Simplified Approval Process
Concept Note

Project/Programme title:	Fostering Sustainable Urban Mobility with Efficient and Low Emission Transport in Tegucigalpa
Country(ies):	Honduras
National Designated Authority(ies) (NDA):	Ministry of Energy, Natural Resources, Environment and Mining
Accredited Entity(ies) (AE):	Central American Bank for Economic Integration
Date of first submission:	*11/11/2020 V.1*
Date of current submission:	*11/11/2020 V.1*
Version	*1*

GREEN CLIMATE FUND

Eligibility for SAP is determined by the review of the concept note and the ESS screening.

A. Project / Programme Summary (max. 1 page)					
A.1. Project or programme	☒ Project ☐ Programme	**A.2. Public or private sector**	☒ Public sector ☐ Private sector	**A.3 RFP**	Not applicable
A.4. Indicate the result areas for the project/programme	Mitigation: Reduced emissions from: ☐ Energy access and power generation: 0% ☒ Low emission transport: 100% ☐ Buildings, cities and industries and appliances: 0% ☐ Forestry and land use: 0% Adaptation: Increased resilience of: ☐ Most vulnerable people and communities: 0% ☐ Health and well-being, and food and water security: 0% ☐ Infrastructure and built environment: 0% ☐ Ecosystem and ecosystem services: 0%				
A.5. Impact potential	A.5.1. Estimated mitigation impact (tCO2eq over project lifespan)	512,234 tCO2eq			
	A.5.2. Estimated adaptation impact (number of direct beneficiaries)	direct beneficiaries			
	A.5.3. Estimated adaptation impact (number of indirect beneficiaries)	indirect beneficiaries			
	A.5.4. Estimated adaptation impact (% of total population)	% of the country's total population			
A.6. Financing information					
A.6.1. Indicative GCF funding requested (max 10M)	Amount: 9,472,268 Currency: USD Financial Instrument: Grants				
A.6.2. Indicative co-financing	Amount: 770,200 Currency: USD Financial Instrument: Grants Institution: TO BE CONFIRMED				
A.6.3. Indicative total project cost (GCF + co-finance)	Amount: 10,242,468 Currency: USD				
A.7. Implementation period:	disbursement period: 36 repayment period, if applicable:	**A.7.2. Total project/ Programme lifespan**	180		
A.8. Is funding from the Project Preparation Facility needed?	☐ Yes ☒ No	**A.9. Is the Environmental and Social Safeguards Category C or I-3?**	☒ Yes ☐ No		
A.10. Provide rationale for the ESS categorization (100 words)	The project activities as described in the concept note will have minimal if not any adverse environmental and social risk and impacts. The components designed include desk review studies, planning and technical support such as institutional strengthening and assessing the feasibility and design roadmap for a potential revolving fund to finance the transition to a				

	more sustainable public transportation system in Tegucigalpa. The project includes the procurement of assets to support such transition, including buses and some urban infrastructure interventions. The expected infrastructure interventions are related to accessibility and mobility facilitation in public spaces, including the integration of different transport modes with more efficient electric buses operating in the city center.		
A.11. Has the CN been shared with the NDA?	☒ Yes ☐ No	**A.12. Confidentiality**	☐ Confidential ☒ Not confidential
A.13. Executing Entity information	Honduran Institute of Land Transportation		
A.14. Project/Programme rationale, objectives and approach of programme/project (max 100 words)	1. In Honduras, road transport contributes with 43% of the GHG emissions produced by the energy sector, showing a steady growth in the last decade. In the NDC presented to the UNFCCC, the Government of Honduras (GoH) has pointed out the importance of the transport sector for the country's economy, so achieving its sustainability is one of the priorities at the national level. 2. The Fostering Sustainable Urban Mobility with Efficient and Low Emission Transport **project objective** is to set a standard to reduce GHG emissions produced in the transport sector, together with ancillary benefits such as improving the competitiveness of the city, revitalizing the public space, and showing a renewed perspective on how technology can help in fighting climate change. For this purpose, the project will create an enabling environment for low-carbon transport investment, together with a demonstrative component (pilot) to road test electric vehicles under the specific conditions of Tegucigalpa. This initiative will shed light in terms of the technical, economic, environmental and social requirements and steps to promote the decarbonization of urban public transport in Honduras. In this context, mobility is understood as a major investment driver that provides multiple co-benefits at the city level. The project will also favor public space improvement and integration with other transport modes, fostering the shift to better transport technology, avoiding trips that require infrastructure, capital allocations and additional GHG emissions, and improving existing transport services and infrastructure by facilitating the integration of transport and mobility subsystems. The proposed project will provide the GoH with information about the performance of electric buses under local conditions towards the development of an enabling environment for scaling up sustainable transport in the city, with potential replication in other parts of the country. 3. The Governmental Civic Center of Tegucigalpa (CCGT) is a building complex that that is expected to attract more than of 9,000 employees with an average of 1,795 visitors per day. The CCGT is located in Tegucigalpa in one of the most complex crossroads of the city in terms of congestion, air pollution and parking restrictions. 4. Based on the growing number of daily trips, transport infrastructure		

