



JOINT
SDG
FUND

Joint Programme Document:

**Local Financial Innovation for the
Resilient Transformation of Food
Systems in the Dry Corridor of
Honduras.**



COVER PAGE

MPTFO Project Reference Number	
Country	Honduras
Territorial/Geographic Focus	<p><i>Dry Corridor of Honduras, 2 regions connecting the north and south: In La Paz, the focus include the municipalities of Marcala, Chinacla, San José, Santa María, Santiago Puringla, Tutule, Cané, and La Paz, with a total population of 147,902 inhabitants.</i></p> <p><i>In Choluteca, the focus will be on the municipalities of San José, Pespire, San Antonio de Flores, and San Isidro, with an approximate population of 39,254 inhabitants, along with other municipalities in southern Choluteca, totaling around 166,465 inhabitants.</i></p>
Joint Programme Title	Local Financial Innovation for the Resilient Transformation of Food Systems in the Dry Corridor of Honduras
Short Description:	<p>The Dry Corridor of Honduras faces high climate vulnerability, with prolonged droughts and floods affecting agricultural production—the main livelihood of thousands of small-scale producers. Financial exclusion is a structural barrier that limits the development of these communities, especially among women, youth, and Indigenous peoples, due to the lack of adapted financial products and adequate guarantees.</p> <p>The program proposes a concrete solution to transform agri-food systems in a resilient manner: the strengthening and expansion of the Financial Centers for Development (FCDs), an existing local financial innovation that brings together municipal governments, intermunicipal entities¹, cooperatives, and multi-service enterprises under a participatory governance model with a territorial vision.</p> <p>The FCDs in La Paz and Choluteca—selected for being located in areas with high productive potential—will be strengthened as territorial platforms for inclusive development, directly benefiting 2,000 families through access to adapted financial products, seed capital, guarantee funds, technical assistance, and digital technologies to improve risk management and promote solidarity-based financing schemes.</p> <p>The program’s first phase prioritizes diagnostics for 200 producer organizations to design tailored financial products that strengthen value chains, improve market access, and increase productivity. Differentiated credit lines such as AGROJOVEN (Youth Agro) and AGROMUJER (Women Agro) are planned.</p> <p>The consolidation of these two centers as replicable territorial models, with standardized methodologies and operational protocols, will enable scaling of the approach to more than 30 municipalities in the Dry Corridor, integrating local leadership, institutional commitment, and the</p>

¹ **Intermunicipal entities** - formed by the voluntary union of two or more municipalities or local governments, with the objective of jointly managing works, services or purposes that are within its municipal competence. It is a form of intermunicipal collaboration to improve efficiency and effectiveness in the provision of services and local development. In Spanish they are called “mancomunidades”.

	technical support of FAO and UNDP.
Joint Programme team:	
Resident Coordinator	<i>Alejandro Álvarez, alejandro.alvarez@un.org</i>
Joint Program RCO focal point	<i>Norma García, RCO Partnerships Officer, norma.garcia@un.org</i>
Lead PUNO JP Focal point	<i>UNDP, Richard Barathe, Resident Representative, richard.barathe@undp.org</i>
PUNO 2 JP Focal point	<i>FAO, Fátima Espinal, Resident Representative, fatima.espinal@fao.org</i>
Anticipated Total Budget	
PHASE I :	
Duration:	<i>15 months</i>
Start and end dates:	<i>09/2025 to 11/2026</i>
Total Budget:	<i>\$12,787,087.00</i>
Phase I Budget	
Source of funds	
UN Joint SDG Fund	<i>\$787,087.00</i>
PUNO 1 co-funding	
PUNO 2 co-funding	
Government co-funding	<i>\$4,000,000.00</i>
International donor co-funding	<i>\$2,000,000.00</i>
Other sources co-funding (private financial sector, guarantee society)	<i>\$6,000,000.00</i>

Legal context

This Project Document shall constitute the instrument referred to in Article I of the Basic Agreement of Assistance signed on January 17, 1995, ratified by Decree No. 3395 of April 27, 1995, and its addendum ratified by Decree No. 132-2010 of the National Congress on August 17, 2010, between the Government of Honduras and the United Nations Development Programme (UNDP). Any reference in the Basic Agreement of Assistance (BAA) to the “Executing Agency” shall be understood as a reference to the “Implementing Partner.”

This project will be implemented by UNDP (the “Implementing Partner”), which shall be responsible for carrying out the project in accordance with its regulations, rules, financial practices, and procedures, provided that no principle of UNDP’s Financial Rules and Regulations is infringed.

The co-implementing agency shall be the Food and Agriculture Organization of the United Nations (FAO), which signed an agreement titled “Food and Agriculture Organization of the United Nations and the Government of Honduras” on November 24, 1978.

The legal basis of the joint programme is the Legal Annex of the signed United Nations Sustainable Development Cooperation Framework (2022–2026). It refers to the cooperation or assistance agreements, or other agreements, that constitute the existing legal basis for the relationship between the Government of Honduras and each participating United Nations organization.

Please refer to page 156 of our Cooperation Framework to view our Legal Annex: [Marco Desarrollo Sostenible Naciones Unidas para el Desarrollo Sostenible | Honduras 2022 -2026.pdf](#)



DECLARACIÓN DE COMPROMISO Y FIRMAS

Al firmar este documento del Programa Conjunto, todos los signatarios se comprometen a colaborar en un espíritu de cooperación para alcanzar los resultados identificados en el marco de resultados, el plan de trabajo y el presupuesto.

Copresidentes del Comité Directivo de JP	
Representante del Gobierno Fredis Alonso Cerrato V. Secretaria de Desarrollo Económico Firma  Fecha 	Coordinador Residente del SNU Alejandro Álvarez Firma  Fecha 27/6/2025
	
Organizaciones Participantes de la ONU	
Richard Barathe (PNUD) Firma  PNUD 	Fatima Espinal (FAO) Firma  FAO 

JOINT PROGRAM PROFILE

<p>Contribution to Cooperation Framework Outcome(s) and Output(s)</p>	<p>United Nations Sustainable Development Cooperation Framework (2022–2026)</p> <p><i>Strategic Priority 2: Laying the foundation to harness tomorrow’s structural opportunities within the framework of the 2030 Agenda</i></p> <p><i>Outcome 2.2: The Honduran State and society implement policies, strategies, and programs that support an adequate and inclusive economic transformation and decent work for both women and men.</i></p> <p><i>Output 2.2.4: Populations affected by the 2020 crises have enhanced capacities to access productive schemes for employment generation—particularly women—and benefit from the sustainable recovery of key economic sectors in affected areas.</i></p> <p><i>Outcome 2.3: The Honduran State implements policies, strategies, and programs that strengthen the sustainability and resilience of its development.</i></p> <p><i>Output 2.3.1: Public institutions and the private sector strengthen their capacities for climate change mitigation and the promotion of a green and circular economy.</i></p> <p><i>Strategic Priority 3: Building the social capital of the next Honduran generation, with gender equality, equity, and a human rights-based approach</i></p> <p><i>Output 3.3.6: Institutional capacities at both national and local levels, as well as those of Honduran society, are strengthened to ensure food and nutrition security for excluded populations, and to implement initiatives in this area, including the provision of sustainable livelihoods.</i></p>
<p>SDG Targets directly addressed by the Joint Programme</p>	<p>SDG 1: End poverty in all its forms everywhere</p> <p>1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.</p> <p>1.2 By 2030, reduce at least by half the proportion of men, women, and children of all ages living in poverty in all its dimensions according to national definitions.</p> <p>1.4 By 2030, ensure that all men and women, particularly the poor and the most vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and</p>

financial services, including microfinance.

1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social, and environmental shocks and disasters.

1.A Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries—particularly least developed countries—to implement programs and policies to end poverty in all its dimensions.

SDG 2: Zero Hunger

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, particularly women, Indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment.

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, help maintain ecosystems, strengthen capacity for adaptation to climate change, extreme weather, drought, flooding, and other disasters, and progressively improve land and soil quality.

SDG 5: Achieve gender equality and empower all women and girls

5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws.

5.B Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.

SDG 8: Promote inclusive and sustainable economic growth, employment, and decent work for all

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation,

	<p>and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services.</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.</p> <p>SDG 12: Ensure sustainable consumption and production patterns</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p> <p>12.A Support developing countries to strengthen their scientific and technological capacity to move toward more sustainable patterns of consumption and production.</p>
Expected key results of the Joint Programme (both Phase I & II)	<ol style="list-style-type: none"> 1. Financial Diversification and Inclusion (Design of tailored financial products and guarantee funds) 2. Technical Assistance and Financial Education (Strengthening of existing capacities and development of productive and financial technical assistance programs) 3. Market Expansion and Access (Public and private markets)
Anticipated direct beneficiaries (both Phase I & II)	<p>200 organized groups</p> <p>2,000 direct beneficiaries with access to credit and/or seed capital and/or technical assistance</p>
Anticipated financial leverage (both Phase I & II)	<p>- Co-funding (within the JP budget): US \$ 2,500,000.00</p> <p>- Co-financing (parallel to JP budget): US \$24,700,000</p>
Localization marker score	3

The primary focus on SDG Transitions in the JP	<input type="checkbox"/> Digital Transformation <input checked="" type="checkbox"/> Food Systems <input type="checkbox"/> Decent Jobs and Universal Social Protection <input type="checkbox"/> Energy Access and Affordability <input type="checkbox"/> Transforming Education <input type="checkbox"/> Climate, Biodiversity, Pollution
Main enabling actions that the JP supports	<input type="checkbox"/> Shifts across policy and regulatory frameworks <input checked="" type="checkbox"/> Capacity building at scale <input type="checkbox"/> Deal room (financing mix) <input checked="" type="checkbox"/> Pipeline of bankable and market-ready projects

Joint Program Description

1. Situation analysis and baseline

In Honduras, the formal financial system allocates barely 4% of its portfolio to the agricultural sector, offering products with interest rates of up to 36% annually. This forces many rural families to resort to informal financing, with rates exceeding 200%, which perpetuates poverty and limits sustainable development. The agricultural sector accounts for more than 30% of the country's labor force, yet access to credit remains a fundamental obstacle, especially for women, youth, Indigenous peoples, and small-scale producers. Only 18% of rural women have access to formal financial services, and less than 10% of rural youth have received agricultural credit.

Despite the existence of laws such as the Agrarian Reform Law, which seeks to promote gender equality in land ownership, legal and cultural barriers persist that limit women's access of this key resource for their economic empowerment. Additionally, 75% of financial operations for agriculture are concentrated among producers over 40 years old with formal guarantees, excluding vital groups for local economic dynamism.

This exclusion is exacerbated in the Dry Corridor, a region highly vulnerable to climate change and food insecurity, where the limited institutional presence, high transaction costs, lack of financial products adapted to agriculture, and absence of adequate guarantees restrict productive investment and climate resilience. To address this structural weakness, in recent years the Financial Centers for Development (FCDs), were created as territorial platforms for local financial innovation that aim to facilitate access to tailored financial services for small rural producers, especially in areas with high financial exclusion such as the Dry Corridor.

Currently, six FCDs are operating in the departments of Choluteca, La Paz, Intibucá, Lempira, El Paraíso, and Santa Bárbara. They manage over USD 2 million in financial flows aligned with agro-productive cycles for certain crops, leveraged through revolving funds, guarantee mechanisms, and public-private co-financing schemes. This project will focus on the FCDs of La Paz and Choluteca due to their high levels of financial exclusion, climate vulnerability, and strong agro-productive potential. Both departments already have functional organizational structures and significant progress: in La Paz, the FCD has expanded its coverage by 43% in recent years (<https://proceso.hn/pequena-agricultura-florece-en-la-manorcho-en-el-sur-del-pais>), and in Choluteca, the MANORCHO FCD serves over 23 organizations, some of which are connected to formal markets. The current conditions of these 2 FCDs make it possible to maximize impact, generate concrete results, and build a replicable model. Direct intervention will be limited to these two centers, knowledge sharing with the existing FCDs will be promoted to strengthen capacities and expand the model nationwide.

LOCATION OF FCDS



Source: Own elaboration. 2025

This project strategy includes a comprehensive diagnosis of the FCDs to implement a technical, operational, and financial strengthening plan. Internal governance will be improved, along with strategic productive and commercial partnerships, and a mapping of needs will be conducted to align financial products with productive cycles and climate risks. Guarantee products will be designed to expand coverage and facilitate access to solidarity-based financing.

Additionally, a comprehensive financial education program will be designed and implemented, seed capital and funds for microcredits will be made available, accompanied by specialized technical assistance to improve productivity. Also, cultural and climate-smart practices will be incorporated, digital technologies will be adopted for risk analysis, and alliances with the private sector and markets will be strengthened to increase income and productive demand.

2. Program strategy and theory of change

2.1. Impact path

The impact pathways of the FCDs follow a comprehensive approach aimed at structurally transforming access to financing in excluded rural areas of the Dry Corridor. Through a model that brings together public, private, and community actors, the FCDs not only expand access to financial services but also promote the empowerment of women and youth, the strengthening of local economies, and climate resilience.

The actions are designed to generate progressive and sustainable impacts, including: expanding FCD coverage in territories with low financial inclusion; designing financial products tailored to productive cycles and climate contexts; linking with solidarity guarantee funds and flexible mechanisms; and leveraging digital technologies for risk assessment and remote access.

In addition, the program promotes financing for sustainable agricultural practices, specialized technical assistance, and the participation of local actors in co-financing schemes.

The following table outlines the structural constraint, how the FCDs have overcome this limitation, and the value proposition that the program brings by strengthening their financing and governance model:

JP Value Added		
Structural Limitations	FCDs Strengths	Future comparative advantage with the JP
<p>There is a structural gap between the supply of financial services and the actual needs of local productive activities, which limits timely and adequate access to financing for organizations within the social and solidarity economy sector.</p> <p>Traditional Financial Service Providers (FSPs) offer standardized products that are not aligned with agricultural production cycles nor with the risks associated with local climate conditions. Research has shown that these products often include poorly adapted terms, such as monthly repayment schemes, which do not reflect the realities of crops like basic grains—whose cycles can extend over several months—or coffee, which only begins to produce from the third year onward.</p>	<p>FCDs offer a local alternative to the banking system, with greater flexibility to adapt basic credit conditions. However, they currently lack specialized products, territorial universality in the areas they serve, and differentiation by population group. Their coverage remains limited, though it has the potential to expand to other municipalities within the Dry Corridor.</p>	<p>FCDs will design financial products adapted to the productive cycle (terms, preferential rates, grace periods) in coordination with producer organizations, including specialized credit lines for youth, women, and specific productive sectors. Efforts will be made to expand coverage to other municipalities within the Dry Corridor through additional intermunicipal entities, which will directly result in increased access for producers and broader coverage.</p> <p><u>The proposal does not aim to replace traditional Financial Service Providers (FSPs), but rather to complement them by reducing their perceived risk (through guarantees) and by generating creditworthy demand (through technical assistance and tailored products).</u></p>
<p>The absence of adequate guarantees limits producers' ability to access credit, as they do not possess acceptable assets to secure their loan applications with financial institutions.</p>	<p>Currently, FCDs do not operate with formal guarantee mechanisms, nor are they connected to funds such as CONFIANZA, which limits their ability to scale within the financial system. At present, members act as guarantors for one another, making the FCD particularly attractive compared to traditional financial systems that require formal or collateral guarantees, often inaccessible to rural producers.</p>	
<p>Information asymmetry and insufficient technical and</p>	<p>Currently, FCDs do not operate with a structured financial education</p>	<p>A robust training plan will be implemented covering agricultural</p>

JP Value Added		
Structural Limitations	FCDs Strengths	Future comparative advantage with the JP
financial training increase the perceived risk for traditional financial service providers.	plan or specialized technical assistance, offering only basic informal guidance.	<p>practices, financial education, business management, and associative strengthening, including the following components:</p> <p>Productive technical strengthening:</p> <ul style="list-style-type: none"> ● Specialized technical assistance in managing priority crops in the region such as basic grains, coffee, vegetables, honey, fruits, etc. ● Good agricultural practices and sustainable production systems. ● Integrated pest and disease management. ● Productive diversification and agricultural conversion. ● Irrigated production and efficient water use. <p>Strengthening of business and associative management:</p> <ul style="list-style-type: none"> ● Management of production costs and development of farm or productive unit plans. ● Profitability analysis. ● Associative marketing. ● Legal formalization. ● Strengthening of boards of directors. <p>Financial education:</p> <ul style="list-style-type: none"> ● Credit management. ● Simplified accounting. ● Credit portfolio analysis. ● Governance systems. ● Oversight and transparency. ● Credit monitoring and recovery. ● Design of appropriate financial products (microcredit, productive credit, consumer credit,

JP Value Added		
Structural Limitations	FCDs Strengths	Future comparative advantage with the JP
		<p>among others).</p> <p>Inclusion of women, youth, and Indigenous peoples:</p> <ul style="list-style-type: none"> • Strengthening female and youth leadership within organizations. • Training with a gender-sensitive and economic empowerment approach. • Promotion of access to productive assets (land, inputs, technology). <p>Digital transformation:</p> <ul style="list-style-type: none"> • Use of tools for organizations (member registry, inventories, portfolios). • Basic digital literacy. • Promotion/design of tools for marketing, traceability, and remote extension services.
<p>The high transaction costs associated with serving rural territories with low population density and difficult access limit the operational viability of traditional financial models, resulting in coverage gaps and prolonged financial exclusion.</p>	<p>Through the use of low-cost operational structures, FCDs leverage local human capital by promoting the hiring of personnel from within the territory and fostering community-based governance models. This strategy not only reduces operational costs related to logistics and travel, but also strengthens institutional presence, trust, and local participation.</p> <p>However, they lack digital support and automated management systems.</p>	<p>Digital technologies will be incorporated to strengthen operational management, risk assessment, credit monitoring, and remote service delivery.</p> <p>By maintaining close and continuous presence, FCDs achieve greater operational sustainability, improve territorial coverage, and create more favorable conditions for sustainable financial inclusion in areas traditionally underserved by the formal financial system, enabling both the scaling and long-term sustainability of the model.</p>
<p>There is weak coordination between public and private actors, which limits the alignment of efforts, the complementarity of resources, and the development</p>	<p>Currently, FCDs represent an innovation for local development, having positioned themselves as intermediary structures among territorial actors, with the capacity</p>	<p>FCDs will be consolidated as coordination hubs that integrate and align public and private resources, avoiding duplication and optimizing investment use.</p>

JP Value Added		
Structural Limitations	FCDs Strengths	Future comparative advantage with the JP
of comprehensive financial solutions in rural territories.	<p>to convene local governments, rural savings banks, cooperatives, and community actors around inclusive financing initiatives.</p> <p>However, this coordinating role is still in its early stages. Linkages with the formal financial system remain limited, and there are no consolidated mechanisms for joint work with private companies, research centers, universities, or investment funds. In this context, FCDs are perceived as spaces with potential, but still lacking strong institutionalization.</p>	<p>The program proposes to strengthen FCDs as territorial platforms for participatory governance, with greater technical capacity, legitimacy, and sustainability. The goal is to formalize their role as coordination spaces among local governments, development cooperation, the financial sector, businesses, academia, and social organizations. This will enable alignment of efforts, promotion of co-financing, and the design of context-adapted solutions at the territorial level.</p> <p><u>FCDs have local governance,</u> ensuring solutions aligned with territorial priorities and municipal development plans, and guaranteeing their sustainability beyond the project cycle.</p>

The impact of the financial solution will include:

- Over 200 rural organizations strengthened, benefiting more than 2,000 families, including cooperatives, rural savings banks, and women and youth groups, through effective and sustained access to seed capital, innovative productive credit, and specialized technical assistance, improving their economic performance and resilience capacity. A total of 74 cooperatives, 83 rural savings banks, and 43 women and youth groups now have effective access to seed capital, tailored productive credit lines, specialized technical assistance, and financial products specifically designed for women. As a result, at least 5,000 people are being positively impacted in their household economies, agricultural productivity, and ability to respond to extreme climate events.
- FCDs strengthened with greater leveraged resources to expand the reach of credit and seed capital disbursement through new public and private partnerships. With an initial contribution of USD 2.5 million from the SDG Joint Fund, a confirmed leverage ratio of 4.4 times will be achieved, potentially reaching 6.28 with funds currently under negotiation. In addition, an estimated USD 9 million in income will be mobilized by beneficiaries. In total, the financial and economic leverage could reach 9.48, significantly exceeding the 1:8 target and demonstrating an effective model for stimulating local economies. Furthermore, the participation of the country's only Reciprocal Guarantee Fund Management Company, CONFIANZA, will enhance coverage and reach in the project's intervention areas by providing reciprocal guarantees to

beneficiaries within the area of influence.

