

## SUMMARY OF THE PROJECT IN DESIGN \* (\*)

### Innovation in Strategies for Food Security and Agriculture along Western Honduras

<b>PITCH ELIGIBILITY DATE</b>		<b>COUNTRY(IES)</b>
09/23/2022		Honduras
<b>ALIGNED WITH COUNTRY STRATEGY?</b>		
Yes		
<b>PARTNER(S)</b>		
Red de Comercializacion Comunitaria Alternativa		
<b>PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT</b>		
B (**)		
<b>TOTAL BUDGET</b>	<b>IDB Lab</b>	<b>LOCAL COUNTERPART AND COFINANCING</b>
US 2,496,000	US 2,496,000	US 0
<b>DESCRIPTION</b>		

**The problem** Honduras ranks as one of the countries with the highest poverty rates in Central America, with a Human Development Index of 0.634, a total population of 9.7 million inhabitants and an active population of more than 4 million people. Honduras' population is young, with more than 30% between 10-24 years of age. Almost half of the population (43.5%) lives in rural areas, with women and youth being the most vulnerable in this environment. In the last 2 years, the COVID-19 pandemic has considerably affected the Honduran economy, negatively impacting export value, unemployment rates and household income. Last year saw a more than 9% contraction of GDP<sup>7</sup>. The subsequent devastation of Tropical Storm Eta and Hurricane Iota that struck the country in November 2020 further exacerbated the situation.

According to the 2016 report from the United Nations Special Rapporteur on the rights of indigenous peoples of Honduras, 72% of indigenous households cannot cover the costs of basic food staples, placing them below the extreme poverty line, compared to 41.6% of households nationwide. 88.7% of indigenous children live in poverty, and more than 88% of indigenous children from the Lenca community suffer from extreme poverty. A great majority of the Lenca population are small holder farmers, who work in agriculture for their sustenance and food intake. In the past few years, some of them have been able to improve their access to markets by engaging with local markets and producing high value products. But much remains to be accomplished in terms of productivity and climate resilience for the Lenca to stive in modern agriculture. High value agriculture has the potential to enhance the lives of the Lenca, particularly along Western Honduras in the Departments of La Paz, Lempira and Intibuca. However, several barriers must be dealt with for this to occur. (i) Local producers face several limitations to access markets resulting from inadequate rural development policies, lack of local investment - (financial, technical, and marketing) and lack of timely data with regards to their production systems; (ii) In recent decades, producer organisations have increased their collective expertise in diversification, negotiation and bargaining and access to local, national and regional markets. However, their progress is held back by inefficiencies in the financial, commercial and technological frameworks they operate under, and because as farmer organisations they have not developed the digital capabilities to tap into the increasing availability of information related to climate, finance and markets. (iii) Technical assistance from the government is not far-reaching and focuses on monocultures of commodities.

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\*\*The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

Increasingly, specialized information and data is available on specialty and high value crops, but systems remain disperse, and decentralized, making it difficult for farmers to adequately use. (iv) Finally, women have limited access to inputs, technologies, secure land tenure and financial assets.

Women have less ownership over agricultural holdings, putting them at an immense disadvantage. Gender discrimination also results in fewer women in leadership and decision-making roles in smallholder organisations and movements.

**The solution** This project will focus on improving food security and economic empowerment of farmers organized around the COMAL Network (Cooperative COMAL) that are located along Western Honduras. The project will develop climate resilient agricultural systems, promoting and developing food value chains, increasing innovation in agricultural production by diversifying smallholder farms and educating families about healthy food consumption. The project will promote the financial inclusion of cooperatives and smallholder farmer organisations to strengthen territorial development.

The project will have three unique components: (i) Digital Innovation in Value Chain development; (ii) Enhanced food security systems; and (iii) financing for producer organizations.

Digital Innovation in Value Chain Development. The project will focus on avocado, vegetables and honey, crops and products that contribute to food security and have a high demand in the national and international markets. These crops are adapted to the climatic conditions of Western Honduras, and COMAL has had successful experiences with their promotion in the past. The project will build strong connections between smallholder farmers and local businesses and companies and will leverage existing relationships with dynamic markets at the national level.

The project will deliver training for 900 smallholder farmers (300 avocado producers, 300 vegetable producers and 300 women bee honey producers) on agroecological practices that will strengthen selected value chains. In turn, through the dynamic extension and train the trainers methodology, these will reach an additional 2100 for a total of 3000 beneficiaries. The project will support farmers with necessary agro inputs, technology training, access to improved water systems.

Enhanced Food Security. The project will seek to increase food availability, particularly addressing food supply by establishing family gardens and fruit trees.

By training households on diversified agricultural production and integrating agroecological and agroforestry practices, including water and crop management aspects and tackling infrastructural gaps, the project will strengthen the capacities of households to produce effectively diverse crops and fruits.

Producer organization and financial access. The project will address capacity needs of 40 producer organisations in Western Honduras. Activities in this component will involve training community organisations on financial inclusion, providing adequate tools for financial education, good governance and management, as well as technology improvements in portfolio and risk management for small holder organizations. The project focuses on capacity strengthening of producer organisations and also addresses the need to access financial services for savings, and later, credit.

**The beneficiaries** The participants in this project are mostly Lenca indigenous households, dedicated to agricultural production with limited skills on climate resilience or capacity to adapt their agro-practices, rendering them, and their livelihood strategies, highly vulnerable. Project participants are from rural communities that continue to depend on subsistence production (basic grains) combined with some crops (coffee, vegetables).

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Women and youth's needs will be prioritised in this project, ensuring they are not only active participants in production activities, but also are empowered economically and organisationally as leaders in target producer organisations. Direct beneficiaries of the project consists of 40 organisations, including business associations, consumer stores and cooperatives. Of the 40 organisations participating in the project, at least 10 already have some degree of organizational strength and have accessed external financial services. The project will further enhance their capabilities, making them a reference and model for other organisations. The other 30 producer organisations will receive support to strengthen their technological capacity and access to finance so that farmers can implement investments required for climate resiliency. As part of these 40 organisations, the project will work with 3000 producers (at least 30% women) representing 3000 households. The project will therefore support 15,000 people (5 people per family).

**The partner COMAL.** COMAL is a producer's organisation (PO) network (RED COMAL) that has been working in rural and agricultural development for more than 26 years. COMAL is specialised in sustainable agricultural production and marketing. Through this approach, COMAL has acquired vast experience in supporting the self-organizing efforts of agricultural small producers' organisations. This approach has allowed COMAL to develop its niche in strengthening the capacities of grassroots organisations and good governance, which will be a key asset towards the sustainability of the project. COMAL is legally a nonprofit organization made up of 1,400 smallholders farmers and producers and their families from 62 community organisations.

**The IDB Lab's contribution** The total project cost of US 2,496,000 will be financed ~~€~~ for Non-Reimbursable Technical Cooperation under IDB Lab's administration by GAFSP funds.

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