	capacity, parking spaces, the CCGT provides an excellent opportunity to develop a pilot program to road test the potential integration of electric buses in the urban landscape together with an enabling environment for mobility investment under the right institutional architecture which are the two building blocks of this project. 5. The Honduran Institute of Land Transportation (IHTT), as the Executing Entity is developing a sustainable accessibility plan for the CCGT. This plan aims at integrating energy efficient and low-carbon mobility alternatives to private transportation for employees and users, together with the development of complementary infrastructure, including peripheral parking lots, pedestrian access, horizontal and vertical signaling, walkways, urban furniture designed for people with reduced mobility (PRM), last mile trip alternatives; together with an institutional design for the implementation of urban sustainable mobility. This plan is key in taking this project to the next level by expanding the perspective of mobility in the context of the CCGT to a more metropolitan **approach** in terms of mobility and urban planning that could result in a lower carbon footprint. 6. To achieve this objective the Honduran Institute of Land Transportation (IHTT), will work as the Executing Agency, with the support of the Natural Resources, Environment and Mines (MiAmbiente+) as the NDA. The Ministry of Energy (SEN) and the Government of Tegucigalpa, M.D.C. will have a role in terms of the institutional development required as well as the technical support in terms of making the project viable. Under this institutional arrangement the project has two main components that feed into the project objective: 7. a) To design and implement a pilot project to road test the performance of electric buses under local conditions, including the evaluation of operating costs, environmental and energy challenges, as well as public infrastructure and service maintenance requirements in Tegucigalpa. 8. b) To define an enabling environment that considers the technical, environmental, economic, social and regulatory aspects that lead to a transport and mobility system that integrates transport modes around the upgrade of massive transit systems using electric buses.

B. Project / Programme information

B.1. Context and Baseline (500 words)

1. Honduras is one of the most vulnerable countries to climate change impacts, not only because of its biophysical and topographical characteristics but also because of its high levels of poverty and inequality. According to the Germanwatch Global Climate Risk Index 2020, during the period 1999-2018 Honduras topped the list of the most affected countries in the Central American region because of its permanent exposure to climate-related hazards and extreme weather events such as hurricanes on the Atlantic coast, tropical storms, floods, droughts and landslides, which

significantly affect the country's productive activity and infrastructure. The main cause of this vulnerability lies in structural factors such as the limited use of territorial planning and the adoption of inadequate environmental management practices, which limit the opportunities for efficient and equitable use of natural resources.

2. Population density, together with rapid urban development have favored the use of private vehicles due to the limited public transportation options. Today private cars cover more than 21% of total trips resulting in road congestion, air pollution, increase of demand for fossil fuels, and increased social inequality, with 38.4% of the urban population living below the poverty line.