- The economic empowerment of rural women is a central outcome of the program. By facilitating their access to tailored financial products, specialized technical assistance, and leadership opportunities, the program aims to increase women's economic autonomy, participation in decision-making, and resilience to economic and climate-related crises. This transformation will help reduce gender gaps in access to productive resources and strengthen the local economic fabric.
- An operational network of FCDs is active in La Paz and Choluteca, strategic municipalities of the Dry Corridor, composed of local financial entities with strengthened technical, institutional, and digital capacities to deliver inclusive, agile, and context-adapted services. These centers emphasize a gender perspective and have served 10% of organized rural organizations, with the goal of expanding coverage to an additional 20% of formalized organizations.
- A consolidated territorial financial governance system integrates local governments, intermunicipal entities, UNDP, FAO, the Ministry of Economic Development (SDE), financial institutions, and civil society organizations, including women's organizations, into participatory operational platforms that promote interinstitutional coordination and sustainability of the new inclusive financial ecosystem.
- **Strengthened local capacities:** As a result of the comprehensive strengthening process, the FCDs and rural organizations, including agricultural producers, have developed technical, organizational, and management capacities that enable them to operate autonomously, efficiently, and in service to their communities. Over 300 local leaders and institutional technicians have been trained in financial management, gender equality, inclusive finance, agribusiness management, climate adaptation, and generating a committed pool of human capital that supports the sustainability of the system.
- **Stable Market Access:** One of the main expected impacts of this proposal is the strengthening of strategic partnerships with local, regional, and national markets, both public and private, to ensure stable, competitive, and resilient access for rural organizations to value chains and formal markets. In this regard, key actors have been identified, such as the Chamber of Commerce and Industry of Cortés (CCIC) and the Honduran Council of Private Enterprise (COHEP), whose involvement in the program could be fundamental in expanding commercial opportunities, facilitating access to financial solutions, and connecting producers with existing marketing channels such as supermarket chains: LA COLONIA, WALMART, DIPROVA, and suppliers in the food sector. This articulation between local capacities, adequate financial services, and sustainable markets promotes a systemic approach that goes beyond isolated assistance and fosters more inclusive and sustainable territorial economic development.

1. **Causal logic:**

The proposal follows a comprehensive approach aimed at addressing the structural challenges of the agri-food sector in the Dry Corridor. Activities are laid out in a logical and progressive manner, generating concrete outputs that in turn lead to measurable outcomes and sustainable impacts.

The activities are organized logically, progressively, and in an integrated way, beginning with a **gender-sensitive technical and financial diagnostic** applied to 200 rural organizations. This baseline will identify structural gaps, levels of financial exclusion, existing capacities, and opportunities to design solutions tailored to production cycles, climate risk, and socio-territorial realities. Based on this,

differentiated financial products will be designed, and key instruments will be activated **such as a unified territorial fund, seed capital, and solidarity and reciprocal guarantee mechanisms** aimed at facilitating access to adapted financial services for women, youth, and small-scale producers.

In parallel, the Network of **FCDs** will be strengthened, equipping these centers with technical, digital, institutional, and governance capacities to operate as permanent territorial financing platforms. This strengthening will include the implementation of a formalized operational model, improved management, monitoring and evaluation systems, and the consolidation of their role as coordinators among public, private, and community actors.

Simultaneously, **technical, financial, and organizational training programs** will be carried out for cooperatives, rural savings banks, and producer organizations, addressing topics such as agricultural risk analysis, agribusiness planning, inclusive finance, territorial governance, and climate change adaptation. This capacity building, combined with specialized technical assistance and digital literacy, will enhance resilience, productivity, and the organizational sustainability of rural actors. As a result, **concrete outputs** will be generated: an operational and strengthened FCD network, available and tailored financial products, functional guarantee funds, trained local leaders, active digital tools, and an inclusive and operational territorial governance platform.

These outputs will lead to verifiable intermediate results, such as **sustained increases in financial inclusion for small producers, greater participation of women and youth in financial services** (as shown in previous experiences where their participation increased from 2% to 60%), and stronger linkages between rural organizations and formal public and private markets.

In the long term, these results will consolidate structural impacts: **an increase in productivity and rural household incomes by at least 14%** (based on current evidence showing income increases of around 10% among FCD beneficiaries); strengthened economic autonomy of women and youth; revitalized local economies; and reduced rural poverty. Moreover, a more inclusive, resilient, and territorially rooted financial ecosystem will be established, with high scalability potential to other municipalities in the Dry Corridor.

The proposal connects the local, subnational, and national levels, aligning with municipal development plans, sectoral public policies, and international cooperation priorities. This articulation ensures institutional and political sustainability, facilitates resource mobilization, and guarantees that the program's achievements go beyond the intervention cycle—helping to institutionalize a new rural financial architecture in the country.

2. ***Alignment:***

The results of the project “Local Financial Innovation for the Resilient Transformation of Food Systems in the Dry Corridor of Honduras” contribute directly to the Government’s Strategic Plan 2022–2026, which emphasizes that, while macroeconomic stability is an important element for development, it must be accompanied by structural reforms in sectors such as education, health, citizen security, production systems, and even the tax and financial structure. These reforms should enable the creation of more decent jobs and promote both public and private investment, in order to generate opportunities for the entire population. Agricultural Development and Food Sovereignty: ensuring food sovereignty through a multisectoral strategy that boosts agricultural and livestock production for local consumption and commercialization, with the aim of contributing to the reduction of rural and urban poverty. Among the [10 National Commitments](#) presented by the State at the 2023 SDG Global Summit and the 2024 [Voluntary National Review](#), key priorities include food systems, poverty reduction, job creation, and improving the conditions of women, youth, and girls. Honduras also has a [National](#)

[Roadmap for the Transformation of Food Systems](#) in place since 2021, which is currently undergoing an update.

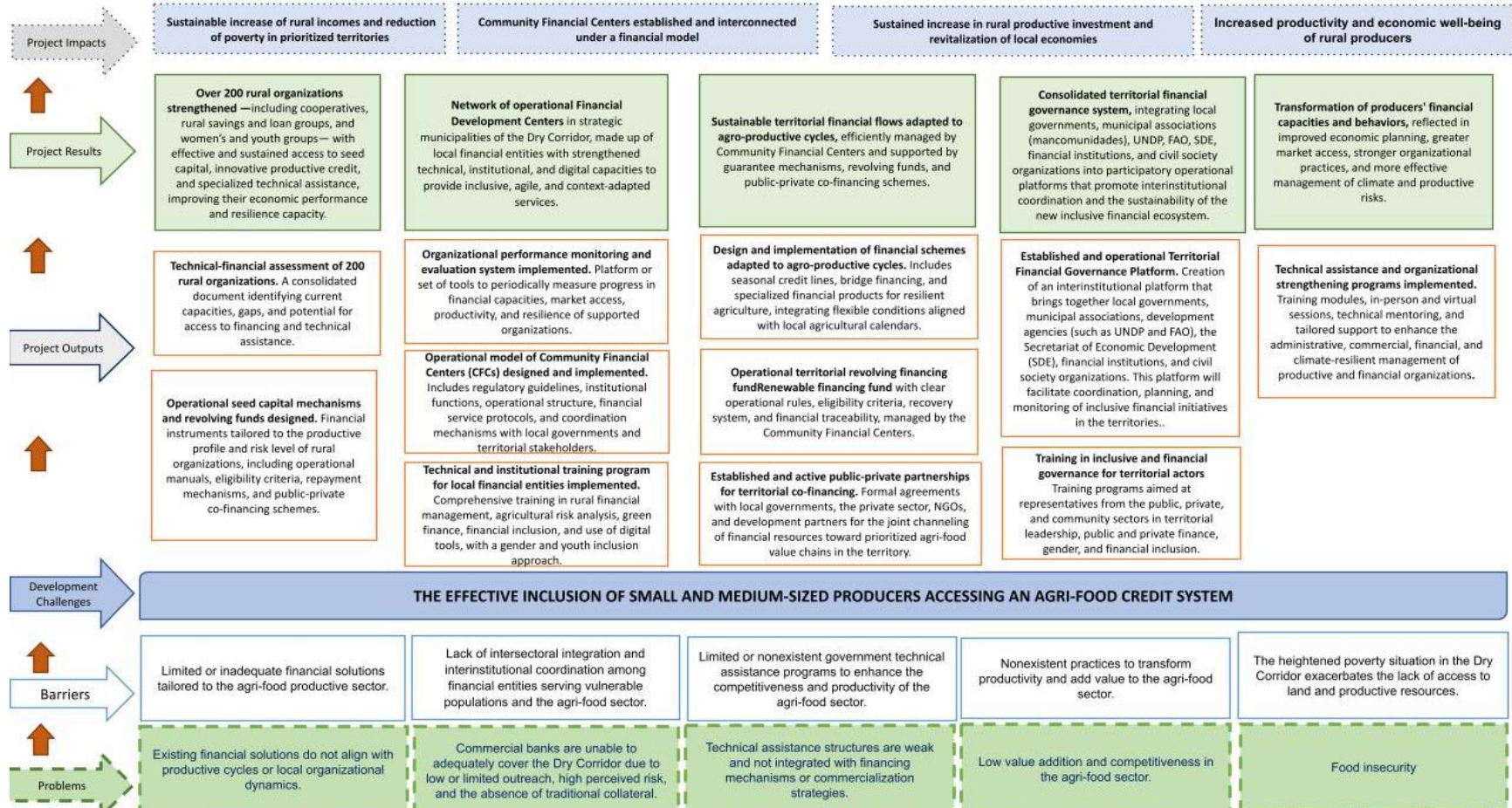
The rural development financial policy promoted by this initiative aligns with key strategic frameworks in Honduras, such as the State Policy for the Agri-food Sector of Honduras 2023–2043 ([PESAH](#)), led by the Secretariat of Agriculture and Livestock, which prioritizes knowledge management and agricultural extension, institutional capacity and governance, inclusive financing, marketing and trade, and agrolistics. The National Agricultural Marketing Strategy ([ENCAH](#)) aims to improve national agricultural marketing and the quality of life for farmers. The [Industrial Policy](#), led by the SDE, promotes sustainability, innovation, and competitiveness. Government initiatives are promoting interoceanic connectivity from [north to south](#) to support the economic development of communities along this logistics corridor/dry canal. Municipal plans are linked to national development policy and the government’s plan, as well as to programs such as [From Farm to Table](#), [School Feeding](#), and those promoted in partnership with the private sector like [De Mi Tierra | Ficohsa](#) and national basic goods suppliers such as [Banasupro](#). The Law of the National Solidarity Credit Program for Rural Women ([CREDIMUJER](#)), enables women to access credit to develop their own initiatives. In 2023, Honduras presented its National SDG Commitments, which include commitments related to food systems, and this document aligns with those food systems priorities.

Based on the territorial development strategies of the prioritized intermunicipal entities in La Paz ([link](#)) and Choluteca, the proposed financial solution is fully aligned with the following dimensions: Economic dimension: The proposal contributes directly to improving the income flows of rural families through effective access to financing, technical assistance, and organizational strengthening, which positively impacts quality of life and stimulates the local economy. Productive dimension: The proposal addresses the challenge of strengthening the region’s strategic value chains (coffee, honey, vegetables, and horticulture), promoting profitable, resilient, and environmentally sustainable production systems. The technical assistance and financing actions are designed to incentivize the transition toward intensive models with low environmental impact, while also strengthening the supply chain—including the promotion of local inputs that reduce costs and enhance the environmental sustainability of the regional productive system.

Additionally, the expectations for food systems transformation by 2030, as presented by Honduras within the framework of the Food Systems Summit, emphasize the need to achieve the overall well-being of the population and sustainable human development by empowering and preparing people to face the various disruptions that threaten the sustainability of the food system. Specifically: 1. Establish or strengthen public policies **that improve financial inclusion and technical assistance for small producers and MSMEs**; 2. Promote fair trade policies for both producers and consumers; 3. Improve access routes, including digital infrastructure; 4. Strengthen the connection between producers, MSMEs, and consumers through short food supply chains; and 5. Connect social protection programs.

Finally, the results of this financing programme directly contribute to the fulfillment of national commitments in priority areas such as sustainable food systems, climate action, green economy, and local development.

3. Theory of Change



JP's Products, Impact and Sustainability; Phase I		
Products	Impact	Sustainability
Technical and financial assessment conducted for over 200 rural organizations –including cooperatives, rural savings groups, and women's and youth groups– to identify their current capacities, gaps, and potential to access financing and technical assistance.	<ul style="list-style-type: none"> - Development of tailored and context-relevant actions - Strengthening and inclusion of organizations with high productive potential - Reduction of financial risks 	<ul style="list-style-type: none"> - Technical evidence base for the design of financial instruments and technical assistance programs - Prioritization of resources and monitoring of investments
A unified fund and redesigned seed capital mechanisms anchored in two intermunicipal associations, enabling parallel and flexible financing tailored to local conditions.	<ul style="list-style-type: none"> - Expansion of the FDC's partner portfolio - Increased access to financing - Promotion of investments and local productive inclusion strategies - Economic and productive empowerment of women and youth 	<ul style="list-style-type: none"> - Progressive capitalization scheme through credit recovery and co-financing - Territorial management of the fund provided by local governments and intermunicipal entities
Programs for technical assistance and organizational strengthening, including in-person and virtual training modules, mentorship, ongoing technical support, and management tools focused on resilience, commercialization, finance, and climate adaptation.	<ul style="list-style-type: none"> - Increment in productivity - Anticipatory actions, and improved resilience of organizations - Progressive increase in income - Reduction in default rates 	<ul style="list-style-type: none"> - Ongoing capacity development - Replicable methodologies and continuous training - Development of an agricultural-financial extension model
Financial Development Centers (FDCs) established and operational, equipped with technical, digital, and institutional capacities to deliver inclusive financial services across the Dry Corridor territories.	<ul style="list-style-type: none"> - Creation of the inclusive financial services network - Expanded coverage of the FDCs in prioritized territories 	<ul style="list-style-type: none"> - Operation with low-cost structures and local personnel - Community governance and territorial rootedness - Linkage with intermunicipal entities and local governments
Design of financial schemes adapted to	<ul style="list-style-type: none"> - Creation of the inclusive financial services network 	<ul style="list-style-type: none"> - Adapted to local productive realities - Managed by trained local actors

<p>agricultural production cycles, featuring specialized credit lines (AGROCREDITO, AGROMUJER, among others), innovative guarantees, and blended public-private funds tailored to local agricultural realities.</p>	<ul style="list-style-type: none"> - Expanded coverage of the FDCs in prioritized territories - Validation of schemes adapted to the local level - Strengthening of organizations in the social and solidarity economy - Reduction of credit barriers for women, youth, and family farmers - Expansion of credit for the productive sector 	<p>equipped with tools for implementation</p> <ul style="list-style-type: none"> - Supported by blended financing mechanisms - Generates social and economic value that is reinvested in the territory
<p>A system for monitoring and evaluating organizational performance, aimed at tracking progress in productivity, resilience, financial inclusion, and access to markets.</p>	<ul style="list-style-type: none"> - Implementation of continuous improvement processes - Evidence-based decision-making - Measurement of the impact of credit and seed capital on rural income - Monitoring of fund rotation and financial sustainability 	<ul style="list-style-type: none"> - Institutionalized platform with real-time monitoring - Transparency and accountability, fostering trust relationships
<p>Operational model for the Financial Development Centers (FDCs) developed and implemented, incorporating protocols, institutional roles, and articulation mechanisms with local governments and territorial actors.</p>	<ul style="list-style-type: none"> - Standardization and efficiency of financial services and their operational protocols - Clarity of roles, functions, and processes, enabling future replication in other regions of the Dry Corridor - Improved quality, relevance, and financing opportunities of services 	<ul style="list-style-type: none"> - The institutionalization of operational protocols - Their integration within territorial structures and authorities fosters stronger rootedness
<p>A financially sustainable and operational model</p>	<ul style="list-style-type: none"> - Financial sustainability of the model through credit recovery and operational cost coverage - Capitalization system that relies on public funds only in its initial years and becomes self-sustaining thereafter 	<ul style="list-style-type: none"> - This flow demonstrates that beyond the period of public disbursements, the internal rotation of microcredits sustains lending activities and generates surpluses that ensure the fund's self-sustainability in the medium term. After Year 3, the fund

		no longer receives public disbursements but generates USD 1.99 million annually through loan repayments, interest, and cost recovery, compared to outflows of USD 0.51 million. These surpluses accumulate and cover future deficits. This proves that the revolving loan portfolio is sufficient to autonomously maintain and expand the FDC.
A consolidated platform for territorial financial governance, coordinating local governments, intermunicipal entities, cooperation agencies (UNDP, FAO), financial institutions, and civil society through a participatory and inter-institutional management framework.	<ul style="list-style-type: none"> - Effective coordination among local governments, intermunicipal entities, the private sector, civil society, and other stakeholders - Alignment of national and local policy implementation, technical and financial resources, and territorial needs - Transparency, joint planning, oversight, and social accountability 	<ul style="list-style-type: none"> - The participation of multiple actors, sectors, and institutions ensures shared responsibility and ownership - Serves as a permanent space for dialogue, relevant adjustments, and monitoring of actions
Active public-private partnerships for territorial co-financing, with resources directed toward strategic agri-food value chains. Several supermarket chains have already confirmed their commitment to providing technical support.	<ul style="list-style-type: none"> - Channels resources to productive value chains and markets - Ensures efficient use of public resources by leveraging private and development cooperation funds - Promotes economic inclusion of small producers by connecting supply and demand in formal markets 	<ul style="list-style-type: none"> - Establishment of a collaboration network - Strengthens the FCD business model by energizing productive financial flows with a long-term vision
Training on inclusive financial governance delivered to representatives from the public,	<ul style="list-style-type: none"> - Leadership, planning, and management capacities among public, private, and community 	<ul style="list-style-type: none"> - The trained human capital serves as the foundation for continuity.

private, and community sectors, with a focus on leadership, gender, and public and private finance, in collaboration with an implementing partner in the territories.	actors	
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Theory of Change Explanation

The Honduran Dry Corridor is one of the most vulnerable regions in the country, characterized by high levels of poverty, food insecurity, environmental degradation, and financial exclusion. The economy in these territories depends largely on subsistence farming and small-scale agri-food systems, where thousands of rural families face structural barriers to accessing credit, technical assistance, or marketing mechanisms.

