ENERGY COMPACT

EC1 ENERGY ACCESS: Universal access to affordable, reliable and modern electricity promoting social economic development in Honduras

United Nations

HIGH-LEVEL DIALOGUE ON ENERGY
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UN ENERGY

SECTION 1: AMBITION

1.1. Ambitions to achieve SDG 7 by 2030. [Select all appropriate options]

(Member States' targets could be based on their NDCs, energy policies, five-year national plans, etc. Goals for companies/organizations could be based on their corporate strategy)

☐ **7.1.** By 2030, ensure universal access to affordable, reliable, and modern energy services.	Target (s): **1. Ensure universal access to electricity in an affordable, reliable, and modern way through energy based micro-grids and distributed generation, isolated systems, and grid extensions by 2030.** Timeframe: 2030 Context of the ambition(s): Honduras has the priority to reduce the gap in access to electricity, since approximately 13% of the population does not have access. The country must implement short, medium, and long-term actions to close these gaps. It is necessary to group the actions within strategic axes that are identified in the Policy of Universal Access to Electricity for Honduras (PAUEH) so that they establish a roadmap in a coherent and orderly manner. It is currently estimated that 300,000 families nationwide do not have the possibility of accessing electricity service, which represents an approximate of 1.5 million Hondurans in this condition. In this sense, when analyzing the official figures of the SEN, it is clearly shown the challenge that the country faces to achieve the closure of the electrification gap in the coming years, since 2019, the Electricity Coverage Index (ICE) was reported at 85.02% and the Electricity Access Index (IAE) at 86.97%. On the other hand, universal access to electricity is considered a necessary condition for the human development of people, as an enabler that allows the possibility of creating wealth and a drastic change in the improvement of the living conditions of the population. **2. Promote the development of multipurpose energy based micro-grids, distributed generation and isolated systems at the national level accompanied by local development mechanisms, promotion for the creation of Small and Medium Enterprises (SMEs) and cooperatives that support the sustainability of the projects.** Timeframe: 2030 Context of the ambition(s): Since the late 19th century, a series of electrification projects have been implemented, mostly in the rural area of the country, as an effort to bring access to electricity to people in remote communities who are not within reach of an electricity distribution grid. From an analysis at the municipal level, it turns out that 110 municipalities have access level above 90%, 121 municipalities have an access level between 70% and 90%. Finally, it is observed that 67 municipalities have a level of access of less than 70% and that only four of these, located in Gracias a Dios, do not have any degree of coverage by grid extension, however, two of them report homes with access by means other than the electricity distribution grid. The Government of Honduras, through low-interest financing and non-governmental organizations (NGOs), have taken on the task of identifying and electrifying some of these regions through common projects (energy based micro-grids) or independent home systems; however, many of these have not been reported in a timely manner by their developers. The SEN since its inception has been given the task of identifying these efforts, however, it has not been possible to collect information on the total of these. In a few cases, the implementation of energy based micro-grids projects with non-conventional renewable sources (NCRE) has been chosen as a solution for access to electricity for the rural sector but linked to productive activities of the communities. It is important to mention that this effort has not only been on the part of the Government, but also many international organizations committed to development and combating poverty. However, the lack of a strategic plan as an energy policy measure for the implementation of this type of energy project generates uncertainty about the framework of their sustainability, without forgetting that in some of these projects if they have been carried out correctly and tangible and valuable results have been obtained, but as a general purpose it is sought that all efforts and resources aimed at implementing energy based micro-grids projects are used in the best way, ensuring sustainability over time and guaranteeing at the same time access to electricity and improving the country's electricity coverage. It is necessary to accompany the Social Electrification Projects (PES) with local economic development programs that allow sustainability through the promotion of the creation of Small and Medium Enterprises (SMEs) and community cooperatives, as well as using maps of productive potentials by geographical areas in accordance with the financial analysis and valorization of the externalities of each project.