3. In the last twenty years, Tegucigalpa's Central District has experienced significant population growth due to rural-urban migration. This has caused urban sprawl and extensive use of private cars to address mobility needs. However, with an expected increase in induced demand associated with the CCGT it is necessary to address the mobility challenges in the Central District, including a) the absence of non-motorized transportation infrastructure that allows for comfortable and safe trips, as well as integration with other modes of public transportation, b) Vehicle congestion due to road capacity restrictions, c) Increase in individual motorized transport, d) Inefficient allocation of vehicle stock to tackle passenger demand, e) High levels of noise pollution, air pollution and low energy efficiency per trip and f) Limited logistics and freight policies.

4. According to the Third National Communication on Climate Change of Honduras to the United Nations Framework Convention on Climate Change (UNFCCC), in the year 2015 the country emitted about 16.2 $MtCO_2e$, of which 38% corresponded to the energy sector. Out of this figure, road transportation represents 43% of the energy total, derived from the fleet sustained growth. Private vehicle use increased fivefold with 262,603 units in 1995 to 1,416,678 in 2015. 87% of these vehicles were individual vehicles (53% cars and 34% motorcycles, and 3% inter-city buses).

5. The GoH aims to address this trend by promoting sustainable mobility, through comprehensive, participatory and long-term public policies to improve the urban mobility of people and mass public transport, as well as the recovery of urban space and the reduction of CO_2e emissions per passenger transported under urban initiatives that improve mobility, accessibility and reducing commuting time.

6. The CCGT project is aimed at addressing the abovementioned trend by creating a coordinating mechanism involving 41 institutions of the GoH under one roof optimizing and simplifying government operation. This is a challenge for the mobility of the Central District, since the current conditions of mobility present road congestion within the hours of maximum demand (HMD). The entry into service of the CCGT will increase the influx of people in the area, so it will require the development of complementary works to ensure optimal accessibility to the site. According to the Origin-Destination survey conducted by the IHTT, about 8,350 work trips are generated between the 4 sectors of the city of Tegucigalpa (1,718 to the northeast, 2,038 to the northwest, 2,354 to the southwest and 2,840 trips to the southeast). On average, the use of private transportation is 65% (70%, 69%, 68%, 53% by sector respectively); in addition, 1,795 additional daily trips are made by visitors to the CCGT.

7. The project is embedded into the coordinating mechanism of the GoH but with a metropolitan

perspective. In this context, the project faces substantial institutional, market, regulatory and technical barriers for a successful implementation. The following is a preliminary list of these barriers:

8. **a) Institutional barriers.** There is limited integration between transport and urban planning. This entails that the built environment is not properly integrated in the functioning of the city. As such, urban and architectural development is characterized by expansive growth, monofunctional land use, with little integration of public transit and non-motorized options in the urban landscape. This complexity results in low public transport ridership, and incipient use of pedestrian infrastructure, and a high preference for private vehicles. At the same time, institutional capacities require an upgrade in terms of planning processes together with a proper regulation that foster more sustainable mobility.

9. b) Market, financial and economic barriers. The market for electric buses is incipient in most parts of the world and Honduras is no exception**.** In this context, this entails a learning curve for the GoH in attracting operators and technology providers to upgrade transit systems accordingly. While government funding is a starting point, it is necessary to assure that economic and financial incentives are in place to foster public transit ridership and reducing private vehicle use. At the same time is necessary to address the incremental costs associated with electric buses and the changes in concessions or potential public private partnerships for the operation of this service.

10. c) Regulatory and governance barriers. The current business environment promotes the use of private vehicles with little incentive to upgrade public transit options. This requires a new perspective in integrating different transport modes, public mobility infrastructure and transport demand management. This entails having a holistic mobility perspective of the Metropolitan Area, including the incentives for low-carbon vehicles, regulating parking facilities, improving accessibility, providing space and creating partnerships for parking meters, whole street characterization, bike use and pedestrian areas. At the same time, it is necessary to address issues related to land tenure, cadaster management and gender impact of these issues.

11. **d) Technical and Operational.** The metropolitan area of Tegucigalpa and Comayagua has a specific topography and orography that has proven to be challenging for heavy duty vehicles. As such, there is a learning curve to overcome in assessing the right matching between the technology in the electric buses, charging stations, and bus stops. Further, as the project aims at improving transport integration under different modes, it is important to consider changes in urban infrastructure and services as well.

