

### 3.5 The Intervention Logic

The proposed action aims at supporting the forests in Honduras (governance and sustainability) as well as those who live from the forests in Honduras:

1. Supporting the forests' governance (through the VPA FLEGT's implementation): **outcome 1**
2. Supporting the forests' sustainability (through the Forest Partnership): **outcome 2**
3. Supporting the green businesses who live from the forests' resources: **outcome 3**

- **VPA FLEGT (outcome 1).** Forest governance will be strengthened through the implementation of the legally binding and recently ratified Voluntary Partnership Agreement (VPA-FLEGT), which has forest governance and timber legality at its centre. All identified outputs related to governance will contribute directly to achieving this specific objective and have as such been recognised by the signatories of the VPA signed by Honduras and the EU as being essential for implementing the bilateral agreement. As a basis, the new-born VPA institutions will be strengthened (output 1.1), the very core of the VPA will be developed (Timber Legality Assurance System –output 1.2) and the capacity of private sector operators will be enhanced (output 1.3), as they are the 1<sup>st</sup> in line on the field to implement the VPA requirements. Finally, as required by the Agreement, elements to monitor the VPA's impact will be established (output 1.4), and the land titling and regularisation will be supported (output 1.5), not only to make sure the timber produced in the project area is legal, but also to ensure a peaceful and safe environment in the production areas. Overall, this will also reinforce the legal timber trade with the EU.
- **Forest Partnership (outcome 2).** “VPA & Beyond: Voluntary Partnership Agreement, Forest Partnership and Green Business”, the Action will not only support forest governance and timber legality, but also forest sustainability as envisaged by the Forest Partnership (FP) between the EU and Honduras, currently being negotiated. This sustainability will be supported through forest restoration activities (output 2.2) (in line with Honduras' NDC to restore 1.3 Million hectares by 2030), supporting responsible ecotourism in Protected Areas (output 2.3), supporting the implementation of the Zero-Deforestation EU Regulation in agroforestry areas (output 2.4), and also by supporting the forest industry and public/private owners engaged or committed to engaging in sustainable forest management (output 2.1). Without their active participation, Honduras will not be able to manage its objectives within the Forest Partnership.
- These 2 outcomes are interlinked, as the VPA activities are strictly focused on the timber legality and hence the forest governance, whereas the FP activities are rightly “beyond the VPA”, hence covering in the forest area whatever is not covered by the VPA, which is the forest sustainability as a whole. Also, strengthening of sector governance is possible through management, technical and operational capacity development of public and private actors that promote business development, boost the entrepreneurial ecosystem and ensure environmental sustainability through the implementation of new MSE acceleration models, use of new technologies and diversification of value chains linked to the forestry sector with the greatest potential for competitiveness.
- **Green Businesses (outcome 3).** Finally, as the Honduras forest transformation sector is dominated by MSEs, a Green Businesses component, focused on the forest-related value chains, will support a wide range of MSEs, including those related to climate smart agriculture, given that conversion of forest lands to livestock pasture or agriculture is thought to be the one of the major causes of deforestation. The promotion and strengthening of a business development model and the creation of innovative, scalable ventures focused primarily on agro industrial, ecotourism and forestry value chains will contribute to increasing competitiveness, generate decent employment and at the same time reduce the environmental impact on Honduran forests.
- The three components will support the roll-out of the VPA FLEGT, the Forest Partnership between the EU and the Honduras, as well as the private sector who needs to match these new requirements.