185,481 	<ul style="list-style-type: none"> 236,725 	<ul style="list-style-type: none"> IHT databases / estimates 	
<u>Outcome 1:</u> Energy efficiency (EE) enabling policy framework enforced and technical	Number of standards and labels for commercial electrical	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 4 standards, conformity assessments and labelling fully implemented for the commercialization of air conditioners, lighting (CFL and LED), and refrigeration units 	<ul style="list-style-type: none"> Official publication for each standard approved 	<ul style="list-style-type: none"> MiAmbiente and private stakeholders involved in EE activities agree to work together and partnerships be strengthened and effective during the execution of the MSP.

capacity strengthened in the Honduran hotel industry	equipment enforced				<ul style="list-style-type: none"> Stakeholders such as GIZ/4E, SICCS and UNITEC agree to effectively support capacity building activities. S&M hoteliers and financiers agree to attend the training sessions, no fee, and to scaling up their knowledge to other hoteliers and restaurants. Government institutions under the leadership of MiAmbiente are fully involved and continue their interventions after the MSP completion.
	EE legislation in place	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 1 law EE proposal submitted to the National Congress and if approved, the legal code prepared during MSP execution (2016-2018) 	<ul style="list-style-type: none"> MSP reports EE Law approved by the National Congress 	
	Number of stakeholders trained on EE and integrating EE electrical equipment and promoting best practices and allocation of EE investments in the hotel sector	<ul style="list-style-type: none"> 0 hoteliers 	<ul style="list-style-type: none"> 75 hoteliers 30 hoteliers trained on energy management 20 hoteliers trained on EE best practices 25 technical staff trained on energy audits and EE-related topics 4 hotels gained Green Award 	<ul style="list-style-type: none"> Certificates of participation in the training sessions issued by the relevant trainer Result-based and evidence-based Reports of the Green Scheme and the Green Award 	
<u>Outcome 2:</u> Commercially-driven investment in energy efficient equipment and technology for the hotel industry mobilized (grant and non-grant mechanisms)	“Green Scheme” designed, applied and monitored	<ul style="list-style-type: none"> (Currently, FOPESIC manages a fund of about US\$500k for EE investments and technical assistance in the commercial and industrial sectors) 	<ul style="list-style-type: none"> 1 financial scheme of at least US\$ 8.6 million fully commissioned and operational to support EE investments for S&M hotels (Environmental Trust Fund), able to couple with FOPESIC. 	<ul style="list-style-type: none"> MSP reports The <i>Green Scheme</i> bylaws operational The <i>Green Scheme</i> lending portfolio report 	<ul style="list-style-type: none"> CANATURH and HOPEH members understand the benefits of greening their business and fully engaged in implementation, both for pre-investment activities and for project financing. EE hotel projects meet the selection criteria in term of cost, payback and measurable savings. Due diligence process show that the commercial financial terms of the <i>Green Scheme</i> facility are
	Number of hotels and restaurants implementing EE	<ul style="list-style-type: none"> 4 hotels (2 in Roatan, 3 in San Pedro) 	<ul style="list-style-type: none"> 9 new successful MSP interventions completed 	<ul style="list-style-type: none"> Reports from CANATURH and HOPEH 	

	measures and best practices, in compliance with national policies (e.g.: AP+L and ENCC)	and 1 in Tegus, already have energy audits)		networks working in AP+L and SICCS <ul style="list-style-type: none"> Terminal evaluation reports 	not still suitable for the capacity payment of S&M hoteliers. <ul style="list-style-type: none"> Private developers (EE S&M hoteliers) can get access to project financing from the <i>Green Scheme</i> with their willingness to co-invest about 20-50% of the front costs with equity.
	Electricity savings from investments	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 149,849 kWh saved by year 2 and 299,698 kWh accumulative by the end of MSP 	<ul style="list-style-type: none"> MSP reports The <i>Green Scheme</i> lending portfolio report 	
	Number of decent and permanent job created through social responsibility bind to the <i>Green Scheme</i> as well as the promotion of women-led entrepreneurial activities in the hotel sector	<ul style="list-style-type: none"> 113 jobs retained at 60% occupancy rate in 9 pilot projects (9 pilot hotels x 25 rooms x 0,5 direct and indirect jobs per room) 	<ul style="list-style-type: none"> 113 direct and decent jobs retained at the end of the MSP thanks to an increase in occupancy rates of 63%, enforcing social responsibility bind as well as the promotion of women-led entrepreneurial activities 	<ul style="list-style-type: none"> IHT official statistics HOPEH and CANATURH employment records 	
<u>Outcome 3:</u> Increased practice and application of energy efficient technologies in the Honduran hotel industry	Number of hotels with restaurants implementing EE measures and best practices, in compliance with national policies	<ul style="list-style-type: none"> 6 hotels Existing projects at CANATURH's subsidiaries level: <ul style="list-style-type: none"> ➤ Tegus: 1 ➤ San Pedro: 3 ➤ Bay Islands: 2 	<ul style="list-style-type: none"> 24 new hotels and restaurants have adopted and implemented EE plans 	<ul style="list-style-type: none"> List of participants and training information of which at least 50% are women and ethnic groups Reports from CANATURH 	<ul style="list-style-type: none"> Key stakeholders effectively increase their capacities and use this knowledge for improved EE measures, best practices, and project finance. S&M hotels overcome the lack of knowledge by selecting more energy efficient technologies