Key challenges identified include the lack of financial solutions adapted to local productive systems, weak or non-existent specialized technical assistance, and limited coordination among public, private, and community institutions. In addition, financial institutions often lack understanding of agricultural risk, institutional efforts are fragmented, and traditional banking is largely absent from rural areas.

The Development Challenge

The project faces the central challenge of building an integrated model that enables the effective inclusion of small and medium rural producers into the agri-food credit system, ensuring that the system is inclusive, resilient, sustainable, and adapted to local conditions. This requires a territorial, multisectoral, and participatory approach that brings together financial services, technical assistance, and innovative governance schemes to overcome the historical barriers to rural development in Honduras.

This model has already been tested through existing FCDs, which must now be strengthened through the alliances proposed in this program. These include partnerships with SENPRENDE, the SAG, SDE, Chorotega and CAHCIL cooperatives, Chambers of Commerce, the reciprocal guarantee society CONFIANZA, the Agricultural University and Regional Centers, and supermarket chains such as Walmart, Diprova, and La Colonia.

2.2 Financial solution

General structure of the subnational financial intervention

The proposal contemplates the strengthening and expansion of the FCD in two key territories of the Honduran Dry Corridor: the strengthening of the FCD in La Paz (led by FAO) and the consolidation of the FCD in Choluteca (led by UNDP). These centers will operate as territorial nodes of the rural financial system, channeling public and private resources through inclusive, efficient mechanisms adapted to the agricultural production cycle.

The financial mechanism articulates instruments such as:

- **Diversification and Financial Inclusion:** Diversification and financial inclusion are fundamental pillars for strengthening local economies and closing structural gaps in access to financial services. Within this framework, **the design of specific financial products, the improvement of those already existing in the FCDs and the creation of new ones based on the basic diagnosis of the beneficiaries** responds to the need to adapt the offer to the realities, capacities and opportunities of different segments of the population and economic sectors. The products will be built based on participatory diagnostics, considering variables such as repayment capacity, productive cycles, level of digitalization, gender barriers, financial

education and income structures. This will make it possible to generate realistic solutions such as credits in line with agricultural cycles, solidarity guarantees, financing with grace periods, lines for productive reconversion or comprehensive technical and financial assistance packages.

- **Guarantee funds:** especially for agriculture and MSMEs (already existing: [FAGRE - CONFIANZA SA-FGR](#)): Guarantee systems play a key role in facilitating access to credit for strategic sectors such as MSMEs and productive sectors. Their importance has become even more evident in the post-pandemic context, as they have consolidated as strategic instruments both for the financial system and for the development of the national productive apparatus.

In Honduras, the Mutual Guarantee Fund Management Company operates, which to date has issued 272,186 guarantees, backing a total of L. 25,434 million in loans. These guarantees have benefited 1,533,448 people, 48% of whom are women, through 50 financial institutions.

Currently, there are six active guarantee funds in the country that have achieved significant results, among them **FAGRE**, oriented to the agri-food sector, and **FONCAFÉ**, focused on the coffee sector. Both funds are already operating at the territorial level and have various strategic alliances, as shown in the following figure.

Institutions that use The Reciprocal Guarantee



Source: Reciprocal guarantee company “CONFIANZA”.

In this context, the program in its initial phase contemplates an exhaustive review of the existing guarantee funds, with the objective of evaluating their viability as access instruments for cooperatives that have been or will be benefited by the FCD, in order to increase coverage in the program's areas of influence (La Paz and Choluteca). For example, cooperatives such as Chorotega, Pespirense, CACIHL are allied with the FCD and are already eligible for the “Confianza” Reciprocal Guarantee Society, and

the program will focus its efforts on increasing their coverage in the area. It is also planned that within 36 months a baseline diagnosis will be made and a work plan will be designed to strengthen the financial centers as eligible entities for the “Confianza” guarantee fund. This will enable them to pre-qualify cooperatives and rural savings banks through technical and financial assistance, facilitating their access to guarantee funds and thus complementing the resources obtained through the FCD.

Together, these instruments address the most immediate structural limitations of the market, allow for measurable results and are feasible to test with a reduced budget. The FCD model has been conceived and operated as a locally led and implemented solution, ensuring its rootedness and sustainability. Since its design, municipal governments, intermunicipal entities, networks of rural organizations (rural banks and cooperatives) and community financial entities have actively participated in the identification of priorities, definition of financial products and operational mechanisms, and even form part of the FCDs management. The FCDs are locally managed by management committees made up of territorial actors, including women and youth, who supervise the use of funds, evaluate performance and adapt services to territorial conditions. This territorial leadership has allowed the centers to operate with low-cost structures, with technical personnel from the territory, and linked to municipal development plans, which guarantees their institutional and operational continuity beyond the project cycle, and lays the groundwork for their scaling up in other municipalities of the Dry Corridor.

- **Technical Assistance and Financial Education (Strengthening of installed capacity and design of productive and financial technical assistance programs):** The financial solution contemplates the contracting of an implementing partner in the territory, coordinated by UNDP, to develop a comprehensive training plan aimed at strengthening, in the first instance, the capacities of the FCD. This plan prioritizes the strengthening of corporate governance and the consolidation of the FCD as a second-tier entity, articulating the delivery of credit with a technical unit capable of accompanying the rural savings banks and cooperatives in the management and efficient use of credit. The training process will also include capacity building for the management of private and cooperative funds, with the objective of transforming the FCD into a solid, modern and non-traditional local financial structure. This same training package will strengthen the rural savings banks and cooperatives, improving their governance, financial capacities, control mechanisms and transparency. Initially, the implementing partner will work closely to consolidate these technical and financial capacities in coordination with UNDP and FAO.

However, it is expected that, within a year, each FCD will be able to design and implement two key units autonomously: a technical unit to provide assistance to rural banks, cooperatives and producers (extension program), and a financial unit responsible for coordinating the entire credit cycle, including the guarantee fund and seed capital. These units will make it possible to expand the services offered, increase management capacity and consolidate sustainable financial operations to ensure the long-term viability of the FCDs.

- **Expansion and access to markets (public and private):** This same technical assistance package includes strengthening the capacities of the FCD to act as an articulator between local and national markets, connecting cooperatives and rural cajas and, through them,

beneficiary producers with key players such as supermarket chains, exporting companies and other commercial channels. This function seeks to improve the marketing links in the agrifood value chain, facilitating access to more stable, diversified and profitable markets. By guaranteeing better sales conditions and greater competitiveness for rural products, it contributes directly to increasing beneficiaries' income and to the economic sustainability of the model.

As a direct result of these activities, it is expected that more than 200 rural organizations will have effective access to credit, seed capital, guarantees and technical assistance based on the information obtained from the needs assessment.

The proposal will prioritize the design of main instruments (financial mechanisms) for the initial pilot phase, including:

- **Flexible productive credit aligned to agricultural cycles:** Productive credit tailored to agricultural cycles is essential to solve the second critical barrier: cash flows misaligned with production cycles. Its customized design allows repayment when there is real income (harvest), reducing delinquency and improving business viability.

Some of the financial products are described below:

FINANCIAL MECHANISM	AGROYOUTH CREDIT LINE
JUSTIFICATION FOR THE DESIGN OF THE LINE OF CREDIT	<p>The credit line arises as a direct response to the growing migration of young people in rural areas, a phenomenon that is reducing the human capital in the territories and the productive base in the country. Contexts such as the dry corridor, where thousands of young people leave their communities every year due to the lack of viable economic opportunities or attractive agricultural production systems, make it impossible to visualize their future within their own territories.</p> <p>AGROJOVEN seeks to be a tool for structural and social transformation. Its design will promote financial inclusion with generational equity, reducing forced migration and rebuilding the link between young people and the land, production and their community.</p>
BENEFICIARIES	Individuals and Legal Entities from 18 to 35 years of age. Cooperatives and Rural Banks
	Production

ACTIVITIES TO BE FINANCED	Planting Irrigation system Investment (100%) and working capital (100%) Solar dryers
CURRENCY	National Currency
AMOUNT	Up to a maximum of one hundred lempiras (L. 100,000.00)
INTEREST RATE	Up to 12 % per annum
MINIMUM TERM	Investment: 5 years Working Capital: 3 years
PAYMENT	According to the payment plan of each beneficiary.
GUARANTEE	Private land tenure document or in its absence (a community title, power of attorney or lease of the land for at least 10 years with a registered lease contract). Pledge Fiduciary
AMOUNT TO FINANCE	100% of the Investment Plan or 100% of working capital
SPECIAL CONDITIONS	1. Grace period: 2 years

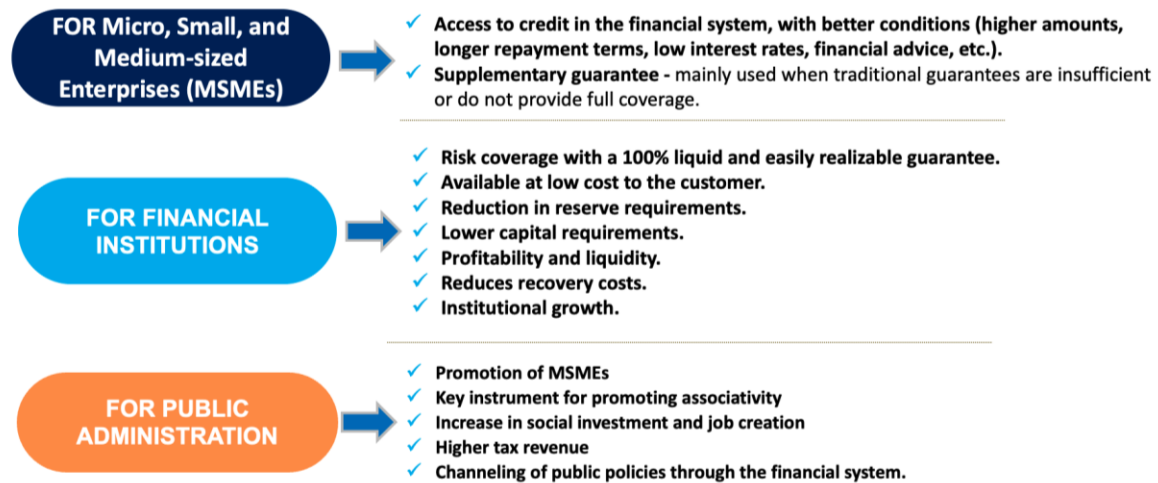
FINANCIAL MECHANISM	AGROMUJER CREDIT LINE
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JUSTIFICATION FOR THE DESIGN OF THE CREDIT LINE	<p>The AGROMUJER credit line seeks to overcome the historical financial exclusion faced by rural women, offering conditions adapted to their needs, such as full financing, preferential rates and flexible guarantees, to strengthen their autonomy and leadership in the countryside.</p> <p>AGROMUJER's added value lies in its implementation through the Financial Centers for Development (FCD), which provide territorial proximity, local knowledge and low-cost inclusive structures. The FCDs combine access to credit with technical assistance, business training and financial education with a gender focus, mobilizing public, private and community resources to ensure sustainability. Thus, AGROMUJER and the FCDs constitute an innovative and transformative model that empowers rural women and contributes to the equitable and resilient development of their communities.</p>
BENEFICIARIES	<p>Women's Cooperatives and Rural Savings Banks or 60% of their members are women.</p>
ACTIVITIES TO BE FINANCED	<p>Production; Planting; Irrigation system; Investment (100%) and working capital (100%); and Solar dryers.</p>
AMOUNT	<p>Up to a maximum of one hundred lempiras (L. 100,000.00)</p>
INTEREST RATE	<p>Up to 10 % per annum</p>
MINIMUM PERIOD	<ul style="list-style-type: none"> ● Investment: 6 years ● Working Capital: 3 years
PAYMENT	<p>According to the payment plan of each beneficiary.</p>
GUARANTEE	<ul style="list-style-type: none"> ● Private land tenure document or in its absence (a community title, power of attorney or lease of the land for at least 10 years with a registered lease contract). ● Pledge ● Fiduciary ● Purchase/sale contracts
AMOUNT TO FINANCE	<p>100% of the Investment Plan or 100% working capital</p>
SPECIAL CONDITIONS	<p>1. Grace Period: 2 years</p>

- **Guarantee fund adapted to the rural reality:** The guarantee fund is the most innovative

and critical financial product to solve the main barrier: the lack of traditional guarantees. By reducing the risk for financial institutions, it allows attracting private and public co-financing and facilitating loans to producers with no formal credit history. This fund will be in alliance with the only existing guarantee company in the country that has expressed its interest as technical advisor and co-financier. The following diagram shows the benefits of the guarantee fund model:

Benefits of the MODEL



Limited access to adequate collateral is one of the main obstacles for credit unions and rural banks to provide financing to producers in the agrifood sector. Many of these institutions face capital constraints and high perceived risk, which limits their ability to place productive loans on affordable terms.

The Guarantee Fund seeks to close this gap by offering a financial tool that covers up to 50% of the principal balance of loans for working capital, investment and the purchase of fixed assets. With this coverage, the credit risk for cooperatives and rural banks is significantly reduced, facilitating their active participation in the financing of the agrifood sector.

In doing so, the fund stimulates the placement of credit on more competitive terms, with manageable interest rates and appropriate terms, and makes it possible to finance strategic investments that strengthen the productivity, modernization and resilience of local agrifood chains.

The following is a description of possible terms and conditions of the Guarantee Fund:

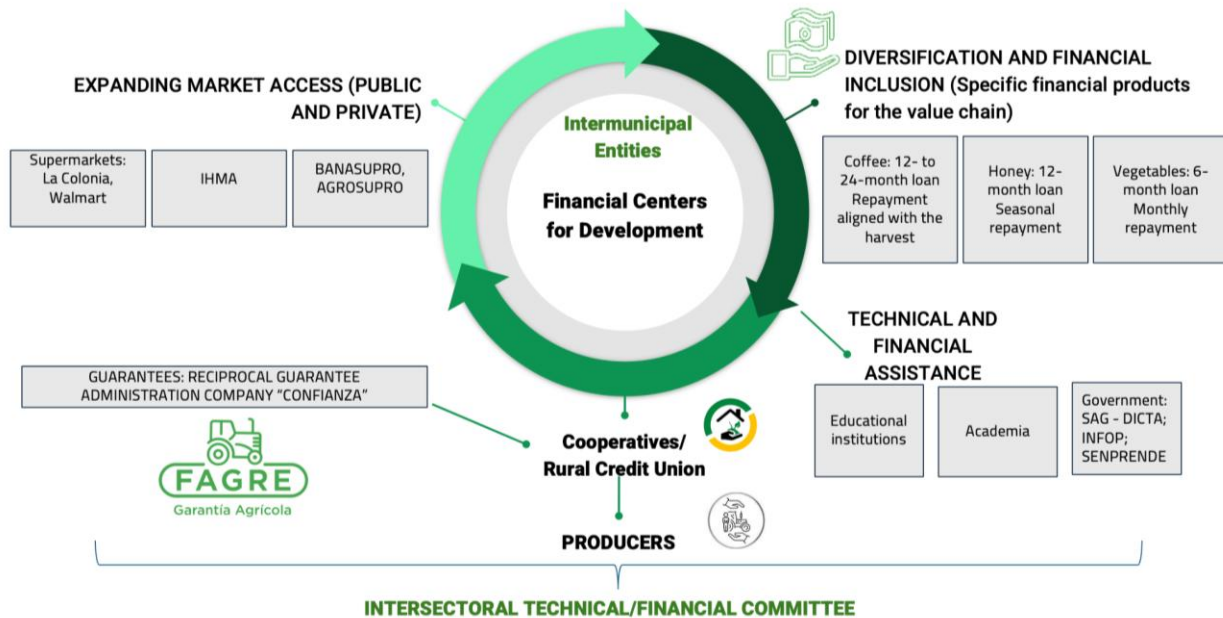
FINANCIAL MECHANISM	Guarentee Fund
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BENEFICIARIES	Savings and Credit Cooperatives and Rural Banks
ACTIVITIES TO BE FINANCED	Agribusiness Sector. Destination of funds: Working capital, investment, purchase of fixed assets.
AMOUNT OF LOAN TO BE GUARANTEED	Up to a maximum of \$ 5,000
PREMIUM	2.0% of amount granted
COVERAGE	Up to 80% of the capital balance for working capital, investment and purchase of fixed assets.
MAXIMUM INTEREST RATE	Up to 15%.
TERM	Up to 7 years.
GRACE PERIOD	Up to 2 years.

The Reciprocal Guarantee Management Society “CONFIANZA” has already expressed interest in participating in the program within the area of influence. In addition, they have committed to knowledge transfer by joining the territorial platform for the promotion and ownership of guarantee funds between traditional financial systems and the national FCD network.

The implementation of the FCDs is based on a territorial ecosystem composed of intermunicipal entities (Mancomunidades), local governments, cooperatives, and savings and credit unions. The *Mancomunidades* act as inter-municipal platforms that drive planning, management, and coordination of resources for territorial development. Local governments contribute through their vision of local development and financial support; cooperatives provide organizational capacity, democratic management, operational sustainability, and direct financing for producers; while savings and credit unions offer financial products tailored to agricultural and community realities, helping to boost the local economy and also providing direct financing to producers. This ecosystem enables the FCDs to function as a mechanism for territorial development, facilitating financial inclusion and offering differentiated financial products with flexible terms, guarantee funds, and credit lines aligned with agricultural cycles—ensuring effective and timely access to financing for vulnerable populations.

Strategy and Justification of the Mechanism



Its particularity is that it is based on the convergence of public and private actors who, through their contributions, form a fund of resources to provide inclusive financing to vulnerable families in the territory and strengthen the single fund established in the FCDs for credits and seed capital. The contributing entities are local governments, producers' organizations, civil society organizations (NGOs), private companies, public institutions that administer social or development programs and projects, and cooperation agencies.

The target organizations that may also be contributors are producer organizations, women's networks and youth enterprises.

