

practices typical of the linear economy, creating a strong dependence on intermediary buyers and creditors that forces them to sell their crops at prices very low and below the international market. It is for this reason that the Action proposes the integration of multipurpose farms to make it possible to expand biological wealth, diversify production and reduce dependence on monocultures in the face of a market that is becoming very unstable.

Honduras is amongst the world's top producers of coffee<sup>23</sup>, which grows in medium and higher altitudes. The country however suffers from structural weaknesses due to climate change impacts such as the concurrence of successive phenomena like hurricanes, floods and droughts. Immediate post Hurricane Eta and Iota weather conditions favoured an outbreak of leaf rust in five departments of Honduras which hampered overall production. A stronger outbreak is expected during the 2021 rainy season (May-November) due to higher levels of humidity compared to the last two years. The majority of the small and medium sized producers do not have access to further credit to invest in farm management. The lack of maintenance to the coffee farms represents a risk for the spread of coffee rust and other diseases further pushing farmers to look for new crop areas.

Women contribute to the coffee sector at all levels of the global coffee value chain however the economic returns of women in agriculture are often lower than those of their male peers and they are directly impacted by the structural weaknesses due to climate change. Currently, the international crisis in coffee prices, the main agricultural export item for Honduras, together with a loss of crops linked to climatic events, places the country on the brink of a new humanitarian crisis. Climatic variations over the years and successive droughts and floods have caused losses in agricultural production, the main activity that provides income and food for Honduran agroforestry producers.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Coffee and timber producing organisations and cooperatives representing some 2000 families, of which 50% are concentrated in coffee production, resilient crops, such as bananas which are adapted in local conditions and offer together with timber trees much needed shade that maintain among others, soil humidity and bloc destructive winds. Such symbiosis of diverse crops increases the potential source of income of smallholder farmers. About 25% of the beneficiaries will be people living in vulnerable situations such as women and youth, including women and girls with disabilities or indigenous background. The target group for water governance will be the water boards and other local organisations present in the area of influence and that by law would be part of the governance structures, as well as the total population of the hydrographic basins targeted.

Instituto de Conservación Forestal, Áreas Protegidas y Vida Silvestre (ICF)<sup>24</sup> is the national competent authority in charge of administering policies, plans, programmes and projects related to forest resources. The Institute is tasked with the sustainable management of forests at the public, private and community levels, ensuring the social, anthropological<sup>25</sup> and economic development aspects such ecosystems contain. The ICF is the signatory on behalf of the Honduran government of the VPA FLEGT and its mandate is to oversee the overall rollout of the VPA. The ICF will also be responsible for the procurement of Technical Assistance related to the designing and testing of a Timber Legality System.

Civil society represented by:

- a. Civil Society Financing for Development (FfD) organisation with the capacity to manage micro credits borrowed by International Finance Institutions (IFIs) including European Development Finance Institutions. Such an organisation will work to strengthen the institutional capacities of local governments and local level saving banks with a focus on financing natural resources through strengthening ecosystem services. Its mandate will be to develop microcredit culture in the area of intervention, seek credit financing and eventually scale up such initiatives into a larger intervention under the EFSD+ instrument.
- b. Civil Society Organisation with experience in the implementation of Climate Smart Agricultural practices including agro-ecological principles. Its mandate would be to provide climate smart solutions in agricultural production in the forestry and agricultural sector.
- c. Local communities most impacted by climate change issues and migration.

<sup>23</sup> About 4.5 Million kilo bags per year which makes Honduras the fifth exporter worldwide. <https://ico.org/prices/m1-exports.pdf>

<sup>24</sup> <https://icf.gob.hn/>

<sup>25</sup> Forests provide home to indigenous peoples ethnic cultures