B.2. Project / Programme description (1000 words)

1. The Fostering Sustainable Urban Mobility with Efficient and Low Emission Transport in Tegucigalpa Project **objective** is to set a standard to reduce GHG emissions produced in the transport sector, together with ancillary benefits such as improving the competitiveness of the city, revitalizing the public space, and showing a renewed perspective on how technology can help in fighting climate change. The expected outcomes of the project are a) the improvement the business environment by defining institutional arrangements to catalyze investment in low-carbon transportation, and creating a milestone in Central America in creating the technical, financial and regulatory conditions to introduce electric vehicles (buses), to avoid a long-term climate lock-in effect. For this purpose, the project will work under two Components aimed at: a) the development of an enabling environment for low-carbon transport investment, and b) a demonstrative component (pilot) to road test electric vehicles under the specific conditions of Tegucigalpa, proposing the institutional architecture for the decarbonization of

urban public transport. These two components are mutually reinforcing and are vertically integrated with the objective of the project, considering the following elements:

2. *Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility*. This Component will work towards building the enabling environment for public transit, together with the integration of different transport modes. At the same time, the activities that comprise this Component will consider the progress and findings made in Component 2, particularly as they become available with the deployment of project activities. The foreseen activities under Component 1 are:

3. 1.1 Assessing the existing institutional arrangements regarding transport and mobility in the City. This activity will provide a snapshot of the existing capacities, and it will serve for comparing different institutional scenarios.

4. 1.2 Drafting guidelines for the development of the regulatory and economic framework that will promote sustainable urban mobility, particularly in the integration of electric buses for public service, but also other building elements that have a role in improving the performance of the transport system as a whole.

5. 1.3 Defining sustainable mobility models for decision makers and technical teams in the knowledge of tools that will allow them to promote the development of the regulatory and economic framework to foster innovative interventions based on mobility and sustainable urban development schemes. This includes the update of existing transport demand assessments to define specific routes serving the CCGT.

6. 1.4 Analysis of public and private financing mechanisms that can be implemented to promote sustainable mobility in Tegucigalpa and other Honduran cities, through the adoption of electric technologies for public passenger transportation. This analysis should explore different financial vehicles, including a dedicated trust fund with a revolving facility.

7. 1.5 Integration of the gender and social inclusion perspective in the strategies and transversal lines of action in the project. Design of strategies to promote a culture of equality and non-violence not only among users but also in the transport sector. This, through the design of affirmative actions to increase the participation of women in administrative, operational and managerial activities linked to the sector, under conditions of recruitment and activities that will be developed on a par with those provided for men.

8. *Component 2. Design and implementation of pilot project to road test electric buses under local conditions serving the Government Civic Center Tegucigalpa (CCGT).* This project will be carried out in the city of Tegucigalpa taking as a reference mobility needs around the CCGT. The activities that comprise this Component are:

9. 2.1 Defining and implementing a pilot project to demonstrate how electric buses and its associated technology can change paradigms and introduce operational improvements in terms of maintenance, ownership cost, and ultimately lower energy consumption and a reduce carbon footprint. This activity will include the procurement of buses as well as infrastructure adequation for its operation.

This activity will serve as the key in demonstrating that electric buses imply new skills and challenges in managing and understanding new technologies, as well as tackling the issue of real and perceived risks associated with new technology adoption.

10. 2.2 Establishing the synchronized functioning of different building blocks towards transport system integration in Tegucigalpa, including linkages between bike and pedestrian paths, shelters and parking facilities (including street and parking buildings). Further, logistics and freight cargo are also part of the street landscape, and as such, they require a specific policy in the context of the CCGT service route.

11. 2.3 Defining regulation and strategic alliances for the operation of private infrastructure around the CCGT, but also along the route, including charging facilities, parking facilities, feeding routes, bus stop shelters, bike stations, and pedestrian areas.