Financial flows and capital mobilized

The proposed financing model mobilizes a total fund of USD 2.5 million from the SDG Fund. From this seed capital it is expected to trigger a total investment of at least USD 20 million over the thirty-six months of the program, with an estimated leverage ratio of 1:8, thanks to the combined use of public funds, existing lines of credit by private parties with presence in the program's area of influence, private co-financing and counterpart resources from the commonwealths and FCD. Co-financing sources include:

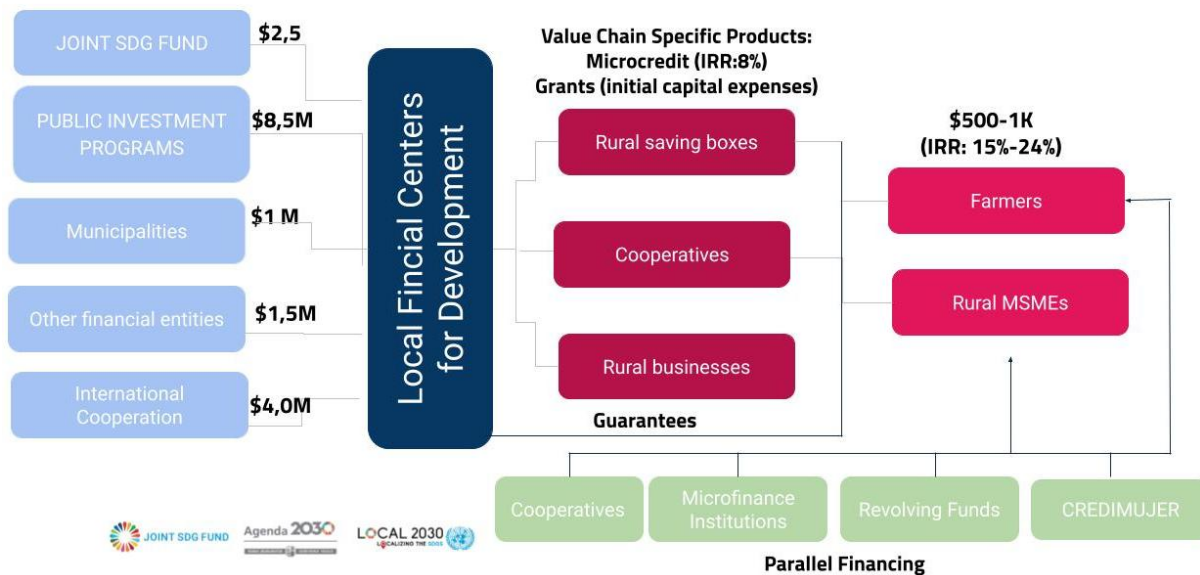
1. Government of Honduras, through public investment funds in programs that are included in the **multi-year budget programming 2026-2028:**
 - a. Municipal Transfers (example agreements of Mancomunidades-FCD)
 - b. Agricultural Bond and Coffee Bond (SAG)
 - c. Rural savings banks program (SAG)
 - d. National Program for Sustainable Rural and Urban Development (Strengthen the capacities of rural savings banks to guarantee sustainability and access to financing for small rural producers).
 - e. Development of programs to support the agrifood sector (Alianza Para El Corredor

- Seco)
- f. Rural Competitiveness (COMRURAL III), starting in 2026
 - g. Strengthening Innovation, Resilience and Sustainability of Agrifood Systems in North Central Honduras (INNOVASAN)-starting in 2026.

Multiple meetings have been held to socialize the proposal with key stakeholders, who have expressed their willingness to focus their programs in the project's areas of influence. This alignment will make it possible to articulate efforts and generate synergies between existing interventions, which translates into better use of available resources, greater impact in the territory and a greater capacity for replication. Collaboration will focus especially on strategic areas such as the formalization of producers, the strengthening of local capacities, access to adapted financial solutions and the promotion of associative processes, essential elements to ensure the sustainability of the expected results.

2. Cooperatives, with their own funds and credit lines already operating in the territory and which are expected to be increased and redirected to the redesigned and existing products to be promoted by the FCD.
3. International agencies, IFIs and NGOs, through matching funds (e.g. BCIE, FAO, UNDP, Heifer/Funder, World Vision, etc.)
4. Microfinance institutions, with resources channeled through risk-sharing schemes such as the Chorotega Cooperative.
5. Sociedad Administradora de Garantías Recíprocas "Confianza": With whom an alliance will be established to operationalize and expand the coverage of the existing guarantee fund(s) in the areas of influence of the program.
6. Existing municipal and Mancomunidad funds that have already been formalized through the FCDs articles of incorporation whose contribution will increase, and that if more municipalities join, will be able to increase the FCDs capital contribution.
7. In-kind contributions from the FCDs (use of facilities, offices, etc., volunteer work or staff time not paid by the project, donated services (such as technical advice, transportation, etc.)
8. Markets and connections with national clients, supermarkets, national basic food basket suppliers, among others, which already exist with some producer groups and cooperatives served by the FCDs and which will be expanded and strengthened.

Instrument strategy and rationale



The business model combines seed capital, productive credit adapted to agricultural cycles, and a guarantee fund as a new financial product to reduce credit risk and facilitate access for producers without a track record or traditional guarantees. This fund not only promotes financial inclusion and banking penetration, but is designed to leverage parallel public and private co-financing, mobilizing additional resources for investments in productive infrastructure, working capital and specialized technical services, strengthening the financial sustainability of the system.

It also prioritizes the link between financing and market access by supporting post-harvest infrastructure, formal commercial contracts and quality standards, facilitating agreements with supermarkets, agroindustries and exporters. There is already experience in the FCD of Manorcho through FAO: [Small-scale agriculture flourishes in MANORCHO, in the south of the country - Proceso Digital](#)

The entire scheme is complemented by technical assistance and financial education as cross-cutting axes, ensuring the strengthening of local capacities, the autonomy of rural organizations and greater competitiveness and resilience in value chains, thus consolidating a systemic and inclusive approach to territorial economic development.

Investment Portfolio and Beneficiary Preparation

The investment portfolio seeks to strengthen production, agri-food infrastructure, and market access, prioritizing sectors such as coffee, avocado, honey, vegetables, and fish products through loans to support production cycles. This portfolio includes seed capital, guarantee funds, and flexible credit lines for infrastructure with working capital.

Simultaneously, technical assistance and financial education programs will be implemented as cross-cutting pillars, ensuring that beneficiaries—especially women, youth, and the indigenous population—develop technical, organizational, and financial management skills. This approach seeks to maximize the impact of the financing provided, ensure adequate capital recovery, and promote sustainable

economic development in the Dry Corridor territories.

General activities include:

- Design of financial products and selection of beneficiaries
- Training and technical assistance
- Formalization and delivery of financing
- Investment in infrastructure and technology
- Commercial scaling
- Monitoring and evaluation

The main beneficiaries include:

- Cooperatives and rural saving banks with scaling potential
- Producer organizations
- Organized groups of women and youth
- Indigenous populations

An initial target group of 200 rural organizations is estimated, with varying levels of readiness to receive financing, these organizations are profiled in the first phase of the project to define the seed capital, the loans they will receive, and the training processes in which they will participate.

Financial Mechanism Governance Agreement

The governance structure will be organized around:

1. A Territorial Investment Committee, composed of representatives from local governments, intermunicipal entities, and financial institutions. It will have the authority to define eligibility criteria, validate credit portfolios, and monitor risks. (Initially, FAO and UNDP are listed as technical advisors in the development of the committee's operating protocols.)
2. A technical-financial administrator will be responsible for the daily operation of the FCDs, the channeling of resources, and coordination with local stakeholders. A technical administrator will be identified among the leading cooperatives, or a consortium with technical capacity will be established.
3. An inter-institutional governance committee will function as a body for strategic coordination and monitoring. Participants will include national public sector stakeholders (SDE, SAG, SEFIN), cooperation partners, and civil society.
4. Technical units of FAO and UNDP, which will provide specialized assistance in productive (FAO) and financial (UNDP) issues, with emphasis on sustainability, gender, youth and innovation. It is expected that in the first phase the technical and financial units in each FCD can be consolidated in support of the Business Development Centers that are present in the area and whose purpose is business training and the Academy present in the territory.

The model ensures a territorial approach through:

- Decentralization of investment decisions.
- Involvement of local governments in the selection and monitoring of beneficiaries.
- Alignment with municipal development plans and local strategies.

Table 2. Projected inflows and outflows (USD) for FCD

The following flow demonstrates the sustainability of the FCD:

Projected inflows and outflows (USD) for FCD					
Concept	Year 1	Year 2	Year 3	Year 4	Year 5
– SDG Joint Fund	1,000,000.00	600,000.00	400,000.00	0.00	0.00
– SENPRENDE	1,000,000.00	500,000.00	0.00	0.00	0.00
– Municipalities	250,000.00	200,000.00	0.00	0.00	0.00
Total public	2,250,000.00	1,300,000.00	400,000.00	0.00	0.00
– Principal Repayment (1-year term)	0.00	1,750,000.00	2,760,000.00	1,695,000.00	400,000.00
– Interest at 16% on principal repaid	0.00	280,000.00	441,600.00	271,200.00	64,000.00
– Recovery of administrative costs (1.5%)	0.00	26,250.00	41,400.00	25,425.00	6,000.00
Total recycled to the fund	0.00	2,056,250.00	3,243,000.00	1,991,625.00	470,000.00
Total Inflows	2,250,000.00	3,356,250.00	3,643,000.00	1,991,625.00	470,000.00
– Productive Loans	1,500,000.00	2,360,000.00	1,450,000.00	350,000.00	360,000.00
– Working Capital	250,000.00	400,000.00	245,000.00	50,000.00	51,000.00
– Technical assistance and structuring	400,000.00	620,000.00	380,000.00	50,000.00	51,000.00
– Guarantees and fund operation	100,000.00	150,000.00	90,000.00	10,000.00	10,000.00
– FCD operating costs (fixed)	150,000.00	150,000.00	150,000.00	50,000.00	50,000.00
Total estimated outflows	2,400,000.00	3,680,000.00	2,315,000.00	510,000.00	522,000.00

Clarification: This is done with assumed values that will be adjusted once the proposal is approved.

Assumptions:

- 1-year credit cycle: Each year, the total principal borrowed the previous year (productive loans + working capital) is repaid plus 16% annual interest, and an additional 1.5% of that same principal is recovered to cover administrative costs.
- Actual disbursements: Inflows (actual loans) directly include public contributions spread

- over three years from the SDG Joint Fund, SENPRENDE, and municipalities.
- Fund recycling: The Inflows (repayments and interest generation) section adds up each year: Principal repayment, Interest at 16%, Cost recovery at 1.5%.
- Starting in Year 3, the model generates operating surpluses that fully cover initial deficits and allow for the accumulation of reserves, ensuring the continuity of the FCD beyond public disbursements.
- The SDG Joint Fund contributed USD 2,000,000; The total productive loans disbursed over five years amounts to USD 6,020,000. Therefore, for every USD 1 contributed, 3 could be mobilized in revolving loans.
- This flow shows that, beyond the period of public disbursements, the internal rotation of microcredits sustains lending activity and generates surpluses that ensure the fund's self-sustainability in the medium term: After Year 3, the fund no longer receives public disbursements, but generates USD 1.99 million in annual rotation (repayments, interest, and cost recovery) compared to outflows of USD 0.51 million, accumulating surpluses that cover subsequent deficits. This proves that the revolving portfolio is sufficient to sustain and grow the FCD autonomously.

2.3. Partnerships and Stakeholder Engagement

The program is based on a multi-level engagement structure, linking national and local governments, financial institutions, the private sector, academia, civil society organizations, community organizations, and international organizations.

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
Local Government	Local Governments, intermunicipal entities, Chambers of Commerce	<p>Co-financing Partner. Intermunicipal entities, in coordination with local governments, guarantee territorial ownership of the financial solution through their co-governance and co-responsibility role. Through the public-private collaboration platform they offer, they act as a connecting link between public, private, and community actors. Local governments, as recipients of transfer funds, are central actors in the financing of the program, providing institutional legitimacy, territorial technical capabilities, and political support for</p>	Confirmed

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
		implementation. Their active participation strengthens the sustainability of the mechanism and allows efforts to be channeled toward the productive and social transformation of the territory.	
National	Secretary of Foreign Affairs and International Cooperation	Technical support. Facilitates dialogue as a representative of the State and between UN agencies.	Confirmed
National	Secretariat of Agriculture and Livestock/ Undersecretary of Coffee Cultivation	Executing partner and technical support. Responsible for identifying and executing the design and implementation of the productive component in assistance matters.	Confirmed
National	Secretary of Economic Development	Implementing partner and technical support. It assumes the role of structural and strategic guarantor of the financial mechanism. It is responsible for creating the enabling conditions necessary for its operation, sustainability, and scalability. This includes the design or adaptation of laws, regulations, and public policies that provide a legal, secure, and transparent framework for the model. It must also coordinate the State's technical and financial resources to support territorial implementation and promote an institutional environment that allows for replication and adaptation of the experience in other regions of the country.	Confirmed

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
Local	National Municipality Association of Honduras (AMHON)	<p><u>Technical Support</u></p> <p>It assists in the representation and assistance of all municipal governments, promoting all dialogues and actions that contribute to inter-municipal coordination and municipal transition.</p>	<p>Confirmed, the AHMON Presidency has expressed its commitment to achieving coordination with all municipalities and intermunicipal entities in the project's area of influence.</p>
National	Honduran Council of Private Sector (COHEP)	<p><u>Executing partner and co-financing support.</u> The Honduran Council of Private Enterprise (COHEP) is a non-profit institution founded in 1967 with the objective of providing the most appropriate macroeconomic, legal, and institutional conditions to foster wealth creation and socioeconomic development in Honduras, supported by the system of free enterprise and social responsibility.</p> <p>It is the most representative business organization in our country; it brings together 70 organizations representing all productive sectors.</p> <p>COHEP is the technical and political arm of the Honduran business sector. As a philosophical principle, it maintains that private initiative, through investment and the generation of employment and wealth, is the basic pillar of our country's economic development and an important support for the democratic system.</p>	<p>Confirmed, an important partner for mobilizing parallel resources through banks and cooperatives for producers in the agri-food sector.</p> <p>They have also expressed interest in participating in the FCD training processes in governance, business training, and financial skills. Their support in connecting markets is also important.</p>

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
Local Private	Chambers of Commerce	<p>Technical support for business roundtables and promotional activities for producer organizations. Chamber of Commerce and Industry of Cortés</p>	Confirmed The Cortés Chamber of Commerce, which brings together the largest companies in Honduras, expressed its support to the Resident Coordinator for capacity building, formalization processes, and market connection.
Local Private	<p>Cooperatives and Rural Savings Banks: Cacil, Finacoop, and Chorotega, among others Executing</p>	<p><u>Executing Partner and Co-financing Partner</u></p> <p>Co-investors and Rural Credit Channelers</p> <p>Their participation ensures a contextualized and culturally appropriate implementation, facilitating community adoption and ownership of the financial solution. They act as channels for resource distribution, but also as drivers of social cohesion and economic revitalization. They also promote inclusion, financial and social education with a gender equality focus.</p>	Confirmed/ Chorotega has confirmed the mobilization of financial resources of approximately \$4.5 million during the program's duration.
Local Private	<p>Financial Centers for Development (FCD):</p>	<p>The Development Finance Center represents the financial innovation of the model. From the private sector, it leads the operational implementation of the solution, acting as a bridge between local governments, cooperatives, the private sector, community organizations, and financial institutions. It manages</p>	Confirmed

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
		initial funds and acts as a resource management entity, ensuring efficient and transparent distribution among local stakeholders. It also provides technical training and financial advice to both beneficiaries and local managers, facilitating project formulation and the appropriate use of resources. It contributes to the design of financial products adapted to the rural context, such as microcredits, one-time funds, and community savings schemes, promoting financial inclusion, job creation, and local economic development through the use of financial technology.	
Local Private	Microfinance Institutions	<u>Executing Partner and Co-financing Partner</u> , Fundación Hermandad, PILARH and Prisma operate lines of credit and revolving funds.	Under Management
National	Trust Guarantee Society	<u>Executing Partner and Co-financing Partner</u> Technical and executing partner of the existing guarantee fund for the agri-food sector and MSMEs	Confirmed FAGRE – CONFIANZA SA-FGR It would have the capacity to support financing granted by financial institutions for an approximate amount of \$13.0 million.
International organizations	Revolving funds	<u>Technical support.</u> Heifer/Promesa and Funder, as sources of sustainable financing.	Under Management
Private sector	Supermarkets and anchor companies and	<u>Technical support.</u> La Colonia, Banasupro, AGROSUPRO (In management), FERISAG, and	Under Management

Type of stakeholder (National Government, Local Government, Private Sector)	Stakeholder name	Stakeholder role in the Joint Programme (e.g., implementing partner, funding partner, technical support)	Status of secured collaboration and note on plans to enhance collaboration
	Chambers of Commerce.	Coopil generate advance purchase contracts and market connections.	
Local	Civil Society Organizations and Local Women's Organizations or Networks	<p><u>Technical Support</u></p> <p>They participate in training and capacity-building processes, monitor development processes, and support and complement actions to transform the agri-food sector.</p> <p>They promote cultural activities and traditions associated with community production and livelihoods.</p>	Under Management
Local private and public	Academia	<p><u>Technical support, implementing partner.</u></p> <p>Universities (UNAG, Zamorano), rural educational centers (COMSA), and agricultural and production research institutes generate knowledge, provide cultural awareness and visibility, and optimize processes and innovation.</p>	Under Management

Governance

The program includes:

- **Local investment committees** to validate beneficiaries and monitor investments.
- **Development Finance Centers (FCDs)** as technical operators.
- **A national-local governance panel**, comprised of the SDE, SAG, FAO, UNDP, and local stakeholders.

This structure ensures effective coordination, a territorial focus, and sustainability.

1. *Other Strategic Alliances:*

Other stakeholders: Chambers of Commerce, the Private Sector, Universities, Civil Society, Grassroots Organizations, and Women's Organizations

The participation of chambers of commerce and the private sector will contribute to energizing local markets, identifying investment opportunities, and fostering productive alliances. Universities and research centers will provide technical evidence, innovation, monitoring, and capacity building in the territories. Grassroots organizations and civil society, for their part, strengthen community anchors, guarantee the inclusion of historically excluded groups, and oversee the equity of the process. Their involvement ensures that the model is developed in a participatory manner, with social legitimacy and local relevance.

In the municipalities of La Paz and Choluteca, alliances have been established with local cooperatives, private investors, and international organizations such as the FAO, UNDP, and others to implement an inclusive financial mechanism. The cooperatives will channel loans at preferential rates, while anchor companies will provide guarantees through advance purchase agreements. Local governments will co-finance with transfer funds. This combined financial architecture seeks to facilitate access to rural credit, mitigate risks, and boost the local economy through instruments adapted to the Dry Corridor context.

2. *Functions of United Nations Agencies:*

UNDP: The United Nations Development Programme (UNDP) has already developed experiences through a portfolio of environment, climate change, and local development projects to promote the adoption of best practices, biodiversity conservation, and ecosystem services, including support and facilitation of access to credit for producers.

The proposal will be led by UNDP, which brings a proven track record in managing programs and projects for sustainable development and proven experience in structuring innovative financial mechanisms and providing technical support to the Government of Honduras in the placement of the first sustainable thematic sovereign bond, issued in 2024 in partnership with SEFIN.

FAO: As a technical agency specializing in food systems, FAO will co-lead the proposal, contributing its expertise in production, agricultural extension, and food security. It has developed experiences with rural financial self-management mechanisms, resulting from the strengthening of a local savings culture and conditional cash transfers.

FAO has contributed to the formulation of the National Savings and Credit Bank Policy. Based on FAO's experience, savings and credit banks, cooperatives, and single funds are not only functional, but their work in rural areas reflects the principles of solidarity, responsibility, social auditing, accountability, mutuality, and channeling and management of financial resources, benefiting their members, primarily those in the population that, due to their poverty, is not eligible for credit.

2.4. Leverage

The financial sustainability of the proposed model relies on a robust and diversified leveraging architecture that combines national, local, community-based, private, and international sources.