	(e.g.: AP+L and ENCC) from: - MSP - Replication	(Barefoot and Coco Beach hotels)		and HOPEH networks working in AP+L and SICCS • Terminal evaluation report	and implementing best practices. • Number of hotels fully engaged in EE project finance will increase significantly after MSP completion due to promotion and campaign of inclusive green tourism strategies.
	Lessons learned systemized and disseminated	• 0	• 9 case studies prepared, validated by MSP stakeholders and widely disseminated through promotional campaigns aiming inclusive green tourism	• Publications available	
	Number of contributions from MSP to national and international publications and media	• 0	• 12 press releases and formal and informal publications released at the national and international levels, on EE measures and opportunities and achievements in the S&M hotel business, during the lifetime of the MSP	• Press releases and formal and informal publications aiming the promotion of inclusive and green tourism • Documents released (cases studies, lessons learned)	

Outcome 1: Energy efficiency (EE) enabling policy framework enforced and technical capacity strengthened in the Honduran hotel industry

Output 1.1: Established national EE policy and operationalized a Honduran hotel EE scheme in compliance with minimum energy performance standards for appliances (4 technologies: air conditioners, lighting (CFL and LED), and self-contained refrigeration units)

Output 1.2: Completed capacity development for key stakeholders on electricity use, energy savings and GHG mitigation (75 hoteliers and financiers trained)

Outcome 2: Commercially-driven investment in energy efficient equipment and technology for the hotel industry mobilized (grant and non-grant mechanisms)

Output 2.1: Established the *Green Scheme* for EE projects in the hotel industry (US\$ 8.6 million fully commissioned to support EE investments to reduce emissions by 316,318 tCO2 in 20 years)

Output 2.2: Portfolio of 9 pilot projects at feasibility level with funding plans (savings guarantees, leasing, subsidized interest rates) to implement EE measures (investments to reduce emissions by 300 tCO2 in 3 years)

Output 2.3: Set up a programme for monitoring and evaluation of actual energy savings, GHG emission reductions, and EE investment performance (450 MWh in 3 years due to the execution of 9 pilot-hotels and an Environmental Trust Fund operating, among other sectors, for EE in the tourism industry)

Outcome 3: Increased practice and application of energy efficient technologies in the Honduran hotel industry

Output 3.1: Documented and vetted case studies from the 9 projects piloted nationwide (9 case studies prepared, validated, and disseminated)

Output 3.2: Operationalized database through a public and private alliance and promotion of website on energy efficiency best practices, success stories and services for Honduran hotels

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).