12. 2.4 Establishing a business model for the pilot project. This includes the definition of potential concessions and publc private partnerships to further involve the private sector, including the work with existing and potential new concessions for both bus operation and associated infrastructure, specifics of of public transportation routes, an updated on the transport demand model, user and service characterization, linkages with feeding trip origination centers, and finally an exit strategy for the assets mobilized under this project.

13. 2.5 Defining and implementing a monitoring and evaluation system that could be scaled up towards the creation of a monitoring, reporting and verification system to assess the performance of the public transport system in Tegucigalpa. This MRV system should be able to provide an ex-ante and an ex-post evaluation of the emissions associated with the implementation of the project. Other key metrics are related to the system as a whole, including fuel efficiency and carbon footprint per trip and/or km travelled, comparison of operational and capital costs associated with conventional and electric buses, commuting time, user satisfaction, trip cost, and a gender and safety impact assessment.

B.3.Expected performance against the GCF investment criteria

1. The results of the project can be synthesized under the theory of change as a transformative action that seeks to demonstrate how technology introduction together with behavioral change can result in the reduction of greenhouse gases, with substantial associated co-benefits that positively impact the quality of life, foster investment and improve the business environment along the route. For this purpose, the two components described before can this project fit in the GCF Investment Criteria as follows:

2. **Impact potential**. The impact potential is substantial under the two components as it will set the milestones to transform the city functioning from the inside out, impacting two of the Fund´s result areas, by changing the way the built environment and the transport sector is managed. The pilot project will introduce a limited number of buses (8), however, they are seen a transformative element to change the way fleets are managed and financed, while improving the available means of transportation along the CCGT route, providing a value proposition that deter the use of private vehicles, harnessing multiple co-benefits including social co-benefits such as improving commute time and passenger safety and environmental co-benefits, such as reducing air pollution, noise, while also fighting climate change. Further, the introduction of a gender perspective in public transport in

Honduras is both a co-benefit that requires innovative approaches and represents a challenge for implementation. The project is expected to have a substantial impact on Sustainable Developmeng Goals 1, 3, 5, 8, 9, 10, 11, 12, 13 and 17. Changing the operational landscape of buses can open business opportunities for the private sector and engagement with financial institutions.

3. **Needs of recipients.** Under this project, an analysis of possible funding sources will be carried out to facilitate the technological upgrade of public passenger transport buses to electric units, with the consequent training process for the operation and maintenance of the buses, as well as the equipment of the maintenance workshops. This setup is inexistent in Honduras, so the role of a local demonstrative project has impacts at the national level in terms of changing paradigms, and certainly in creating business cases to involve the private sector in electromobility financing with financial institutions.

4. **Country ownership.** This project is aligned with the country's climate policy established by the Climate Change Law and the National Climate Change Strategy, which promotes low-carbon development that is resilient to the impacts of climate change. This policy seeks to transform society into a culture of sustainable production and consumption, managing risks, environmental protection and natural resources with equity and efficiency, while promoting adequate adaptation to climate change in the sectors of greatest relevance to Honduras' socio-economic development, such as transport. In the development of this Concept Note several consultations were made with involved stakeholders, including government agencies, financiers, technology providers and other donors. Under the leadership of the Honduran Institute of Land Transportation (IHTT) coordination and communication mechanisms have been established with the Ministry of Natural Resources, Environment and Mines (MiAmbiente+) as the NDA, and with the Ministry of Energy (SEN) and the Government of Tegucigalpa, M.D.C as both, advisors and ultimate key actors in the institutional set up of this project.

5. The Central American Bank for Economic Integration (CABEI), an accredited entity of Honduras to the Green Climate Fund, is a regional development bank based in Tegucigalpa, Honduras, which acts as the financial arm of the countries of the Central American Integration System (SICA). It works with a network of more than 100 Intermediary Financial Institutions (IFIs) at the regional level, including commercial banks, credit unions, microfinance institutions and Private Financial Development Organizations (PFDOs). Therefore, CABEI will provide financial support to both the Honduran Institute of Transportation (IHTT), as well as MiAmbiente+, the SEN and the Municipal Mayor's Office of the Central District (AMDC) for the development and implementation of the Project.