The program has made significant progress in its preparatory phase, securing key commitments and structuring a solid financial model that maximizes the impact of the requested resources. It starts with an initial contribution requested from the SDG Joint Fund of USD 2.5 million, which will be used as seed capital to establish a unified fund within the Financial Centers for Development (FCDs). This fund will be allocated for loans, seed capital, and the creation of a guarantee fund in collaboration with strategic partners such as Confianza or the Chorotega Cooperative.

Based on the SDG Joint Fund contribution of USD 2.5 million, and considering only the already confirmed amounts, the program achieves a leverage ratio of: $\text{USD } 11.2 \text{ million} / \text{USD } 2.5 \text{ million} = 4.48$

However, if resources currently under negotiation are included (an additional USD 4.5 million), the leverage would reach: $\text{USD } 15.7 \text{ million} / \text{USD } 2.5 \text{ million} = 6.28$

In addition, expected income mobilized by beneficiaries is estimated at an additional USD 9 million, as a direct result of loans, guarantees, and technical training provided.

Under these assumptions, the total financial and economic leverage could reach: $(\text{USD } 15.7 \text{ million} + \text{USD } 9 \text{ million}) / \text{USD } 2.5 \text{ million} = 9.48$, exceeding the 1:8 target during the life of the program.

The confirmed leveraged amounts are detailed below:

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
SDG Joint Fund	\$2,500,000.00	Donation/Initial Contribution	Under approval	Capacity Building Single fund to be established in the FCDs for: Loans and Seed Capital. Initial contribution to the guarantee fund.
Reciprocal Trust Guarantee Society	\$3,200,000.00	Financial Guarantee / Credit Leverage	Participation Confirmed	With an initial investment of \$400,000, it is estimated that a total of \$3,200,000 in credit could be mobilized through traditional and non-traditional financial systems, assuming a leverage ratio of 1:8, guaranteeing up to 50% of the loan value. Both the Trust Guarantee Society and the Chorotega Cooperative have expressed interest in actively participating in the design, adaptation, and operation of the guarantee fund. However, an actuarial study will be necessary to accurately define the fund's leverage capacity. However, the experience gained in managing eight guarantee funds in similar contexts

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
				suggests that a ratio of 1:8 is reasonable and achievable.
Chorotega Cooperative	\$4,000,000.00	Leveraged parallel loan	Confirmed	Parallel loans backed by our guarantee fund, thus capitalizing the Guarantee Fund further and mobilizing more resources. In the case of Choluteca, they have stated that they will establish a parallel FCD service point to achieve greater reach and inclusion of project beneficiaries. A letter of commitment is attached.
Other local financial institutions: CAHCIL Pespiranse	\$2,500,000.00	Parallel Credit	Confirmed	Parallel credits to achieve greater reach and inclusion of project beneficiaries.
Public and Social Investment Programs	\$4,000,000.00	Public co-financing / technical assistance / productive incentives	Confirmed and \$4.50 in progress for coming years	The implementation of this initiative will be coordinated with several national programs and projects that have already confirmed their participation in the first phase of execution. These efforts will complement the credit, seed capital, and technical training components, strengthening the rural financial ecosystem. The main partner initiatives are described below: a. Municipal Transfers (Agreements with intermunicipal entities of Communities - FCD): Municipal transfers to existing FCD

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
				<p>member associations are expected to increase, while new associations will be encouraged to make their initial contribution to the fund's capital. This contribution will expand the capital base for the provision of productive credit and seed capital. Currently, they make contributions of 150,000 lempiras annually, and this contribution is expected to double.</p> <p>b. Agricultural and Coffee Bonds (SAG): These bonds can act as seed capital for small producers, facilitating their initial financial inclusion and their subsequent connection to more structured credit schemes through the FCD. This program will target beneficiaries of the FCD. This program has a multi-year implementation period and is part of a public food security policy.</p> <p>c. Rural Banks Program (SAG): This program will strengthen existing rural banks and promote the creation of new ones, thus expanding the network of intermediaries that will channel FCD loans. It will also facilitate the provision of basic technical training in financial management and associative development, a cost that the FCD will not assume with the managed funds.</p> <p>d. National Program for Sustainable Rural and Urban Development: This program will support the formalization of rural groups identified in the first phase of the initiative, enabling them to access financing through the FCD. In turn, it will provide specialized technical assistance, reducing the FCDs operational and financial burden in this area.</p> <p>e. Development of Programs for the</p>

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
				<p>Agrifood Sector (Dry Corridor Alliance): This alliance will provide resources and technical expertise to improve beneficiaries' production, resilience, and marketing capacities, increasing the effectiveness of credit and seed capital.</p> <p>f. Rural Competitiveness Program (COMRURAL III): Its focus on value chains and market access will complement FCD financing with comprehensive technical assistance, enabling producers to transform credit into sustainable economic outcomes.</p> <p>g. INNOVASAN – Innovation, Resilience, and Sustainability in North-Central Honduras: This program will strengthen technical capacities and promote sustainable practices in agrifood systems, improving the absorption capacity and effectiveness of the financial resources provided.</p>

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
<p>International Cooperation Program: Green Climate Fund (GCF) through the Central American Bank for Economic Integration (CABEI), the Secretariat of Natural Resources (SERNA) and the Secretariat of Agriculture and Livestock (SAG), with technical support from the Food and Agriculture Organization of the United Nations (FAO)</p>	\$2,000,000.00	Donation / Climate Guarantee Fund		<p>The central purpose of this initiative is to support communities in the Dry Corridor in overcoming structural barriers to climate change, especially those related to limited access to financing and technologies for the sustainable management of natural resources. Through this joint effort, the initiative seeks to strengthen the resilience of the productive sector and promote economically and environmentally sustainable development in one of the most vulnerable regions of the country. Coordination with the Development Finance Center (FCD) will be key in this process. The partnership includes the creation of a guarantee fund that will facilitate the provision of loans to small producers, especially those who do not initially qualify for access to FCD financing mechanisms. During the first phase of the program, a baseline will be developed to identify these excluded producers, who can be served through the new credit and guarantee scheme, thus expanding coverage and improving financial inclusion.</p> <p>This partnership not only optimizes available resources but also expands the program's reach, allowing it to reach more beneficiaries with financial solutions tailored to their conditions and capabilities, complementing the technical and financial services provided by the FCDs.</p> <p>https://www.fao.org/honduras/noticias/detail-events/en/c/1736324/</p>

Leverage Table				
Source	Estimated amount (USD)	Type of Instrument	Status	Destination
Generation of new income for beneficiaries through loans granted	\$ 9,000,000	Economic outcome of financing	This amount will be determined in the baseline, but there is evidence of an increase in income among current FCD beneficiaries, which has fluctuated by 10%.	The program hypothesizes that producer associations will increase their income by 14% (the projected value of the increased income generated by receiving a loan, seed capital, or guarantee, based on historical data from current FCD beneficiaries plus inflation) based on the credit/seed capital granted to them. This is based on the assumption that the 200 producer organizations that will benefit during the program's duration have a current income ranging from USD 20,000 to 38,000 per year, and that this income will increase by 14% over the program's duration.
Total leverage	\$24,700,000			

3. Gender Equality and the LNOB Framework

The program is designed to directly benefit historically marginalized groups, populations in situations of vulnerability with emphasis on rural women, youth, indigenous peoples' producers, small families, farmers and communities in situations of territorial vulnerability. Through an intersectional lens, and a gender analysis to address inequalities and promote financial inclusion, it will recognize that social and economic exclusion deepens when multiple factors such as gender, age, poverty, indigenous population, rurality and low schooling converge, being key to understand the different inequalities that affect marginalized groups. Therefore, differentiated financial products will be designed to respond specifically to the needs, capacities and contexts of each target population, facilitating their real inclusion in sustainable productive processes, since women's participation in the financial sector is directly linked to their participation in the productive economy.

The proposed financial solution seeks to articulate, channel and replicate national programs such as: Agro-women's credit: aimed at women producers and combining access to financing with mandatory financial training, flexible payment terms and solidarity guarantees, facilitating the participation of women without access to traditional guarantees. The Young Agro Microcredit offers start-up and rapid disbursement amounts integrated with rural incubators, promoting youth entrepreneurship with technical support and accompaniment. The Single Territorial Fund, administered by the FCDs, cooperatives and responsible partners, allows women and young people to access seed capital with locally agreed rules, strengthening governance and community ownership of the resource. Additionally, the proposal contemplates the design of a guarantee fund mechanism to support credits,

facilitating access to financing, especially for women and youth who may have difficulties in obtaining traditional loans due to lack of collateral or credit history. The fund is intended to operate through different models, such as covering part of the risk of non-payment, issuing guarantees to back loans, or creating reciprocal guarantee platforms. These actions will respond to the multiplicity of challenges that limit the access of women and young people to financial products and services.

Eligibility criteria for accessing FCDs resources include the following:

- Benefits to women, youth and native and Afro-Honduran peoples
- Contribution to the development of the local space
- Support for the application of environmentally sustainable productive practices.

From a gender perspective, the program not only improves women's access to financing, but also actively contributes to their economic and social empowerment and autonomy, which will provide women with opportunities for productive, personal and family development. This is reflected in the promotion of their leadership in associations, community councils and cooperatives, as well as in their preferential access to technical and financial training. Gender markers will be used to monitor the levels of participation, benefits and decision-making, ensuring that gaps are made visible and addressed. In addition, gender mainstreaming will be reinforced through awareness-raising campaigns on co-responsibility for care and the importance of rural women's economic role.

Meaningful participation of rights holders will be ensured through inclusive and deliberative local mechanisms. Decisions on the use of the single fund, credit access rules and eligibility criteria will be made in community spaces where women, youth and family farmers will have a voice and vote. Likewise, associativity and community banking will be promoted, fostering local savings and credit networks managed by the beneficiaries themselves, which reinforces the transparency, ownership and sustainability of the model.

Finally, the cross-cutting approach of financial and digital education will strengthen the beneficiaries' practical skills in planning, savings, costs and use of technologies, increasing their economic autonomy and reducing their dependence on traditional intermediaries.

The financial solution proposes, as a priority, the review and redesign of existing financial products to adapt them to the local contexts of producers, in order to facilitate their access and use. These products should be aimed at financing productive investments and working capital that promote environmentally sustainable practices, improve productivity, promote agricultural mechanization and strengthen the value chain. An example of this would be financing for infrastructure such as storage warehouses or wet mills in the case of coffee.

It is also proposed to improve the conditions of these financial products, adjusting interest rates and terms in accordance with the production cycles of the crop. In the case of coffee, for example, a scheme is proposed with terms of 6 to 18 months, with a grace period of up to 12 months and semiannual or annual payments, aligned with producers' income flows.

In order to guarantee sustainability and access to funds, the design of a guarantee fund is being considered to enable rural banks and cooperatives to access financing beyond that offered by the FCD. The possibility of capitalizing one of the existing guarantee societies is also being evaluated, strengthening some of their active funds to mobilize financial resources from local cooperatives such as Chorotega, in southern Honduras, and CAHCIL, in La Paz.

The following is an example of differentiated financial mechanisms designed to mobilize resources:

Differentiated Financial Mechanisms		
Financing mechanism	Characteristics	Target audience
Agro women’s credit	Flexible terms, solidarity guarantor, mandatory financial training.	Women farmers
Young agro microcredit	Start-up funds, fast disbursement, integration with rural incubators.	Rural youth
Inclusive agroclimatic insurance	Cross-subsidized insurance for small crops.	Family farmers or producer associations
Green line (ecoagro)	Financing for agroecological practices, irrigation, biofertilizers, solar energy.	Youth agro entrepreneurs
Guarantee fund	Support requests for access to financing, especially for women and youth who may have difficulties in obtaining traditional loans due to lack of guarantees or credit history.	Women and Youth/ rural banks and cooperatives

4. Challenges and Risks

The implementation of the program may face several obstacles. External factors include the November 2025 elections, which could generate administrative delays due to changes in local and national authorities, as well as extreme weather events that divert resources to emergency response.

The next electoral cycle in Honduras implies a scenario of political change that could affect the schedule, continuity and consolidation of the initiatives implemented. To mitigate these risks, the program has strengthened a solid and diversified local leadership, actively involving municipal governments, intermunicipal entities, rural organizations and private sector actors. This decentralization and territorial ownership ensures that key actions, such as the operation of the Development Finance Centers and fund management, remain relevant and adapted to local priorities, regardless of political transitions at the national level. In addition, institutional agreements and follow-up mechanisms are being established with technical and multilateral bodies that support the project, ensuring its continuity beyond the electoral cycle.

The electoral context presents risks associated with changes in municipal and national administrations that could modify priorities, affect budgets or alter regulatory frameworks linked to rural financing. There is also the risk that political uncertainty may limit the participation of key actors or private investment. To address these risks, the project incorporates strategies for ongoing dialogue with multiple sectors and levels of government, strengthening local capacities and promoting the institutionalization of Development Finance Centers within municipal and departmental public

policies. This approach seeks to create a resilient environment where initiatives can remain active and expand, ensuring the sustainable impact of the program in the long term.

Likewise, in alliance with the National Association of Municipalities of Honduras (AMHON), an entity that brings together the 298 municipalities of the country, the United Nations System in Honduras, through the Resident Coordinator, is promoting the design of a Peace Consolidation Program focused on municipal transitions. It will be led by UNDP and will promote that initiatives such as the one proposed here have continuity beyond changes in municipal administrations; [more details here](#).

One of the main challenges in implementing a financing project for cooperatives and rural banks in the Dry Corridor area is to ensure that the financial resources do not encourage productive practices that aggravate the already fragile environmental situation of the territory. This region faces strong pressure on its ecosystems due to soil degradation, water scarcity, and loss of forest cover. For this reason, environmental and social criteria will be incorporated into the design of financing, as there is a risk that investments will encourage unplanned agricultural expansion, inappropriate use of agrochemicals and overexploitation of natural resources, intensifying desertification processes, climate vulnerability and loss of sustainable livelihoods.

Internal limitations include weaknesses in local institutional capacities, lack of alignment with municipal strategic planning, overestimation of financial capacities, lack of technical expertise in financial management, and weak accountability mechanisms. There are also concerns about the financial sustainability of the mechanism, given the low availability of leverage funds and delays in international disbursements such as the SDG Fund, as well as the possible lack of political will after government transitions.

The obstacles identified may directly affect the deadlines by generating delays in execution, especially during the 2025 electoral period, when the change of authorities could slow down decision making and compromise institutional continuity. To mitigate this risk, it is proposed to initiate key processes during the second half of the year and involve technical teams from the intermunicipal entities.

In terms of resources, cuts in international cooperation and fiscal instability could limit the funds available for the pilot phase, impacting the scale of investments and the pace of implementation. To address this scenario, the creation of a reserve fund with initial national counterpart contributions and an active strategy to diversify funding sources, including partnerships with the private sector, are envisaged. Inter-institutional collaboration may deteriorate if there are no clear accountability and follow-up mechanisms. To mitigate this risk, territorial governance mechanisms will be strengthened, the signing of framework collaboration agreements will be promoted and the Development Finance Centers will be institutionalized as neutral spaces for articulation.

Critical challenges that may require a restructuring of the proposal include:

- (1) significant interruption of external financing,
- (2) an abrupt change in regulations that limits the operation of local financial mechanisms,
- (3) the impossibility of having operational local partners in the prioritized territories, and
- (4) the occurrence of calamity due to extreme meteorological, climatic and hydrological phenomena.

In these cases, a strategic redesign is foreseen to adapt the intervention territories, reformulate the financial model and refocus the program components towards more viable actions in the short term.

5. Sustainability Plan and Exit Strategy

After program closure, the continuity of the financial mechanism is ensured through an exit strategy based on institutionalization, territorial ownership and diversification of funding sources. The model is expected to evolve towards a decentralized financial architecture, where local actors, especially: municipal governments, intermunicipal entities, FCDs and cooperatives, assume a leading role in the management and operation of the mechanism.

Sustainability is based on four pillars:

1. Institutional strengthening: The capacities developed during implementation in local governments, cooperatives and managing entities allow for an autonomous and professionalized administration of the financial mechanism.
2. Recurrent resources: Mixed financing schemes (public, private and community) will be established, including a single fund, community savings schemes and credit lines adapted to the rural context, which will ensure a constant flow of resources beyond the program period.
3. Regulatory and policy framework: Legal and institutional support, led by the Secretariat of Economic Development, will ensure the enabling conditions for the continuity of the model, including its scaling up.
4. Strengthening local capacities for productive transformation and income generation. The objective of this pillar is to develop and strengthen the technical, organizational and entrepreneurial capacities of farmers and local stakeholders, in order to promote a sustainable productive transformation that generates greater income and economic opportunities in the territory. It focuses on providing producers with practical tools and knowledge in key areas such as agricultural innovation, business management, climate change adaptation, value addition and market access. The implementation of this pillar is supported by strategic alliances with technical training centers, universities, research institutions and specialized organizations, ensuring that training processes are contextualized, results-oriented and aligned with the priorities of the territory. These alliances will also allow for the joint design of continuous training programs, technology transfer and specialized technical support, facilitating the development of local human capital and its linkage with sustainable value chains.

In addition, the local and sustainable design of the mechanism facilitates its replication and expansion in other productive sectors or regions of the country. The model can be adapted to different value chains and socioeconomic conditions, thus promoting a staggered expansion with the leadership of territorial actors and national technical support.

Roles of partners for sustainability

Local governments and intermunicipal entities: Their role of co-governance and co-responsibility is fundamental to guarantee sustainability. Through the public-private platform, they act as the articulating axis between the different sectors of the territory. Local governments, as recipients of transfer funds and executors of territorial policies, provide legitimacy, technical capabilities and political backing.

Secretariat of Economic Development: It is the structural and regulatory guarantor of the model. It is responsible for creating an enabling environment that sustains the permanence of the financial mechanism, through the generation or adaptation of public policies, legal frameworks and regulations that institutionalize the solution. It also coordinates technical and financial resources at the national level and promotes the replicability of the model in other regions, broadening its impact.

Cooperatives and Rural Saving Banks: They are the grassroots implementers of the mechanism, with a strategic role in financial and local sustainability. Their knowledge of the local context, their proximity and legitimacy among the population allow for an efficient, culturally appropriate execution with a high degree of ownership. In addition to channeling resources, they promote financial education, savings, social cohesion and solidarity-based economic development, which strengthens long-term sustainability.

Financial Center for Development (FCD): They represent the technical-operational core of the financial model. As the managing entity, they manage the initial funds, train local actors and design financial products appropriate to the territory. Their role as a bridge between public, private and community actors, together with their use of financial technologies, ensures a transparent, modern and efficient operation. Its ability to generate trust and manage resources in an inclusive manner is key to financial sustainability and to the scalability of the model to other sectors.

6. Management arrangements

The proposal is being developed under the leadership of the United Nations Resident Coordinator's Office (UNRCO), which also leads the UN support system for the National Coordinator's work in transforming national food systems in Honduras.

The Resident Coordinator will provide high-level oversight of the JP implementation. The intervention will be implemented by UNDP and FAO, in close coordination with the RCO office. The activities will be managed by the program/project teams of the country offices of the entities. UNDP will be the lead UN agency, which will also be responsible for the coordination of joint programmatic activities and narrative reporting.

Strategic guidance of the program and effective monitoring of its implementation will be provided by the Program Steering Committee (PSC), co-chaired by the UN RC, the Secretary for Economic Development, and composed of UNDP and FAO representatives responsible for the implementation of planned activities.

