

PROJECT SUMMARY

BOOSTING THE COMPETITIVENESS OF SMALL FOREST PRODUCERS AND COMMUNITIES IN HONDURAS

(HO-T1255, HO-L1152)

The main problems facing micro, small, and medium-sized enterprises (MSMEs) in different agricultural and forest value chains of Honduras are a lack of productive diversification, low competitiveness, scarce knowledge of good practices, barriers in access to finance from the private sector, and the absence of suitable financial products.

This project will support MSMEs in four agroforestry value chains in diverse regions of Honduras. The objective of the project is to build the capacity of forest enterprises to receive and execute loans through greater access to bank financing, with the aim of increasing sales, strengthening the sustainable management of natural resources against the threat of deforestation, and improving resilience with climate-smart practices. The project will develop financial products tailored to the MSMEs specific needs, with a view to facilitating credit. It will also provide technical assistance to 30 MSMEs in four production chains—i.e. forestry, coffee, cocoa, and rambutan¹—to improve their organizational, administrative, financial, business, and productive processes, implementing good management practices for accessing preferential markets, through certification with the Forest Stewardship Council and the Sustainable Agriculture Standard of the Sustainable Agriculture Network.

The project will be implemented by the Rainforest Alliance in conjunction with Asociación Familia y Medio Ambiente OPDF, a financial institution. Several partners will be involved in scaling the project: the Honduran Institute for Cooperation and Self-development (ICADE); the Government of Republic of Honduras, and other local partners. The project will help improve the socioeconomic conditions of communities located in highly vulnerable regions. It will also support processes to strengthen social development and sustainable management in indigenous territories that have been recently titled by the Honduran State, preserve areas rich in biodiversity under threat from deforestation, and prevent greenhouse gas emissions.

The project is aligned with the MIF focus area of climate-smart agriculture since it will: (i) support small agroforestry businesses (MSMEs) in maximizing the value of their natural resources and using them rationally; and (ii) capture and minimize carbon dioxide emissions by implementing good practices, promoting Forest Stewardship Council certification of the MSMEs' management systems, and implementing the Sustainable Agriculture Standard of the Sustainable Agriculture Network. The project will also create synergies with IDB loan operation HO-L1179 (Sustainable Forest Management), the aim of which is to restore forests and forest ecosystems.

¹ The rambutan is a medium-sized tropical tree that produces a fruit similar to the lychee.