6. **Efficiency and effectiveness**. This project is expected to reduce approximately 512,234 tCO_2e over a period of 15 years. The cost of the GCF intervention will be $18.49 USD/$tCO_2e$ reduced, whose contribution will have a ratio of 12:1, with respect to private investment.

B.4 Stakeholders consultation and engagement (300 words)

1. CABEI has carried out meetings and workshops with the Honduran Institute of Land Transportation (IHTT for its acronym in Spanish) as well as with the Mayor's Office of the Municipality of the Central District (Tegucigalpa City), the Secretary of Energy of Honduras and the Secretary of Environment and Natural Resources of Honduras, which is the National Designated Authority of Honduras (NDA). As an essential part of the pilot test, the institutions involved in the project, led by the IHTT, will carry out more meetings for the socialization of the project with the private transporters that

form the different consortiums that operate the public transport of passengers in Tegucigalpa and in the country.

C. Indicative financing information (max. 2 pages)

C.1. Financing by components

Please provide an estimate of the total cost per component and disaggregate by source of financing.

Component	Output	Indicative cost (USD)	GCF financing		Co-financing			
			Amount (USD)	Financial Instrument	Type	Amount (USD)	Financial Instrument	Name of Institutions
Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility	1.1 Assessing the existing institutional arrangements regarding transport and mobility in the City	251,200	180,000	Grant	Public	71,200	In-kind	To be confirmed
Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility	1.2 Drafting guidelines for the development of the regulatory and economic framework	118,000	118,000	Grant		0	Other	
Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility	1.3 Defining sustainable mobility models for decision makers and technical teams	123,200	123,200	Grant		0	Other	
Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility	1.4 Analysis of public and private financing mechanisms	125,000	125,000	Grant		0	Other	

Component 1. Institutional and legal framework strengthening public transit in the context of metropolitan mobility	1.5 Integration of the gender and social inclusion perspective	62,000	62,000	Grant		0	Other	
Component 2. Design and implementation of pilot project to roadtest electric buses under local conditions serving the CCGT	2.1. Defining a pilot project to demonstrate how electric buses and its associated technology can change paradigms	8,714,869	8,006,869	Grant	Public	708,000	Grant	To be confirmed
Component 2. Design and implementation of pilot project to roadtest electric buses under local conditions serving the CCGT	2.2. Establishing the synchronized functioning of different building blocks towards transport system integration	273,600	273,600	Grant		0	Other	
Component 2. Design and implementation of pilot project to roadtest electric buses under local conditions serving the CCGT	2.3. Defining regulation and strategic alliances for the operation of private infrastructure around the CCGT	290,000	290,000	Grant		0	Other	
Component 2. Design and implementation of pilot project to	2.4 Establishing intermediate routes of public	173,600	173,600	Grant		0	Other	

roadtest electric buses under local conditions serving the CCGT	transportation equipped with security systems for CCGT							
Component 2. Design and implementation of pilot project to roadtest electric buses under local conditions serving the CCGT	2.5 Defining and implementing a monitoring and evaluation system	120,000	120,000	Grant		0	Other	
Indicative total cost (USD)		10,251,469	9,472,269		779,200			

For private sector proposal, provide an overview (diagram) of the proposed financing structure.

C.2. Justification of GCF Funding Request (300 words)

The support from the GCF is required due to the following factors. On one hand, a demonstrative project of this nature involves an operational risk that cannot be handled with the existing institutional architecture. As such, project proponents envisage the financing provided by the GCF as catalytic funding that could trigger public and private investment that will be nested in an institutional arrangement that is both a component and a result of the project. This is, the funding will help in defining the enabling environment for the transformation of mobility in urban areas, while learning by doing through the implementation of a pilot project. On the other hand, the technology and management associated with electric buses and complementing infrastructure has a perceived and real risk that makes financing this sort of endeavor unavailable for public and private financial institutions. Additionally, given the high cost of financing in Honduras, this project would never become operational under current market conditions. Thus, in a sense the GCF takes the role of the first loss taker. Without this funding it is highly likely that the introduction of electric buses and the integration of the building blocks around mobility policy in Tegucigalpa would take very long to materialize. This delay is not only relevant in taking action in the short term, but it rather creates a lock-in effect in terms of urbanization and provision of inefficient transportation, together with a high fuel consumption and greenhouse gas emissions profile, and higher ownership costs for fleet operators and the society as a whole. Finally, the support of the GCF can provide legitimization of the project and crowd-in public and private financing.