The main functions of the Program Steering Committee (PSC) are:

- Strategically guide the implementation of the program, ensuring its alignment with national sustainable development priorities and the 2030 Agenda.
- Review and validate the overall progress of the program, based on technical and financial reports, ensuring that the objectives and expected results are met.
- Identify and resolve critical bottlenecks, through timely decisions that facilitate the efficient execution of activities.
- Approve annual work plans, budgets and key documentation, including monitoring and evaluation reports.
- Ensure inter-institutional coherence, promoting synergies and complementarity with other relevant initiatives at the national level.
- Facilitate the involvement of high-level stakeholders, including government representatives, donors and strategic partners.

The main functions of the Strategic Planning Committee (SPC) are:

- Provide expert technical advice for strategic planning, ensuring the incorporation of evidence, innovative approaches and alignment with the SDGs.

- Analyze the technical performance of the program, formulating specific recommendations to improve its effectiveness and impact.
- Propose strategic adjustments or reorientations, based on contextual analysis, changes in the policy environment or new opportunities.
- Identify risks and critical implementation scenarios, and propose mitigation strategies.
- Review and comment on drafts of key program products, such as assessments, diagnostics, roadmaps and policy proposals.
- Promote the exchange of knowledge and best practices, strengthening the articulation between technical institutions, academia, civil society and the private sector.

In terms of conflict resolution and accountability mechanisms, the DPC establishes concertation stages to resolve disagreements collaboratively, escalating complex cases to formal deliberation or even external arbitration if necessary. Accountability is ensured through systematic review of monitoring and evaluation reports, external audits, and disclosure of results to strategic partners and beneficiaries in accordance with transparency policies. In this way, strong governance is ensured, with well-defined responsibilities and clear mechanisms for decision-making, effective coordination and comprehensive program oversight.

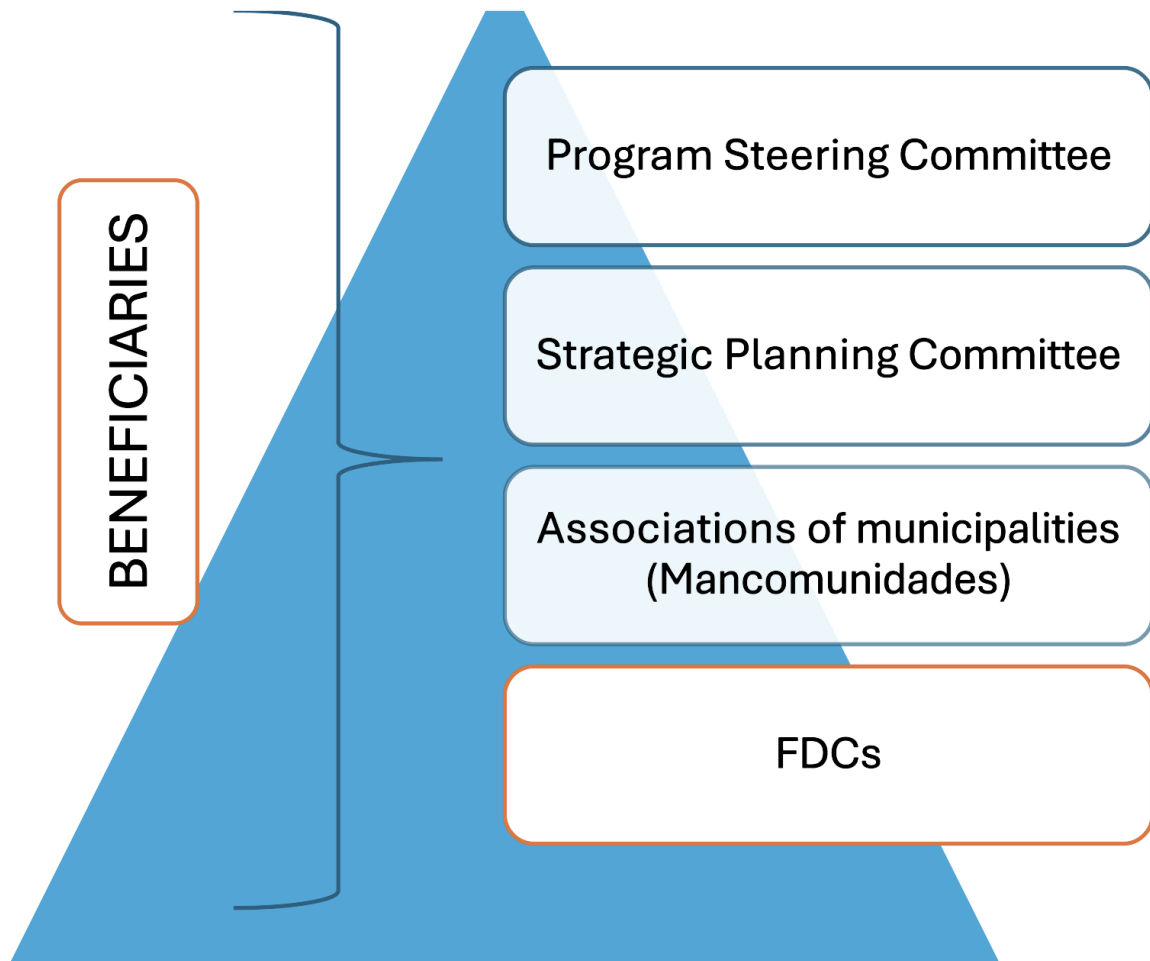
Currently, the intermunicipal entities are audited by the Superior Court of Accounts, which acts as a comptroller and issues recommendations aimed at strengthening management practices and transparent management of public and private resources.

FPC meetings are organized every four months during the JP's life: at the beginning, at the mid-term review and at the final stages, where the JP's objectives and final results are presented.

The CPE will be composed of representatives of the competent Ministries and Institutional partners, and the mayors of the target municipalities and intermunicipal entities. The results and strategic complementarities during the implementation of the PC are organized at the UN Country Team level through Results Group 2 and 3.

In the FCD there is an Assembly made up of the Mayors and other contributing partners (cooperatives and rural banks managers), a Board of Directors that approves all the credits of the FCD made up of a president, treasurer, secretary and members, the last three positions have fallen on directors of cooperatives and rural saving banks and the position of President in a Mayor of the intermunicipal entities.

GOVERNANCE STRUCTURE



7. Oversight, accountability, financial management and public disclosure.

Reporting on the Joint SDG Fund will focus on concrete results and be evidence-based. The RCO focal point and leader, PUNO, is responsible for coordinating and drafting a concise annual report (using the Fund Secretariat template/guidance), which is submitted to the Joint SDG Fund Secretariat through the RC by January 31 of the following year. In addition, a final narrative report must be prepared and submitted to the ODS Joint Fund Secretariat through the RC no later than two (2) months after the operational closure of the Joint Program activities.

The Joint Program Steering Committee, co-chaired by the RC, is mandated to oversee and monitor the implementation of the Joint Program, with the participation of the SDG Joint Fund Secretariat, to which it is required to submit data and information upon request. In addition, the Joint SDG Fund Secretariat may request additional information, such as policy papers, value for money analysis, case studies, infographics or blogs/articles, as needed.

PUNOs will be required to include in the report information on supplementary funding received from other sources (both UN cost-sharing and external funding/financing sources) for activities supported by the Fund, including in-kind contributions and/or South-South cooperation initiatives.

The PUNOs at the Headquarters level will provide the Administrative Agent with the following statements and reports prepared in accordance with their accounting and reporting procedures, consolidating financial reports, as follows:

Annual financial reports as of December 31 of each year with respect to funds disbursed to the SDG Fund Joint Account, to be provided no later than four months after the end of the applicable reporting period; and

A final financial report, upon completion of the activities financed by the SDG Fund Joint Fund and including the last year of activities, to be submitted no later than April 30 of the year following the operational closure of project activities.

The Joint Programme will use a pass-through fund management modality, with the UNDP Multi-Partner Trust Fund Office acting as Administrative Agent. The UN programmatic entity of the Facility will assume full programmatic and financial responsibility for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds shall be administered by each UN Agency, Fund and Project in accordance with its own regulations, rules, guidelines and procedures. The entity shall establish a separate accounting account for the receipt and administration of funds disbursed to it by the Administrative Agent.

A minimum of 5% of the joint program budget is allocated for monitoring, reporting, evaluation, audit and communications. Indirect costs of participating organizations recovered through project support costs will be 7%, with the exception of WFP and UNHCR, which should be 6.5%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs. Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the SDO Joint Fund Operational Guide. PUNOs and their partners must comply with the SDG Joint Fund branding guidelines, which include information on donor visibility requirements.

ANNEX 1: Integrated Results and Resources Framework, Work Plan and Budget

Joint Programme Results Framework *(APPLICABLE TO BOTH PHASE I AND PHASE II)*

Joint Programme Results				
<p>[Statement of results from CF]: More than 200 rural organizations strengthened—including cooperatives, rural savings banks, and women's and youth groups—with effective and sustained access to seed capital, innovative productive credit, and specialized technical assistance, improving their economic performance and resilience. <i>The Honduran government implements policies, strategies, and programs that strengthen the sustainability and resilience of its development.</i></p>				
<p>Outcome Indicator 1.1: Number of financial intermediaries participating in co-investment schemes.</p>	<p>Baseline: 0</p>	<p>Phase I Target: 40 institutions (cooperatives, rural savings groups, others)</p>	<p>Phase II Target: 60 institutions (cooperatives, rural savings groups, others)</p>	<p>Means of verification: Signed Memorandum of Understanding (MoUs), reports from Financial Centers for Development (FCDs), progress reports from implementing partners.</p>
<p>Outcome Indicator 1.2: % of rural producers with access to inclusive financial services.</p>	<p>Baseline: 10% (based on the 2024 diagnostic baseline)</p>	<p>Phase I Target: 40% (based on the 2024 diagnostic baseline) <i>MANCEPAZ</i> intermunicipal entities: <i>Marcala, Chinacla, San José, Santa María, Santiago Puringla, Tutule, Cané, and La Paz</i></p>	<p>Phase II Target: 80% (by the end of the programme, based on the 2024 diagnostic baseline) <i>MANCEPAZ</i> intermunicipal entities: <i>Marcala, Chinacla, San José, Santa María, Santiago Puringla, Tutule, Cané, and La Paz</i> <i>Choluteca</i> intermunicipal entities: <i>Orocuina, Apacilagua, Marcovia, and Choluteca</i></p>	<p>Means of verification: Field surveys, reports from Financial Centers for Development (FCDs), financial records from cooperatives and rural savings groups.</p>

Outcome Indicator 1.3: % increase in income among beneficiary rural households.	Baseline: (To be established in 2025)	Phase I Target: 0%	Phase II Target: 14% increase over the baseline	Means of verification: Household income surveys, monitoring reports, annual evaluations.
A network of Financial Centers for Development operating in strategic municipalities of the Dry Corridor, composed of local financial institutions with strengthened technical, institutional, and digital capacities to provide inclusive, agile, and context-adapted services.				
Outcome Indicator 2.1: Number of municipalities with established and operational local financial governance platforms.	Baseline: 0	Phase I Target: 8 municipalities with operational local financial governance platforms	Phase II Target: 4 additional municipalities with established and operational local financial governance platforms	Means of verification: Municipal government reports, governance meeting minutes, platform activity reports.
[JP-specific Financial Leverage Outcome]: Sustainable territorial financial flows, adapted to agro-productive cycles, efficiently managed by Financial Centers for Development and supported by guarantee mechanisms, funds, and public–private co-financing schemes.				
Outcome Indicator 3.1: Amount in US\$ of additional financing leveraged through subnational financing solutions, with support from the SDG Joint Fund.	Baseline: 0 USD (2024)	Phase I Target: USD 6 million (blended public/private financing)	Phase II Target: USD 14 million (blended public/private financing)	Means of verification: Disbursement records, co-financing agreements, private sector contribution reports.
[JP-specific SDG Localization outcome]: A consolidated territorial financial governance system that brings together local governments, intermunicipal entities, UNDP, FAO, the Secretariat of Economic Development (SDE by its acronym in Spanish), financial institutions, and civil society organizations within participatory operational platforms that foster inter-institutional coordination and the sustainability of the new inclusive financial ecosystem.				

Outcome Indicator 4.1: Number of territorial development plans aligned with SDG financing strategies.	Baseline: 0	Phase I Target: 1 updated plan incorporating the link between the SDGs and financing	Phase II Target: 1 updated plan incorporating the link between the SDGs and financing	Means of verification: Municipal planning documents, validation workshops, SDG localization matrices.
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Joint Programme Outputs				
Output 1.3 Technical assistance and organizational strengthening programmes implemented. Training modules, in-person and virtual sessions, technical mentoring, and tailored support to improve the administrative, commercial, financial, and climate resilience management of productive and financial organizations.				
Output Indicator 1.3: Number of enterprises/individuals benefiting from technical assistance to improve investment readiness and increase bankability, contributing to greater investor confidence.	Baseline: 0	Phase I Target: 800	Phase II Target: 1200	Means of verification: Household income surveys, monitoring reports, annual evaluations.
[Suggested Output Indicators for the Specific Financial Leveraging Outcome of the Joint Programme]: Output 3.1: Design and implementation of financial schemes adapted to agro-productive cycles. This includes seasonal credit lines, bridge financing, and specialized financial products for resilient agriculture, incorporating flexible conditions aligned with local agricultural calendars.				
Output Indicator 3.1: Number of financial instruments operationalized and adapted to subnational contexts that ensure increased capital flows toward food systems and/or green economy projects. Financing mechanisms will be disaggregated by type (e.g., blended finance vehicles, municipal green bonds, mixed funds, impact investment	Baseline: TBD, (baseline to be established 2025)	Phase I Target: 1	Phase II Target: 2	Means of verification: Portfolio of financial instruments, Memorandum of Understanding (MoUs), credit reports, reports from responsible parties.

platforms).				
Blended finance vehicles			1	
Single pooled fund		1	1	
<p>[Suggested Output Indicators for the Specific SDG Localization Outcome of the Joint Programme]: Territorial Financial Governance Platform established and operational. Creation of an inter-institutional platform that connects local governments, intermunicipal entities, development cooperation agencies (such as UNDP and FAO), the Secretariat of Economic Development (SDE, by its acronym in Spanish), financial institutions, and civil society organizations.</p>				
Output Indicator 4.1: Number of multi-stakeholder platforms established to align public, private, and community investments at the territorial level.	Baseline: 0	Phase I Target: 1	Phase II Target: 1	Means of verification: Meeting minutes, Memoranda of Understanding (MoUs), agreements.
<p>[Suggested Output Indicators for the Specific SDG Localization Outcome of the Joint Programme]: Output 4.2: Capacity building in inclusive and financial governance for territorial stakeholders. Training programmes targeting representatives from the public, private, and community sectors on territorial leadership, public and private finance, gender, and financial inclusion.</p>				
Output Indicator 4.2: Number of subnational governments with enhanced capacities in financial management and investment planning as a result of Joint Programme support.	Baseline: 0	Phase I Target: 0	Phase II Target: 8 municipalities across 2 intermunicipal entities	Means of verification: Baseline report, monitoring reports, annual evaluations, capacity assessments.

PHASE I Joint Programme Workplan (*Maximum of 15 months*)

Outcome/Output	Geographic Focus	Phase I Start	Phase I End	PUNO	SDG Target	Gender Equality Indicator	QCPR Function	Phase II Budget (US\$)
Outcome 1	Over 200 rural organizations have been strengthened.							
Output 1.1: Technical and financial assessment of 200 rural organizations Consolidated document identifying current capacities, gaps, and potential for access to financing and technical assistance.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 1 (except for 1.4), SDG 2.3, SDG 5.1, 5, A, B, C, SDG 12.1-3, 6, A	1	3, 4	37,638
Output 1.2: Pooled fund and seed capital mechanisms revised and anchored in two municipal associations to improve access to parallel financing.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 1 (except for 1.4), SDG 2.3, SDG 5.1, 5, A, B, C, SDG 8.3, 8.10, SDG 12.1-3, 6, A	2	4	34,532
Output 1.3: Technical assistance and organizational strengthening program designed and implemented.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2027 Continúa en 2027	FAO/PNUD	SDG 5.1, 5, A, B, C, SDG 8.3, 8.10	3	4,5	106,366
Otucome 2	A network of Financial Centers for Development operating							
Output 2.1: Organizational performance monitoring and evaluation system	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 2.3, 2.4, SDG 5.1, 5, A, B, C, SDG 8.3,	2	3,4	44,866

Outcome/Output	Geographic Focus	Phase I Start	Phase I End	PUNO	SDG Target	Gender Equality Indicator	QCPR Function	Phase II Budget (US\$)
design.					8.10			
Output 2.2: Operational and business model for the Financial Development Centers (FDCs) redesigned and updated.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 2.3, 2.4, SDG 5.1, 5, A, B, C, SDG 8.3, 8.10	2	3,4	66,232
Output 2.3: Technical and institutional training programme for local financial entities executed.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 2.3, 2.4, SDG 5.1, 5, A, B, C, SDG 8.3, 8.10	3	2,4	43,100
Output 3	Sustainable territorial financial flows adapted to agricultural production cycles.							
Output 3.1: Design and validation of financial instruments adapted to agricultural cycles. Microcredit pilot	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 1 (except for 1.4), SDG 2.3, 2.4, SDG 5.1, 5, A, B, C	1	3,4	123,559
Output 3.2: Pooled fund for territorial financing operating under an improved design.	Municipalities of MANCEPAZ and municipalities of Choluteca;	09/2025	11/2026	FAO/PNUD	SDG 1 (except for 1.4), SDG 2.3, SDG 5.1, 5, A, B, C, SDG 8.3, 8.10, SDG 12.1-3, 6, A	2	4	38,500

Outcome/Output	Geographic Focus	Phase I Start	Phase I End	PUNO	SDG Target	Gender Equality Indicator	QCPR Function	Phase II Budget (US\$)
Output 3.3: Public-private partnerships for territorial co-financing initiated.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 1 (except for 1.4), SDG 2.3, SDG 5.1, 5, A, B, C, SDG 8.3, 8.10, SDG 12.1-3, 6, A	2	4, 5	46,464
Outcome 4	Consolidated territorial financial governance system							
Output 4.1: Territorial financial governance platform designed.	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 5.1, 5, A, B, C, SDG 8.3, 8.10	2	4, 5	46,323
Output 4.2 Capacity building in inclusive and financial governance for territorial stakeholders	Municipalities of MANCEPAZ and municipalities of Choluteca	09/2025	11/2026	FAO/PNUD	SDG 5.1, 5, A, B, C, SDG 8.3, 8.10	2	4, 5	53,079
Monitoring and Evaluation								64,936
General operating costs and other direct costs								30,000
Total Direct Costs								735,595
Indirect Support Costs								51,492
TOTAL Costs								787,087