Comments/Responses to be presented at the CEO approval as per PIF Review	ProDoc Inclusion
<p>1. The subsidy level is expected to decrease over time, but this will be determined during the PPG phase.</p>	<p>Please, refer to Activity 2.1.1: Design of the “Green Scheme” for a presentation of the two proposed financing windows:</p> <p>Step 1: Non-reimbursable assistance for carrying out pre-investment activities. Step 2: Financial assistance for implementation.</p>
<p>2. The specific financing mechanisms (e.g. debt, equity, others noted above) will be assessed during the PPG phase.</p>	<p>Please, refer to Activity 2.1.1:</p> <p>Step 2: Financial assistance for implementation.</p>
<p>3. The CO2 emission reductions are based on a hotel survey from the Clean Production Action Plan in the Tourist Sector that estimated conservatively the potential for savings given a sample of 12 hotels. During the PPG phase this survey will be updated and the sample size increased, to ensure the accuracy of the extrapolations made, and the expected improvement of the cost-effectiveness of the project.</p>	<p>Please, refer to Activity 2.3 Expected Global and National Benefits</p> <p>The expected Global Environmental Benefits associated to the above outcomes are estimated as follows: as a direct result of this MSP, 1,978 tCO₂ of direct emissions are expected to be avoided over a 20-year period, based on a 0.66 tCO₂/MWh emission factor (FOPESIC, 2015); based on a sample consisting of 9 small and medium hotels. For the entire hotel sector registered in CANATURH, made up by 400 hotels nationwide, also over a 20-year period, 316,318 tCO₂ of indirect emissions will be avoided and a potential saving of about 40 GWh/year which represents 22% of savings based on the estimated current levels of consumption.</p>
<p>4. The scale of investment and savings potential will be assessed in detail during the PPG stage, and estimated in the logic framework analysis (outcomes, outputs, activities, baseline, targets and risks).</p>	<p>Please, refer to Annex A of this Document.</p>

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁵

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

The following Table summarizes key activities implemented during the PPG phase, and the main outputs of this process:

PPG WORK PLAN			
COMPONENT	ACTIVITY	OUTPUTS	TEAM
A: Baseline, preliminary identification of keystakeholders and consultation process	Product 1. Elaborate Technical and Financial Proposal for International and National consultants	Contract signed	Consultants/UNDP Ho
		Workplan approved by UNDP Co	Senior consultant
	Field Mision #1 (Tegucigalpa): Focus group #1: Inception with key stakeholders for the PPG stage and programmatic meetings with senior public officers.	Product 1: Workplan, focus group #1 and preliminary list of key stakeholders prepared	Senior consultant
	Misión #1 (Tegucigalpa): Identification of key stakeholders, public and private sectors	A list of key stakeholders, at the national level, has been structured for the PPG stage and for the implementation of the ProDoc	UNDP Ho / Consultants
	Misión #1 (Tegucigalpa): Identification of key cofinanciers: multi and bilateral	Prepared a preliminary list of potential cofinanciers	UNDP Ho / Consultants
	Prepare baseline	MSP baseline prepared and validated it with key stakeholders	Senior consultant
	Identification of pilot hotels (field visits)	Preliminary S&M hotel pipeline structured	Senior consultant
B: Project Document preparation	Mision #2 (San Pedro): Focus group #2: Inception with key stakeholders for the PPG stage and field visits to pilot hotels	Focus group held in San Pedro Sula with broad participation of key stakeholders from the private sector, including hoteliers	UNDP Ho / Consultants
	Mision #2 (Roatan Island): Focus Group #3 with hoteliers in coordination with HOPEH and field visits to pilot hotels	Focus group held in the Island of Roatan San Pedro Sula with broad participation of key stakeholders from the private sector, including hoteliers	UNDP Ho / Consultants
	Elaborate: Project Results Framework	Section prepared	Senior consultant
	Elaborate: Request for CEO Endorsement	Document prepared	UNDP Ho / Consultants
	Elaborate: ProDoc	Document prepared	UNDP Ho / Consultants
	Structure Project Budget	Section prepared	UNDP Ho / Consultants
	Definition of indicators	Section prepared	Senior consultant
C: ProDoc validation and secure cofinancing	Misión #3 (Tegucigalpa): Final workshop to validate the process and present draft	Documentos elaborados: ProDoc/Results Framework Matrix/Request for CEO Endorsement	UNDP Ho / Consultants
	Assist with the identification and commitment of cofinanciers	Preliminary list of cofinanciers	UNDP Ho / Consultants
Additional tasks	In-country coordination with senior public officers of MiAmbiente	On-going	UNDP Ho / Consultants
	Product 2. Follow up to GEF revisions	Follow up to GEF ProDoc revisions	UNDP Ho / Consultants
		Follow up to GEF Letter of Endorsement revisions	UNDP Ho / Consultants
Product 3: Translation of documents to Spanish	Documents translated	Senior consultant	

The corresponding budget breakdown is described as indicated in the Table below:

PPG Grant Approved at PIF: 50,000			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
International Consultants	30,000	30,000	0
Local Consultants	15,000	15,000	0

⁵ 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.

Travel	2,500	2,500	0
Trainings	2,500	2,500	0
Total	50,000	50,000	0

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)