C.3. Exit Strategy and Sustainability (300 words)

1. The infrastructure and assets used during the pilot project, including procured buses and associated operational infrastructure will be transferred to a capable operator based on the results of the work conducted under Activity 2.4. While the CCGT is operated under a public private partnership itself, it is necessary to define the allocation mechanisms that assure on one hand full transparency in the process of procuring and disincorporating buses and associated operational infrastructure and services that are put in place as a result of this project, considering other concessions that are in

place, or new as they deemed necessary. These allocation mechanisms can be part of the public private partnerships defined for the operationalization of the project, in agreement with the stakeholders of the project, as long thery don´t have any potential conflict of interest. On the other hand, it is key to assure that buses assigned to this project stay in full operation and maintenance to guarantee a consistent message and a demonstrative effect not only in terms of using cleaner technology, but in transforming the way people move around a city. As for ancillary services, including parking lots, bus stop shelters, and bike infrastructure, they will remain in operation extending its availability to a broader user base. It is important to emphasize the fact that the pilot project has a demonstrative approach, and as such, it will provide guidance on how to introduce mobility in the built environment to avoid motorized trips, shift to massive transit or non-motorized transport systems, as well as improving the existing motorized transport infrastructure.

2. In terms of the exit strategy, the pilot project and the two components will be scaled up and replicated in other areas of the city of Tegucigalpa. For this a financing mechanism will be defined based on the concrete results and performance of the electric buses and the interaction of all building blocks that constitute the mobility system around the CCGT, including the definition of potential public-private partnerships as mentioned before. At the same time, the enabling environment by the end of the project shal be improved to attract private sector investment in the shape of existing and future concessions, which may result attractive and profitable to the existing consortiums. The experience gained in this project will be scaled up and customized to address the mobility, infrastructure and built environment challenges as they relate to climate action together with private sector enabling environments.

D. Annexes

☒ ESS screening check list (Annex 1)
☒ Map indicating the location of the project/programme (as applicable)
☐ Evaluation Report of previous project (as applicable)

Annex 1: Environmental and Social Screening Checklist

Part A: Risk Factors

Please indicate your answers to the questions below and provide an explanation on the response selected. In cases when the TBD response has been selected please explain briefly why you are not able to determine now and when in the project cycle the question will be addressed.

If the criteria is not applicable to the project you may write N/A in the justification box.

Exclusion criteria	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities?	☐	☒
The proposed activities will require associated facilities; however, there will be no need for any further due diligence given the marginal social and environmental impacts these facilities will have. The project activities (detailed in the logical framework) mainly include; capacity building, acquisition of new buses, complementary studies and the design of transport routs connecting the various venues with the CCG with a comprehensive analysis of available information for the implementation of the project. There will be a few facilities associated to the project, which include the refurbishment of eight properties inside the urban perimeter, there are no previous infrastructure in these premises, and they will be used as parking lots. The project will also implement minor ancillary infrastructure such as bus stops along the routes and facilitate the signaling for pedestrians along sidewalks that currently exist.		
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to affected states?	☐	☒
The activities proposed within the framework of the project will be circumscribed to the urban area of Tegucigalpa. The project proposes a new potential parking and route modeling limited to four sectors distributed entirely within Tegucigalpa's Central District. Therefore, there will be no further trans-boundary or interstate impacts.		
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?	☐	☒
The proposed activities will not contribute to reducing working conditions, safety and health. Most of the project activities will be desk review and few groundworks will take place in order to reconditioning ancillary facilities such as bus stops and parking lots (in areas where there is no previous infrastructure so no significant work will be done) Furthermore, the project does not consider the employment of children under any circumstances. In fact, the project includes a Gender and Assessment Action Plan that integrates the gender perspective in the proposed activities with the objective of making them safe for women and girls, making visible the gender needs for route modelling and designing general recommendations that reduce the risks in terms of gender stereotypes.		
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?	☐	☒
The proposed activities will not generate hazardous waste or other pollutants including pesticides that contaminate land for which future management, minimization and control studies are necessary. The electrification of public transport will lead in the medium and long term to the		