SECTION 2: ACTIONS TO ACHIEVE AMBITION

2.1. ***Please Add at least one key action for each of the elaborate ambitions in Section****1. [Add rows as needed].*

7.1. By 2030, ensure universal access to affordable, reliable, and modern energy services.
 	
1. Ensure universal access to electricity in an affordable, reliable, and modern way through energy based micro-grids and distributed generation, isolated systems, and grids extensions by 2030.
• Approval of the Law for Social Electrification in Honduras and its Regulations by the National Congress of Honduras.
• Implement at the national level the Social Electrification Law of Honduras and its Regulations once revised.
  o It should be socialized in traditional media (radio, newspapers, and television) and virtual platforms with the main actors and the general population.
• Develop and implement together with the key players of the energy sector (public sector, private, civil society indigenous communities and Afro-descendants) a Policy of Universal Access to Electricity for Honduras.
  o Create strategic alliances with key players in matters related to electric energy.
  o Bring together the sectoral tables identified to work on the Policy of Universal Access to Electricity.
• Develop and implement together with key players in the energy sector a Strategic Plan for Universal Access to Electricity (PEAUE).
  o Prioritization according to the identified population that will serve as a basis for the sizing of the projects to be executed according to the Plan.
  o Preparation of project profiles on the provision of electricity.
  o Develop a business model that makes rural electrification systems profitable and sustainable.
  o Management of financing for the execution of the identified projects.
  o Implementation of the projects identified for access to electricity in rural areas.
• Create and implement a short-term Electrification Plan based on the strategic plan identifying and prioritizing communities to electrify, according to the ICAEH, and with biannual updates.
	October 2021- December 2030

7.1. By 2030, ensure universal access to affordable, reliable, and modern energy services.
 	
2. Promote the development of multipurpose energy based micro-grids, distributed generation, and isolated systems at the national level accompanied by local development mechanisms, promotion for the creation of Small and Medium Enterprises (SMEs) and cooperatives that support the sustainability of the projects.
• Development of training plans for the formation of energy based micro-grids and isolated systems that promote productive uses of electricity, training, and incentives to create them through Small and Medium Enterprises (SMEs) and cooperatives.
  o A socialization campaign should be rolled out in local media at the level of municipalities on the creation of Small and Medium Enterprises (SMEs).
  o Identify and map key players with direct and indirect influence for the promotion of Small and Medium Enterprises (SMEs) and cooperatives.
• Integrated planning on rural electrification, and formulation of access projects with isolated photovoltaic systems, energy based micro-grids and promotion of productive uses.
  o Create entrepreneurship workshops in rural and non-rural areas with a focus on energy based micro-grids endorsing the participation of women.
  o Development of lessons learned guides to support the formation of energy cooperatives.
• Formation of energy cooperatives (ESCOS type, to provide energy services), favoring the participation of women.
  o Identify source of funds for the selection of pilot cooperatives.
• Increase budget and resources for socialization, community workshops and community training.
  o Create workshops on investing in social approach for Small and Medium Enterprises (SMEs) developers and cooperatives.
  o Development of training materials and content for the delivery of workshops.
• Elaboration of protocols of social approach of energy based micro-grids.
• Evaluation of other projects (beyond the donor funding period) to collect long-term results (more than 5 years) and have a guide to apply those lessons.
• Formulate, develop, and implement pilot projects of multipurpose energy based micro-grids with a focus on local development that allow generating tools and model strategies for the sustainability of electricity access projects.
• Promote comprehensive management plans for micro-basins and multiple productive uses in rural areas where electrification projects are implemented.
	October 2021-October 2030

SECTION 3: OUTCOMES

3.1. ***Please Add at least one measurable, time-based result for each of the actions in section*** *2. [Add rows as needed].*

Outcome 1.1. • Law for Social Electrification in Honduras and its Regulations. • Universal Access to Electricity Policy for Honduras. • Strategic Plan for Universal Access to Electricity. • Short-term Electrification Plan (PECP). • Manuals for the implementation of projects with energy based micro-grids.	January 2024
Outcome 2.1. • Establishment of cooperatives and Small and Medium Enterprises (SMEs) for the development of energy based micro-grids and isolated systems. • Document Lessons learned to support the formation of energy cooperatives. • Protocols of social approach of energy based micro-grids and isolated systems. • Implementation of pilot projects of multipurpose energy based micro-grids with a focus on local development.	January 2030

SECTION 4: RESOURCES AND SUPPORT REQUIRED

4.1 Specify the financing and investments required for each of the actions in section 2.

Activities to achieve objective 1: Ensure universal access to electricity in an affordable, reliable, and modern way through energy based micro-grids and distributed generation, isolated systems and grid extensions by 2030.	**Input**	**Value**
1. Implement at the national level the Social Electrification Law of Honduras once it has been revised and the key players are in consensus for its approval. It should be socialized in traditional media (radio, newspapers, and television) and virtual platforms with the main actors and the general population.	Consulting services Socialization of the Law in traditional media (radio, newspapers and television) and virtual platforms	US$350,000.00
2. Develop and implement together with the key players of the energy sector (public sector, private, civil society indigenous communities and Afro-descendants) a Policy of Universal Access to Electricity for Honduras. 3. Create strategic alliances with key players in electric energy matters. 4. Bring together the sectoral tables identified to work on the Policy of Universal Access to Electricity.	Consulting services Meetings/workshops Working material and equipment Organization/preparation of the policy presentation event.	US$750,000.00
5. Develop and implement jointly with key players in the energy sector a Strategic Plan for	Consulting services	US$5,000,000.00