ANNEX 2: PHASE I Budget per UNSDG Categories

UNSDG BUDGET CATEGORIES	PUNO 1 PNUD		PUNO 2 FAO		PUNO 3 name		PUNO 4 name		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	91,680.00		141,000.00				0		232,680.00	
2. Supplies, Commodities, Materials			15,000.00		0		0		15,000.00	
3. Equipment, Vehicles, and Furniture (including Depreciation)	5,000.00		70,000.00		0		0		75,000.00	
4. Contractual services	92,485.00		31,000.00		0		0		123,485.00	
5. Travel	22,552.00		18,000.00		0		0		40,552.00	
6. Transfers and Grants to Counterparts	116,231.00		0		0		0		116,231.00	
7. General Operating and other Direct Costs	29,196.00		103,451.00		0		0		132,647.00	
Total Direct Costs	357,144.00		378,451.00		0		0		735,595.00	
8. Indirect Support Costs (7% of total direct costs –	25,000.00		26,492.00		0		0		51,492.00	

except for WFP and UNHCR which should apply 6.5% of total direct costs)										
TOTAL Costs	382,144.00	0	404,943.00	0	0	0	0	0	787,087.00	-

ANNEX 3: Localization, Gender Equality, and Human Rights Indicators

SDG Localization Indicator Score

Refer to the detailed guidance on how to apply the marker here: <https://www.jointsdgfund.org/publication/sdg-localization-marker>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
Programme Design	<ul style="list-style-type: none"> Does your programme explicitly contribute to achieving measurable results aligned with local SDG priorities, as expressed in local sustainable development strategies or similar documents, by promoting equitable development in specific territories and integrating results into local systems? 	Yes	<p>Yes, the program has been designed with a strong territorial approach, incorporating specific and measurable results aligned with local priorities highlighted in municipal development plans and strategies, and linked to the SDGs, particularly in the rural areas of the Dry Corridor. Its objective is to reduce poverty and local economic exclusion through expanded access to inclusive financial services, strengthened climate resilience, and enhanced local governance.</p> <p>Among the expected results is the financial inclusion of more than 2,000 rural families, especially women and youth, through tailored financial products, seed capital, and technical assistance. These results directly</p>	<p>Minutes and reports on the operation of territorial financial governance platforms.</p> <p>Municipal development plans reviewed with explicit integration of SDG goals or targets.</p> <p>Training reports for local authorities on SDG localization and sustainable finance.</p> <p>Evidence of local budget allocations linked to SDG-related results.</p> <p>Systematization reports of beneficiaries,</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			<p>contribute to the localization of SDGs 1, 2, 5, 8, 10, 13, and 17.</p> <p>In addition, the program incorporates innovative tools such as digital risk assessments and georeferencing of beneficiaries, enabling local actors to monitor progress and adjust interventions based on real-time data.</p>	<p>microcredit records, impact evaluations, and technical monitoring reports.</p>
	<ul style="list-style-type: none"> Does the programme or initiative include a multilevel governance approach to address SDG challenges through collaboration across different levels of government and/or with international organizations and local communities? This approach should acknowledge that effective action requires coordinated efforts across multiple scales, from local and regional to national and global. 	Yes	<p>Yes, the joint program incorporates a multilevel governance approach that promotes effective collaboration across different levels of government. For example, intermunicipal entities play a key role in coordination. Through strategic partnerships with municipal governments, intermunicipal entities (such as the associations of La Paz and Choluteca), national institutions (such as the Secretariat of Economic Development and the Secretariat of Agriculture), the Association of Municipalities of Honduras (AMHON), and international partners, the program seeks to align policies, plans, and resources to strengthen the territorial implementation of the SDGs.</p>	<p>Minutes from inter-institutional roundtables.</p> <p>Collaboration agreements and formal accords.</p> <p>Monitoring and systematization documents.</p> <p>Stakeholder and institutional mapping matrix.</p>
	<ul style="list-style-type: none"> Were subnational governments and other key local development stakeholders (including, where relevant and possible, local service providers, civil society, academia, the private sector, and youth) actively engaged from the programme design phase, with clearly defined roles and 	Yes	<p>Yes, local authorities, cooperatives, youth, women, the private sector, and financial entities were involved in the development of the technical-financial diagnostic, the design of specific solutions, and the definition of financial instruments adapted to the</p>	<p>Minutes from participatory meetings</p> <p>Diagnostic and baseline reports</p> <p>Interinstitutional agreements</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<p>allocated resources to ensure the programme directly responds to priorities officially expressed in local strategies?</p> <p>Are the roles and responsibilities of each local stakeholder clearly defined, and are appropriate resources allocated for both implementation and monitoring of activities?</p>		<p>territory. Each actor has clearly defined roles within the implementation ecosystem: the Financial Centers for Development (FCDs) operate as territorial entities with formalized governance structures; productive organizations (cooperatives and rural savings banks) receive technical training and specialized assistance; and local governments (authorities from the municipalities of the intermunicipal entities of La Paz and Choluteca) facilitate institutional coordination and public-private co-financing.</p> <p>In addition, specific budget resources were allocated for implementation through grants and contractual services, aimed at strengthening the capacities of the intermunicipal entities, the FCDs, and the final beneficiaries (productive organizations). Monitoring and evaluation systems will be implemented in both the FCDs and the productive organizations, with more than 5% of the total budget allocated to these activities.</p>	<p>Workshop proceedings</p> <p>Implementation reports of financial instruments</p> <p>Monitoring documentation (indicators, dashboards, technical reports)</p>
Advocacy	<ul style="list-style-type: none"> Has the programme or initiative planned to develop new knowledge products, research, publications, or relevant resources related to SDG localization, specifically mobilizing territorial knowledge from all sources (e.g., academic, formal, and informal)? 	Yes	<p>Yes, the initiative has planned the development of new knowledge materials, research, publications, and relevant resources related to SDG localization, built specifically from local experience. One of the strategic components of the program is the generation and systematization of</p>	<p>Meeting notes (aide-mémoires).</p> <p>Attendance of representative at the workshop.</p> <p>Publications and documents.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			<p>knowledge from the territories, with the goal of strengthening local capacities and informing both public policy and replicable intervention models.</p> <p>To this end, the production of at least five case studies on inclusive local financing models, three publications on good practices in the implementation of Financial Centers for Development (FCDs), and a methodological guide for replicating the model in other municipalities across the country has been planned.</p> <p>These products will be based on evidence collected in eight pilot municipalities of the Dry Corridor of Honduras, through participatory processes involving more than 150 local actors. The knowledge generated will include analyses of structural barriers to financial access, evaluations of digital tools used (such as georeferencing and automated prequalification), and lessons learned on the local governance of decentralized financial mechanisms.</p>	

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<ul style="list-style-type: none"> Has the programme or initiative planned concrete activities to enhance the identification and inclusion of local populations in sustainable development processes at the subnational level, led by local development stakeholders? 	Yes	<p>The program incorporates concrete activities aimed at increasing the identification and inclusion of local populations in sustainable development processes at the subnational level, led by territorial actors. From the technical-financial diagnostic stage, 200 rural organizations are directly involved to identify their capacities, needs, and opportunities, with a focus on the participation of women, youth, and small-scale producers. Tailored financial products and special guarantee systems are designed for these vulnerable groups, historically excluded from the formal financial system.</p> <p>In addition, the program promotes local leadership through the creation and strengthening of Financial Centers for Development (FCDs), which operate under participatory governance structures involving, for example, local governments, academia, and chambers of commerce. These centers implement operational models adapted to territorial realities, such as guarantee systems based on the agri-food sector (including purchase-sale contracts with agroindustry and market linkages).</p>	<p>Participatory and inclusive diagnostic report.</p> <p>Disaggregated databases of participating organizations (by gender, age, location, and type).</p> <p>Minutes of the establishment and operation of the FCDs, cooperatives, and other beneficiaries.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<ul style="list-style-type: none"> Does the programme or initiative explicitly include capacity development for local governments and stakeholders to design, implement, and monitor innovative solutions with the potential to accelerate sustainable development processes at the local level? 	Yes	<p>Yes, building on previous UN System efforts to strengthen local authorities' and stakeholders' capacities in SDG localization, the program explicitly includes capacity development for local governments and interested parties to design, implement, and monitor innovative solutions with the potential to accelerate sustainable development at the local level. The proposal promotes the technical and institutional strengthening of key actors such as cooperatives, rural savings banks, local financial entities, and municipal governments. This strengthening places emphasis on topics such as agricultural risk analysis, green finance, territorial governance, financial inclusion with a gender and youth perspective, and the use of digital tools. Likewise, the strengthening of the FCD in La Paz and the enhancement of the Financial Center for Development (FCD) in Choluteca represent an institutional innovation that empowers local actors as sustainable territorial financing platforms, aligned with both the public and private sectors.</p>	<p>Memorandums of Understanding (MoUs) with key stakeholders.</p> <p>Participant lists from training sessions, workshops, and inter-institutional roundtables.</p> <p>Indicators of improvement in institutional capacities.</p> <p>https://honduras.un.org/es/273529-honduras-capacita-las-comunidades-locales-para-liderar-el-desarrollo-sostenible</p> <p>ILV San Nicolás 2024</p> <p>ILV Intibucá 2024</p>
Actions	<ul style="list-style-type: none"> Does the programme or initiative strengthen the coherence of policies, regulations, plans, or approaches to improved or new service delivery—by local and regional governments, communities, and/or local 	Yes	<p>Through the strengthening of Financial Centers for Development (FCDs) and inter-institutional governance platforms, the program fosters coordination among local governments, grassroots</p>	<p>Updated or newly created regulations based on the project.</p> <p>Operational manuals and protocols of the FCDs that are more</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<p>service providers—by facilitating their meaningful contributions to local sustainable development strategies, national sustainable development frameworks, and the SDGs, while addressing the principle of leaving no one behind?</p>		<p>organizations, the private sector, local women's organizations or networks, and financial service providers. This ensures that the services offered—financial, technical, and organizational—respond to real local needs, with a focus on groups that have traditionally lacked access to financing.</p> <p>The proposal promotes public-private co-financing mechanisms and inclusive solutions, such as guarantee funds and seed capital, which are integrated into the formal operational frameworks of the Financial Centers for Development. This strengthens the delivery of rural services based on principles of equity, efficiency, and inclusion.</p> <p>All of this directly contributes to the principle of leaving no one behind by integrating women, youth, and small-scale producers as key actors in development.</p>	<p>inclusive of vulnerable populations.</p> <p>Minutes from territorial governance platform meetings.</p> <p>Interinstitutional agreements between local governments and key stakeholders.</p> <p>Evidence of the inclusion of new financial or technical services designed locally and for vulnerable populations.</p>
	<ul style="list-style-type: none"> Does the programme or initiative adopt a multi-stakeholder approach, engaging local and regional governments, civil society, academia, the private sector, youth, and/or others, to jointly implement transformative initiatives for SDG localization? This may include, for example, mobilizing and sharing knowledge, expertise, 	<p>Yes</p>	<p>Yes, the program adopts a clear multi-stakeholder approach, actively involving local and regional governments, civil society organizations, academia, the private sector, youth, and women in the joint design and implementation of transformative initiatives aimed at localizing the SDGs.</p>	<p>Collaboration agreements signed between different actors (local governments, academia, private sector, community organizations).</p> <p>Systematization of workshops and</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<p>technologies, and financial resources to support the achievement of the SDGs at the local level.</p>		<p>The creation and strengthening of the Financial Centers for Development (FCDs) establishes a territorial platform with nationally recognized legal status (<i>personería jurídica</i>) that ensures governance and local recognition to operate as a financial ecosystem in areas where traditional banking systems do not reach. These platforms bring together diverse actors to develop inclusive, sustainable, and territory-adapted financial solutions.</p> <p>In addition, the program promotes public-private co-financing mechanisms, strategic partnerships with businesses, specialized technical assistance from academia and experienced agencies in the local context such as FAO, and training processes that strengthen youth and women's leadership.</p> <p>These actions enable the mobilization of knowledge, technologies (such as georeferencing of beneficiaries, sex- and age-disaggregated data, income levels, etc.), financial resources, and local experiences to accelerate sustainable development in the Dry Corridor and to replicate the model in other intermunicipal entities across the country.</p>	<p>intersectoral roundtables.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<ul style="list-style-type: none"> Is the programme connected to broader interventions by other local development actors in order to meaningfully contribute to large-scale initiatives with the potential to transform local development systems and processes, within a shared vision for the future of the city/region? 	Yes	<p>Yes, the program is clearly connected with broader interventions by local development actors, contributing to and aligning with integrated, large-scale initiatives with transformative potential such as the food security strategy, which includes resource mobilization through agricultural and technological bonds and a robust agricultural extension system, improvement of productive infrastructure such as access to the entire road network leading to these productive units, entrepreneurship programs, and the strengthening of the social economy sector, all promoted by the government, academia, and international cooperation.</p> <p>The proposal aligns national efforts with local governments, financial entities, producer organizations, international cooperation, and the private sector to consolidate an inclusive and resilient financial and productive ecosystem.</p> <p>This ecosystem is not built in isolation but is integrated into local strategic frameworks (Municipal Plans, Strategic Plans of intermunicipal entities, Social Economy Law), as well as subnational and national frameworks that promote agri-food transformation, climate change adaptation, financial inclusion, and</p>	<p>Territorial local economic development plans where the program is aligned or incorporated.</p> <p>Evidence of participation in inter-institutional or multisectoral platforms.</p> <p>Regional planning; formal collaboration agreements with actors from complementary programs.</p> <p>Links to initiatives: https://pronaders.gob.hn/pronaders-inicia-el-2023-facilitando-la-circulacion-en-zonas-productivas-de-la-p https://www.elheraldo.hn/honduras/invertiran-11100-millones-para-la-merienda-escolar-este-2025-PB23441592</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			<p>territorial economic revitalization.</p> <p>In addition, the model of the Financial Centers for Development (FCD), already tested in other regions of the country, is being adapted and scaled with a territorial focus, aligning resources, actors, and objectives toward a systemic transformation of rural living conditions.</p> <p>UNDP, FAO, WFP, UNICEF, and other UN agencies have implemented projects for local advocacy, technical assistance to productive sectors, and the promotion of local financing schemes.</p> <p>It is also closely linked to national public investment projects for microenterprises, the productive sector, the environment, among others.</p> <p>For example, through the National School Feeding Program, more than 1.1 billion lempiras will be invested in 2025 to provide meals to over 1.3 million children.</p> <p>In the productive sector, over 800 million lempiras are historically invested to benefit the basic grains, livestock, and coffee sectors, the latter being the second largest contributor to the agricultural GDP.</p>	

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
Financing	<ul style="list-style-type: none"> Is at least 70% of the programme or initiative budget specifically allocated to activities that have a direct impact on local sustainable development processes and systems (e.g., food systems value chains, local health or education systems, energy and water management, local economic development, local climate action, multilevel governance), in alignment with SDG-related local priorities expressed in local strategies? 	Yes	<p>Yes, we meet this requirement, as more than 70% of the programmatic budget is specifically allocated to activities that strengthen advocacy, action, and monitoring related to the localization of the SDGs, aligned with priorities highlighted in local strategies with a special focus on SDGs 1, 2, 5, 8, and 12.</p> <p>Our program “Local Financial Innovation for the Resilient Transformation of Food Systems in the Dry Corridor of Honduras” is deeply aligned with the principles of SDG localization.</p> <p>The program addresses structural barriers to financial access in rural areas, especially for women, youth, small-scale producers, and Indigenous peoples, through advocacy efforts, the development of inclusive financial services, and the strengthening of local governance.</p> <p>These actions directly contribute to achieving SDGs 1 (No Poverty), 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 13 (Climate Action), among others, at the territorial level.</p> <p>The majority of the resources are invested in the design, implementation, and scaling of the Financial Centers for Development</p>	<p>Detailed investment budgets.</p> <p>Planning matrix detailing grants and investments in the territory.</p> <p>Financial execution reports.</p> <p>Technical reports.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			<p>(FCDs), a territorial solution that promotes financial inclusion and economic and climate resilience.</p> <p>These centers are developed in partnership with local governments, intermunicipal entities, cooperatives, and rural savings banks, ensuring local ownership and sustainability.</p> <p>The funded activities include technical assistance, the integration of digital tools for risk assessment and automated prequalification, and the creation of community-based financial solutions, all of which are key elements for monitoring progress and promoting practices aligned with the SDGs.</p> <p>More than 2,000 rural families will directly benefit through access to tailored financial products, seed capital, and technical support, thus consolidating a model of inclusive and locally rooted development.</p>	
	<ul style="list-style-type: none"> Does the budget include funds channeled directly to local actors and/or the creation of mechanisms to ensure their participation in implementation? 		<p>Aquí tienes la traducción fiel al inglés, sin formato y con punto final en cada oración:</p> <p>Yes, the program includes budget allocations channeled directly to local actors, as well as the creation of specific mechanisms to ensure their active participation in implementation. Through the design and operation of</p>	<p>Disaggregated budgets.</p> <p>Co-financing agreements.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			<p>territorial financial instruments—such as a unified fund, seed capital mechanisms, and guarantee funds—resources are allocated directly to producer organizations, cooperatives, rural savings banks, and other local entities.</p> <p>These funds not only facilitate access to credit and technical assistance but also strengthen the autonomous and sustainable management of resources by local actors.</p> <p>In addition, the strengthening and creation of Financial Centers for Development (FCDs) with inclusive governance structures ensures that decisions regarding the allocation and use of resources are made locally, responding to territorial priorities and promoting the leadership of women, youth, and small-scale producers.</p> <p>Leverage from other government programs is estimated at around USD 4,000 for local, productive, and entrepreneurship sectors.</p>	
	<ul style="list-style-type: none"> Does the programme or initiative support the expansion of local fiscal space through public and/or private sources to sustain and scale up SDG-related actions at the local/territorial level (e.g., own-source revenues, intergovernmental fiscal transfers, public–private 	Yes	<p>The Financial Centers for Development (FCDs) in Honduras actively support the expansion of local fiscal space by strengthening the territorial economic ecosystem, particularly through the promotion of micro, small, and medium-sized enterprises (MSMEs). By improving the formalization,</p>	<p>Detailed program budgets identifying allocations for locally managed funds.</p> <p>Documents describing financial instruments (operational manuals,</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<p>collaboration, an enabling environment for foreign direct investment or official development assistance)?</p>		<p>productivity, and access to financing of these enterprises and productive associations, a more dynamic local economy is generated, which increases municipal own-source revenues through fees, local taxes, and licenses, thereby contributing to greater fiscal sustainability.</p> <p>In addition, these centers promote coordination with private sources of financing, including commercial banks, microfinance institutions, and public-private partnerships (Chambers of Commerce), which help mobilize complementary resources to public funds. They also support local governments in accessing intergovernmental fiscal transfers by facilitating the design of territorial projects aligned with the SDGs, thereby improving municipalities' eligibility for national and international development financing mechanisms.</p> <p>Moreover, by strengthening local value chains, providing technical assistance, and generating strategic information, the centers create a favorable environment to attract foreign direct investment and international cooperation. This not only expands the financial maneuvering space in the territories but also ensures the scalability of SDG-related actions, promoting a sustainable development vision that aligns public, private, and cooperation resources for</p>	<p>eligibility criteria, co-financing schemes).</p> <p>Records of transfers and fund usage by beneficiary organizations.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
			transformative local impact.	
	<ul style="list-style-type: none"> Does the program or initiative strengthen the capacities and systems of local/regional governments to better identify, allocate, and monitor local financing for the SDGs? 	Yes	<p>Yes, the program strengthens the capacities and systems of local and regional governments to more efficiently identify, allocate, and monitor local financing aligned with the SDGs. This is achieved through structured technical and institutional training processes targeting both local authorities and actors within the territorial financial ecosystem, with an emphasis on budget management, risk analysis, green finance, investment monitoring, and governance with a sustainability focus.</p> <p>The implementation of Financial Centers for Development (FCDs) as local mechanisms also enables municipal governments to actively participate in identifying financial needs and channeling resources toward strategic sectors, fostering the planning and execution of investments with a direct impact on the territory's SDG targets.</p>	<p>Training materials and modules delivered to local officials.</p> <p>Minutes documenting municipal government participation in territorial financial planning.</p> <p>Tools or platforms used to track local investments.</p> <p>Monitoring reports on local funds with thematic disaggregation aligned with the SDGs.</p>
Accountability and Sustainability	<ul style="list-style-type: none"> Does the programme include a clear monitoring system that is connected to the monitoring systems of local sustainable development strategies and national sustainable development frameworks, in 	Yes	<p>Yes, the program includes a clear and structured monitoring system aligned with both local sustainable development strategies and national frameworks such as the Government Strategic Plan 2022–2026, the Third</p>	<p>Technical documents of the monitoring and evaluation system (logical framework, indicators, data</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	<p>order to measure impact on local systems and people's lives, and to contribute to the local component of SDG monitoring at the city/region and national levels?</p>		<p>Voluntary National Review (VNR) of Honduras 2024, and international SDG monitoring frameworks such as the National SDG Agenda derived from the 2030 Agenda.</p> <p>This system makes it possible to measure the program's impact on local systems (especially the agri-food and financial ecosystem) and on the quality of life of the beneficiaries.</p> <p>The proposal includes the creation of monitoring and evaluation systems within the Financial Centers for Development (FCDs) as well as within inter-institutional governance platforms, which collect data on financial inclusion, access to services, organizational resilience, participation of women and youth, and market linkages.</p> <p>These data are organized according to indicators aligned with SDG targets prioritized at the territorial level, facilitating their integration into municipal, regional, and national reports.</p>	<p>collection tools).</p> <p>Periodic reports showing progress on local SDG indicators.</p> <p>III Voluntary National Review 2024 https://siteal.iiep.unesco.org/sites/default/files/sit_accion_files/vnr_2024_honduras_report_1.pdf</p> <p>Government Plan 2022-2026 https://observatorioplanificacion.cepal.org/es/planes/plan-de-gobierno-para-refundar-honduras-2022-2026-de-honduras</p>
	<ul style="list-style-type: none"> Does the programme include clearly identified partnerships with local, national, and international stakeholders to leverage complementary interventions that channel technical and financial resources to scale up the initiative toward 	<p>Yes</p>	<p>The creation and consolidation of the Financial Centers for Development (FCDs) is based on a shared governance model that involves State Secretariats, including Agriculture and Livestock and Economic Development, the Association of Municipalities of</p>	<p>Signed agreements with local, national, and international partners.</p> <p>Program design documents detailing strategic partnerships</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
	transformative systemic change, either at the local level and/or in other cities/regions, within a clearly defined exit strategy?		<p>Honduras (AMHON), local governments (intermunicipal entities), producer organizations (cooperatives and rural savings banks), academic institutions, the private sector (chambers of commerce), and international cooperation agencies (UNDP, FAO, CABI, AECID).</p> <p>In addition, the program includes a progressive exit strategy, in which the strengthened local capacities and established operational models enable the autonomous continuation of processes beyond the initial support, and even their replication in other regions of the country with similar conditions.</p> <p>After the program ends, the continuity of the financial mechanism is ensured through an exit strategy based on institutionalization, territorial ownership, and diversification of funding sources.</p> <p>The model is expected to evolve into a decentralized financial architecture, where local actors—particularly municipal governments, intermunicipal entities, and cooperatives—play a leading role in the management and operation of the mechanism.</p>	<p>and their specific roles.</p> <p>Co-financing or resource-leveraging plans.</p> <p>Exit strategy.</p>