Universal Access to Electricity (PEAUE). • It prioritizes according to the identified population that will serve as a basis for the sizing of the projects to be executed according to the Plan. • Develop a project investment plan on the provision of electricity. • Develop a business model that makes rural electrification systems profitable and sustainable. • Develop the investment projects identified for access to electricity in rural areas.	Workshops, Materials and equipment. Investment in infrastructure to develop the projects identified	(Technical Assistance) US$ 80,000,000.00 (Financing and investment)
6. Create and implement a specific strategic and investment plan by Department to ensure that every department in the country has full access to electricity.	Consulting Services Investment in infrastructure	US$1,000,000.00 (Technical Assistance) US$180,000,000.00 (Financing and investment)
7. Identify the areas without access to electricity by mapping together with the key players in the energy sector and what are the power generation options available in each of the areas.	Contracting of consulting services team for the identification of the zones and the disposition of energy by zone. Implement reforestation projects.	US$5,000,000.00
TOTAL		US$ 272,100,000.00

Activities to achieve objective 2: Promote the development of multipurpose energy based micro-grids projects, distributed generation and isolated systems at the national level accompanied by local development mechanisms, promotion for the creation of Small and Medium Enterprises (SMEs) and cooperatives that support the sustainability of the projects.	**Input**	**Value**
1. Develop plans to support the formation of **Small and Medium Enterprises (SMEs)** that promote productive uses of electricity, training and incentives to create them. A socialization campaign should be conducted in local media at the level of municipalities.	Consulting Services Socialization of the formation of Small and Medium Enterprises (SMEs) (radio, newspapers and television) and virtual platforms	US$860,000.00
2. Integrated planning on rural electrification, and formulation of access projects with isolated photovoltaic systems (energy based micro-grids) and promotion of productive uses. 3. Create entrepreneurship workshops in rural and non-rural areas with a focus on energy based micro-grids endorsing the participation of women.	Consulting Services Meetings/workshops Working material and equipment Organization/preparation of the policy presentation event.	US$ 2,500,000.00
4. Formulation of lessons learned guides to support the formation of energy cooperatives.	Consulting Services Workshops	US$ 500,000.00
5. Create workshops on investing in social approach for Small and Medium Enterprises (SMEs) 6. Development of training materials for the delivery of workshops.	Consulting services Workshops, Materials and equipment.	US$860,000.00
7. Development of multipurpose energy based micro-grids pilot projects with a focus on local development.	Consulting Services Investment in infrastructure	US$15.000,000.00
8. Create comprehensive management plans for micro-basin and multiple productive uses.	Consulting Services	US$300,000.00
TOTAL		US$ 20,020,000.00

4.2 [Country only] If assistance is required for section 2 actions, select below, describe the assistance required, and specify for which action.

[Examples of support to Member States could include access to affordable low-cost debt through strategic risk-elimination instruments, capacity-building in data collection; development of integrated energy plans and energy transition pathways, technical assistance, etc.]

☐ Financing	*Non-Reimbursable Cooperation, Affordable Low-Cost Debt or Green Bond for Investment Projects for Access to Electricity of $260 Million*
☐ Payment-in-kind (PIK)	*Working hours of technical staff of the Secretariat in the Office of Energy and Natural Resources and other institutions involved in the process. Secretariat of Development and Social Inclusion – SEDIS, Secretariat of economic development, Municipalities, private enterprise, Fund for social electrification, SEDECOAS.*
☐ Technical Assistance	*Technical Assistance for all the activities that would be developed for the Energy compact*
☐ Other/please specify	*Description*

SECTION 5: IMPACT

5.1. Countries planned for implementation, including the number of people potentially affected.

The implementation of the planned actions will take place in Honduras and will benefit the general population, especially the staff in rural areas.

5.2. Alignment with the 2030 Agenda for Sustainable Development - Describe how each of the actions in section 2 impacts the progress of the SDGs by 2030.
[up to 500 words, go up the strategy support documents if necessary].