Dimensions	Eligibility Criteria or Requirements	Responses	Explanation	Means of verification
<i>Scoring Criteria</i>		# total Yes		
	<ul style="list-style-type: none"> • Score 3: Between 9 and 12 criteria marked as "Yes". • Score 2: Between 4 and 8 criteria marked as "Yes". • Score 1: Between 1 and 3 criteria marked as "Yes". • Score 0: None of the criteria marked as "Yes". 			

Gender Equality Marker

Please copy the results exactly as they appear in the work plan and add the gender equality marker score, justifying the rating. Refer to the UNSDG guidance here: <https://help.uninfo.org/un-info/results-framework/results-framework-structure/suboutput-level/guidance-on-applying-tags-and-markers/guidance-on-applying-the-gender-equality-human-rights-and-sustaining-peace-markers>

Joint Programme Outputs	GEM Score	Justification
Output 1.1: Technical and financial assessment of 200 rural organizations	1	Some aspects at the product level (i.e., one or more of its activities) are expected to promote gender equality, but they contribute only in a limited way. There may be a gender analysis or some collection or analysis of sex-disaggregated data, but gender equality outcomes are limited.
Output 1.2: Unified fund and seed capital mechanisms redesigned and anchored in 2 associations to improve their access to parallel financing	2	They contribute substantially to gender equality and to the empowerment and economic autonomy of rural women.
Output 1.3: Technical assistance and organizational strengthening programs implemented	3	They contribute to strengthening technical skills and capacities for gender equality and/or women's empowerment, as this is an explicit objective of the product.
Output 2.1: Organizational performance monitoring and evaluation system implemented.	2	They contribute substantially to gender equality, as the product itself significantly and consistently promotes gender equality.
Output 2.2: Operational model of the	2	It is considered a cross-cutting activity and contributes significantly to gender equality, promoting and helping to reduce gender gaps in access to financial resources.

Financial Development Centers (FDC) designed and implemented		
Output 2.3: Technical and institutional training program for local financial institutions implemented	3	Achieving gender equality and/or women's empowerment is an explicit objective of the product and the main reason it was planned, as financial education contributes to the economic empowerment of women by fostering autonomy in decision-making related to financial resources and the range of financial services and products available in the financial system.
Output 3.1: Financial schemes adapted to agro-productive cycles designed and implemented	1	The product-level outcomes contribute in a limited way to gender equality, but not significantly. Nevertheless, some of the products are expected to contribute to gender equality.
Output 3.2: Unified fund for territorial financing operating under a new and improved design	2	It contributes substantially to gender equality through the design of financial products adapted to the rural context, including the unified fund, promoting financial inclusion.
Output 3.3: Public-private partnerships for territorial co-financing established and active	2	It serves as an opportunity to promote inclusion and reduce gender gaps.
Output 4.1: Territorial Financial Governance Platform established and operational	2	It is established as a vital element for the development of territorial financial governance aimed at reducing inequalities between men and women.
Output 4.2: Training on inclusive and financial governance for territorial actors conducted	2	It contributes to encouraging best practices in inclusive and financial governance with the goal of strengthening women's financial economies.

Annex: [Signed Letters](#)

As part of the institutional strengthening and validation of co-financing agreements, the Joint Programme includes letters of interest signed by key actors from the territorial and financial ecosystem. These include CONFÍANZA SA-FGR, the Chorotega Cooperative, and the intermunicipal entities of MANORCHO and MAMCEPAZ, who express their technical, operational, and financial commitment to the **strengthening of existing Financial Centers for Development (FCDs)**. These letters confirm the institutional willingness to actively engage in the implementation of the programme, facilitate local coordination, and integrate the FCDs into their governance and territorial planning structures.

The contributions described in these letters are aligned with the programme's strategic pillars: validation of co-financing agreements, capacity-building of local public and private actors, and implementation of governance and risk mitigation mechanisms. CONFÍANZA SA-FGR, for instance, has expressed its readiness to mobilize up to USD 13 million in credit guarantees under a financial leveraging model, while the Chorotega Cooperative plans to progressively mobilize up to USD 4.5 million between 2025 and 2027. For their part, the intermunicipal entities commit institutional support to ensure the sustainability of the FCDs and their integration into local decision-making, planning, and implementation processes. These partnerships reinforce the institutional and financial foundation of the programme, promoting its sustainability and scalability in the medium term.

Below, you can see the signed letters:

Tegucigalpa M.D.C 24 de Julio de 2025

Señor Richard Barathe
Representante Residente
Programa de las Naciones Unidas para
el Desarrollo (PNUD)

En el marco de nuestras conversaciones con los equipos técnicos del PNUD sobre la propuesta "Innovación financiera local para la transformación resiliente de los sistemas alimentarios en el Corredor Seco de Honduras", ante el Fondo Conjunto ODS, expresamos el interés y anuencia desde la Sociedad Administradora de Fondos de Garantía Recíproca **CONFIANZA SA FGR** de participar y apoyar esta iniciativa en alianza con las Agencias de Naciones Unidas **PNUD y FAO**, y los socios nacionales: Secretaría de Desarrollo Económico (SDE) y Mancomunidades para fortalecer los **Centros Financieros de Desarrollo** como alternativas locales de financiamiento dirigidas a la base de la pirámide productiva.

Reconocemos la importancia de los servicios financieros innovadores en el sector rural que fomenten la producción, mejoren la productividad, competitividad, y promuevan modelos productivos sostenibles y competitivos, lo cual **CONFIANZA SA-FGR** a lo largo de 10 años de operación ha impulsado en los sectores claves de nuestra economía como ser: Agropecuario, MIPYME, Vivienda Social y Educación, emitiendo más de 272 mil garantías a nivel nacional de las cuales el 58% han sido otorgadas a mujeres emprendedoras y 38% a jóvenes entre 21 y 35 años de edad. Respaldaando más de **US \$ 1,000.00** millones en créditos movilizados en la economía nacional a través de 50 Intermediarios Financieros. Con resultados de impacto social como ser: mas de 388 mil empleos directos generados y 1.5 millones de beneficiarios indirectos.

CONFIANZA SA FGR, como institución regulada y supervisada por la Comisión Nacional de Bancos y Seguros (CNBS), reconoce las necesidades del sector productivo y reitera su disposición de acompañar iniciativas que se promuevan como ser:

- a) Propuesta para la creación o fortalecimiento de un fondo de garantía para el sector agroalimentario y MIPYME.
- b) Fortalecimiento de capacidades técnicas de los Centros Financieros de Desarrollo (CDF) en materia de sistemas de garantía, así como en el trabajo con cooperativas de ahorro y crédito y otras Instituciones Financieras Intermediarias vinculadas o por vincularse a **CONFIANZA SA FGR**.
- c) Disponibilidad para administrar recursos provenientes del PNUD y de otros aliados que formen parte de esta iniciativa con el objetivo de constituir o fortalecer un fondo de garantía ya existente, el cual debe ser permanente en el tiempo y garantizar su sostenibilidad.
- d) **CONFIANZA SA-FGR** podría destinar parte de los recursos existentes en los fondos de garantía administrados actualmente en calidad de contraparte a los recursos que se reciban por parte del PNUD para el fortalecimiento de un Fondo de Garantía ya existente. Es importante resaltar que, conforme a lo establecido en la Ley del Sistema para la Administración de Fondos de Garantía Recíproca, dichos recursos pueden ser apalancados en una proporción de hasta 8 veces por cada dólar administrado, lo que permite ampliar significativamente su alcance e impacto. Mediante este

mecanismo de apalancamiento, CONFIANZA SA-FGR tendría la capacidad de respaldar financiamientos otorgados por instituciones financieras por un monto total aproximado de \$13.0 millones, fortaleciendo así el acceso al crédito para la población beneficiaria del proyecto.

d) Sistematización de las lecciones aprendidas para su documentación, análisis y escalabilidad.

e) Oferta de servicios conexos relacionados con transformación digital, Gestión de riesgo, Gobernanza e inclusión financiera, los cuales en forma complementaria a la emisión de garantías, impulsan la inclusión financiera.

Reiteramos nuestra disposición de avanzar de forma conjunta en estas importantes iniciativas, previa aprobación de nuestra Junta Directiva y cumpliendo nuestros procesos, normativas internas y externas.

Aprovecho para expresar mi muestra de alta estima y consideración.



Lic. Francisco Portin
Gerente General
CC Archivo



Tegucigalpa M.D.C 15 de Julio de 2025

Señor Richard Barathe
Representante Residente
Programa de las Naciones Unidas para
el Desarrollo (PNUD)

En el marco de nuestras conversaciones con los equipos técnicos sobre la propuesta **"Innovación financiera local para la transformación resiliente de los sistemas alimentarios en el Corredor Seco de Honduras"**, ante el Fondo Conjunto ODS expresamos el interés y compromiso de la MANCOMUNIDAD DE MANORCHO, de participar y apoyar esta iniciativa en alianza con las agencias de Naciones Unidas **PNUD y FAO**, y los socios nacionales Secretaría de Desarrollo Económico (SDE) y Mancomunidades para fortalecer los **Centros Financieros de Desarrollo** como alternativas locales de financiamiento dirigidas a la base de la pirámide productiva.

Reconocemos la necesidad de servicios financieros innovadores que fomenten la producción, mejoren la productividad y la competitividad, y promuevan modelos productivos sostenibles y competitivos.

La MANCOMUNIDAD DE MANORCHO reconoce las necesidades del sector productivo y reitera su apoyo para impulsar actividades como las siguientes:

- a) Formación y fortalecimiento de capacidades.
- b) Apoyo en procesos de formalización.
- c) Disponibilidad de nuestro recurso humano técnico para poder asistir a los procesos de diagnósticos, formación y transferencia de conocimiento.
- d) Identificación de recursos municipales para el ejercicio fiscal año 2026-2028 que fortalezcan el fondo único destinado a capital semilla y créditos
- e) Organización de ruedas de negocio.
- f) Participación activa en mesas intersectoriales de gobernanza y finanzas locales en los territorios de influencia del proyecto.

Reiteramos nuestra disposición de avanzar de forma conjunta en la consolidación de esta solución financiera local, una vez que la propuesta sea aprobada.

Aprovecho para expresar mi más sincera estima y consideración



CESAR AUGUSTO NUÑEZ
PRESIDENTE
CENTRO FINANCIERO PARA EL DESARROLLO DE LA MANORCHO



NOTA DE APOYO Y VINCULACIÓN TÉCNICA ENTRE LA MANCOMUNIDAD DE MUNICIPIOS DEL CENTRO DE LA PAZ, EL CENTRO FINANCIERO PARA EL DESARROLLO (CFD) Y EL PROGRAMA DE INNOVACIÓN FINANCIERA LOCAL PARA LA TRANSFORMACIÓN RESILIENTE DE LOS SISTEMAS ALIMENTARIOS EN EL CORREDOR SECO DE HONDURAS.


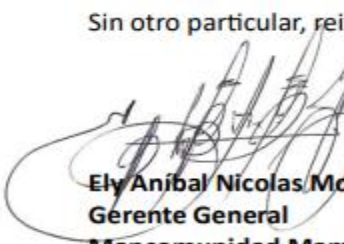
La Mancomunidad de Municipios del Centro de La Paz (MAMCEPAZ), en el marco de sus objetivos de desarrollo territorial sostenible y de fortalecimiento de la gobernanza local, manifiesta su anuencia para la implementación y funcionamiento del **Programa de innovación financiera local para la transformación resiliente de los sistemas alimentarios en el Corredor Seco de Honduras**

Reconocemos el valor estratégico del Centro Financiero para el Desarrollo (CFD) como una plataforma territorial que permite articular esfuerzos de instituciones públicas, privadas y comunitarias en torno a soluciones financieras innovadoras, sostenibles y adaptadas al contexto local. El CFD representa una oportunidad para mejorar el acceso a servicios financieros integrales (créditos, capital semilla, educación financiera, fondos de garantía, entre otros), con enfoque de género, juventud y sostenibilidad ambiental.

En este sentido, expresamos nuestra disposición de brindar apoyo técnico e institucional para facilitar la articulación del CFD con los gobiernos municipales, estructuras comunitarias, redes productivas y demás actores locales. Además, nos comprometemos a integrar el CFD en los espacios de planificación y coordinación de la mancomunidad, promoviendo su sostenibilidad y legitimidad en el territorio.

Reiteramos nuestro interés en fortalecer esta alianza técnica y operativa, orientada a generar impactos positivos en el bienestar económico y social de la población, y a contribuir a los esfuerzos nacionales e internacionales por transformar los sistemas alimentarios y financieros en zonas rurales vulnerables.

Sin otro particular, reiteramos nuestra disposición de trabajo conjunto.



Ely Aníbal Nicolás Morales.
Gerente General
Mancomunidad Mamcepez.

Tegucigalpa M.D.C 15 de Julio de 2025

Señor Richard Barathe
Representante Residente
Programa de las Naciones Unidas para
el Desarrollo (PNUD)

En el marco de nuestras conversaciones con los equipos técnicos sobre la propuesta *"Innovación financiera local para la transformación resiliente de los sistemas alimentarios en el Corredor Seco de Honduras"*, y en atención a la convocatoria del Fondo Conjunto de los ODS, la **Cooperativa Chorotega** manifiesta su interés y firme compromiso de participar activamente y apoyar esta importante iniciativa, en alianza con las agencias del Sistema de Naciones Unidas (PNUD y FAO), la Secretaría de Desarrollo Económico (SDE) y las mancomunidades participantes.

Reiteramos nuestra convicción sobre la urgente necesidad de promover **servicios financieros locales innovadores**, que impulsen la producción, fortalezcan la competitividad y faciliten la adopción de modelos sostenibles en los sistemas agroalimentarios del país.

En este sentido, **la Cooperativa Chorotega reafirma su disposición de contribuir al proyecto mediante las siguientes acciones concretas:**

- a) Impulsar procesos de formación y fortalecimiento de capacidades para la aplicación de buenas prácticas en la atención a los sectores agroalimentario y emprendedor.
- b) Movilizar recursos financieros a través de nuestra estructura institucional, mediante líneas de crédito enfocadas en la construcción de un sistema agroalimentario resiliente al cambio climático, así como esquemas de garantías y productos financieros dirigidos a jóvenes y mujeres. Se prevé una movilización progresiva de hasta **4.5 millones de dólares entre 2025 y 2027**, a razón de **1.5 millones de dólares por año**, sujeto a revisión anual.
- c) Promover y facilitar la organización de **ruedas de negocios** para vincular oferta y demanda en el ecosistema productivo local.
- d) Poner a disposición del proyecto toda la experiencia y capacidad instalada de nuestra estructura cooperativa, con más de 60 años de trayectoria en el sistema financiero hondureño, y más de 10 años fortaleciendo un ecosistema emprendedor mediante unidades especializadas adaptadas a las necesidades del territorio y sus actores.
- e) Participar activamente en las **mesas intersectoriales de gobernanza y finanzas locales** en los territorios de influencia del proyecto.
- f) Aportar las capacidades de nuestra **Unidad de Agronegocios y Unidad Emprendedora**, que operan con enfoque territorial y orientación al desarrollo económico con inclusión social.



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Reiteramos nuestro compromiso con la transformación resiliente del Corredor Seco y con el cumplimiento de los Objetivos de Desarrollo Sostenible, desde una lógica de articulación público-privada-cooperativa que ponga en el centro a las personas y sus territorios.

Reiteramos que, una vez aprobada la propuesta, nuestro equipo técnico está a disposición para iniciar la etapa preparatoria orientada a consolidar y garantizar la sostenibilidad de esta solución financiera local.

Aprovecho para expresar mi muestra de alta estima y consideración


LESBIA KARINA RODRIGUEZ QUIROZ
Representante de COOPERATIVA CHOROTEGA



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