The approval of the Law for Social Electrification in Honduras ensures the regulations of energy projects that will be executed in the country are affordable and non-polluting. The implementation of long- and short-term strategic policies and plans align with SDG 7 ensuring the promotion of clean energy and the reduction of the social gap that currently exists. Improving the quality of life, in remote areas where there is no electrification. The creation and implementation of a protocol of social approach seeks to ensure that the inhabitants know and achieve access to the sustainability of their environment which reflects SDG 11., Ensuring good communication between the parties involved in the processes and projects related to clean energy. The development of training plans for energy based micro-grids and isolated systems through cooperatives and Small and Medium Enterprises (SMEs) achieves the promotion of clean energies seeking to ensure the sustainability of the energy sector and at the same time raising the quality of life of the country's rural communities.

5.3. ***Alignment with the Paris Agreement and net zero emissions by 2050 - Describe how each of the actions in section 2 aligns with the Paris Agreement and national NDCs (if applicable) and supports net-zero emissions by 2050****. [up to 500 words, please provide the necessary strategy support documents]*

The approval of the Law for Social Electrification in Honduras and its Regulations aligns with the Paris Agreement by promoting sustainable development seeking to achieve a productive economy, favoring equal opportunities for people in rural areas. The Policy and Strategic Plan for Universal Access to Electricity align with the objective of promoting energy efficiency and opportunities for the implementation of electrification projects and clean energy technologies. The development of energy based micro-grid projects and isolated energy systems seeks to improve the quality of life of the actors involved and being part of the effort to reduce emissions by mitigating and adapting to climate change by reducing emissions and sustainable uses of energy.

SECTION 6: MONITORING AND REPORTING

6.1. **Describe how you intend to track the progress of the results proposed in section 3. Please also describe whether you plan to use other existing information frameworks to track the progress of the proposed results**

Monitoring 1. The office of the Secretariat of State for Energy, through the General Directorate of Electricity and Markets (DGEM), will monitor the Law for Social Electrification in Honduras and the design and implementation of policies and strategies aimed at the sustainable electrification of urban and rural areas that will be regulated by CREE.

Monitoring 2. Every two years the actions and projects proposed in the Universal Access to Electricity Plan will be updated, monitoring reports will be made with qualitative and quantitative information collected with the progress and compliance of the projects or strategies implemented to the General Directorate of Electricity and Markets (DGEM) for review and approval.

Monitoring 3: Monitoring of investment funds for cooperatives and Small and Medium Enterprises (SMEs) organized for energy based micro-grids and isolated systems through reports with qualitative information, through the Ministry of Energy.

Monitoring 4: Monitoring of pilot projects developed through an environmental and social management system.

Monitoring 5: Monitoring and annual update of the electricity coverage and access report for Honduras ICAEH.

SECTION 7: GUIDING PRINCIPLES CHECK LIST

Please use the checklist below to validate that the proposed Energy Compact is aligned with the guiding principles.

☐ Stepping up ambition **and accelerating action** - Increase contribution of and accelerate the implementation of the SDG7 targets in support of the 2030 Agenda for Sustainable Development for Paris Agreement

I. 1. Does the Energy Compact strengthen and/or add a target, commitment, policy, action related to SDG7 and its linkages to the other SDGs that results in a higher cumulative impact compared to existing frameworks? ***X*** *Yes ☐No*

I.2 Does the Energy Compact increase the geographical and/or sectoral coverage of SDG7 related efforts? **X** Yes ☐No

I.3 Does the Energy Compact consider inclusion of key priority issues towards achieving SDG7 by 2030 and the net-zero emission goal of the Paris Agreement by 2050 - as defied by latest global analysis and data including theoutcome of the Technical Working Groups? **X** Yes ☐No

II. Alignment with the 2030 agenda on Sustainable Development Goals – Ensure coherence and alignment with SDG implementation plans and strategies by 2030 as well as national development plans and priorities.

II.1. Has the Energy Compact considered enabling actions of SDG7 to reach the other sustainable development goals by 2030? **X** Yes ☐No

II.2. Does the Energy Compact align with national, sectoral, and/or sub-national sustainable development strategies/plans, including SDG implementation plans/roadmaps? **X** Yes ☐No

II.3. Has the Energy Compact considered a timeframe in line with the Decade of Action? **X** Yes ☐No

III. **Alignment with Paris Agreement and net-zero by 2050** - Ensure coherence and alignment with the Nationally Determined Contributions, long term net zero emission strategies.

III.1.Has the Energy Compact considered a timeframe in line with the net-zero goal of the Paris Agreement by 2050? **X** Yes ☐No

III.2.Has the Energy Compact considered energy-related targets and information in the updated/enhanced NDCs? **X** Yes ☐No

III.3. *Has the Energy Compact considered alignment with reaching the net-zero emissions goal set by many countries by 2050? ☐Yes ☐No*

IV. Leaving no one behind, strengthening inclusion, interlinkages, and synergies - Enabling the achievement of SDGs and just transition by reflecting interlinkages with other SDGs.

IV.1. Does the Energy Compact include socio-economic impacts of measures being considered? **X** Yes ☐No

IV.2. Does the Energy Compact identify steps towards an inclusive, just energy transition? **X** Yes ☐No

IV.3. Does the Energy Compact consider measures that address the needs of the most vulnerable groups (e.g. those impacted the most by energy transitions, lack of energy access)? **X** Yes ☐No

V. Feasibility and Robustness - Commitments and measures are technically sound, feasible, and verifiable based a set of objectives with specific performance indicators, baselines, targets and data sources as needed.

V.1. Is the information included in the Energy Compact based on updated quality data and sectoral assessments, with clear and transparent methodologies related to the proposed measures? **X** Yes ☐No

V.2. Has the Energy Compact considered inclusion of a set of SMART (specific, measurable, achievable, resource-based and time based) objectives? **X** Yes ☐No

V.3. *Has the Energy Compact considered issues related to means of implementation to ensure feasibility of measures proposed (e.g. cost and financing strategy, technical assistant needs and partnerships, policy and regulatorygaps, data and technology)?* **X** Yes ☐No

SECTION 8: ENERGY COMPACT GENERAL INFORMATION

8.1. Title/name of the Energy Compact:

Universal access to affordable, reliable, and modern electricity promoting social economic development in Honduras

8.2. Name of the principal entity (for joint energy pacts, list all parties and include, in parentheses, their entity type, using the entity type below)

As the leading entity is the Secretariat of State in the Office of Energy (SEN), the organizations and entities to assist in the process of compliance with the pact are the following:

- *Government: Secretariat in the Office of Energy and Regional* Resources *(MiAmbiente), Secretariat of Development and Social Inclusion – SEDIS, Secretariat of economic development, Secretariat of* State in the Offices of Community *Development, Water and Sanitation (SEDECOAS), Presidential Office of Climate Change Climate Plus (Climate +), CREE*- Regulatory Commission of Electric *Energy, ENEE* - National *Electric Energy Company, Secretariat of Foreign Affairs and International Cooperation(Foreign Ministry), Secretariat of Human Rights, Secretariat of Development and Social Inclusion*, among *others.*

- *Local government: Municipalities,* AMHON - *Association of Municipalities of Honduras,among others.*

- *Private Sector: Association of Distributed Renewable Energy Suppliers of Honduras (APRODERDH), Sustainable Development Network – Honduras (RDS), Honduran Bank for Production and Housing (BANHPROVI), Specialized National Advisors for Development (ANED Consultores), Bonaco Electric Company, Industrial Equipment, Terra Group Foundation, Honduran Institute of Rural Development, Electric Investments of Mosquitia, United Energies Group, Roatan Electric Company, Utila Power Company, among others.*

- *Academic Institution: National Autonomous University of Honduras (UNAH), among others.*

- *Civil Society: Sustenta Honduras, Association for Integral Community Development of Honduras, Indigenous Socio-Economic Development Association, Honduran Agricultural Research Foundation, Help in Action Foundation, among others.*

- *Multilateral Organization / Cooperation: Economic Commission for Latin America and the Caribbean (ECLAC), Regional Energy Integration Commission (CIER), CABEI - Central American Bank for Economic Integration, Government of Japan, Spanish Cooperation Agency, Japan International Cooperation Agency - JICA, Central American Integration System, among others.*

8.3 Leading entity type

X Government	☐ Local/Regional Government	☐ Multilateral Agency / Intergovernmental Organization
☐ Non-Governmental Organizations (NGOs)	☐ Civil Society organization/Youth	☐ Academic Institution / Scientific Community
☐ Private Sector	☐ Philantropic Organization	☐ Other relevant actor

8.4. Contact Information

Secretariat of State in the Office of Energy (SEN). External Cooperation Address Mail: dce@sen.hn

8.5. Select the geographical coverage of the Energy Pact

☐ Africa ☐ Asia and the Pacific ☐ Europe x Latin America and the Caribbean ☐ North America ☐ West Asia ☐ Global

8.6. Please select the Energy Compact thematic focus area(s)

X Energy Access ☐Energy Transition ☐Enabling SDGs through inclusive Energy Transitions ☐Innovation, technology and data ☐Finance and investments.