replacement of batteries, which are considered as hazardous waste. Therefore, it is considered in this phase of the project to consider the alternatives for their proper treatment and disposal or reuse in other applications. Likewise, the incorporation of new transport units with electric drive trains does not mean that the current units in operation will be taken out of circulation to be destroyed. The activities will involve minor reconditioning of ancillary infrastructure described in detail in the logic framework activities section, such as parking lots in areas where no infrastructure exist, parking lots and pedestrian signaling in already existing sidewalks. Nevertheless, the work will be carried out following applicable national legislation and international standards. All potential waste generated during the implementation and operation of the project will be classified and disposed following national and international standards.		
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?	☐	☒
The proposed project does not include the construction, maintenance or rehabilitation of critical infrastructure. Only minor ancillary infrastructure is considered i.e. Parking lots in areas with no current infrastructure and bus stops in the city center of Tegucigalpa. Therefore, no further technical assessment and safety studies are required.		
Will the activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	☐	☒
The proposed project does not involve resettlement of people nor dispossession of lands. The project will identify suitable areas within the city centre to be used as parking lot spaces that will be reconditioned to host the new buses to be acquired. The parking lots are privately owned, and the aim of the project is to maintain them as such, offering the owners the possibility to implement parallel activities that will increase the profitability of their space.		
Will the activities be located in or in the vicinity of protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?	☐	☒
All the activities proposed in the logic framework of the project are located within the city of Tegucigalpa. Therefore, no protected area or area of ecological significance is located within or in the nearby of the project area. Furthermore, the project activities involve the reconditioning of eight properties to be used as parking lots that are currently without any infrastructure and the generation of transport routes through each of the four sectors (detailed in the project description) in Tegucigalpa city center, away from any critical habitat.		
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?	☐	☒
The proposed project activities are located in Tegucigalpa city center, buses will serve government officials and will run in public areas, using public stops. Parking lots will be located inside private properties and pedestrian signaling in open public areas, therefore affecting no indigenous peoples lands and/or rights. Besides, all the project activities will be located in Tegucigalpa city center where no need for free, prior and informed consent is required.		
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	☐	☒
The project groundwork activities will be done in Tegucigalpa's city center using preexisting infrastructure such as runways and sidewalks. In addition, there will be minor reconditioning work for the allocation of buses in parking lots, bus stops and pedestrian signals all of which are currently		

of public and private use with no archaeological, pale-ontological, historical nor cultural and/or religious heritage.

Part B: Specific environmental and social risks and impacts

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the E&S risk category of the project been provided in the concept note?	☒	☐	
Has the rationale for the categorization of the project been provided in the relevant sections of the concept note?	☒	☐	
Are there any additional environmental, health and safety requirements under the national laws and regulations and relevant international treaties and agreements?	☐	☒	☐
Public works planned for the proposed project are limited, minor and for the reconditioning of ancillary infrastructure to ensure the operation of the buses and accessibility of pedestrians to the city center. Nevertheless, it will follow national regulations and or international standards as needed. There are no additional environmental, health or safety requirements under national or international standards linked to the proposed project groundwork. It is anticipated that the limited works planned will not need additional attention to requirements other than the regular national applicable ones.			
Are the identification of risks and impacts based on recent or up-to-date information?	☒	☐	☐
The identification of the potential impacts of the proposed project are based on an up to date desk review of documents provided by the Honduran Institute of Land Transportation and complemented with a field visit. We have also analyzed publications made by other development organizations working in the country. What is more, we have also use own data base based on the wealth of working experience we have in the region and in the topic worldwide.			
Labour and Working Conditions	YES	NO	TBD
Will the activities potentially have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	☐	☒	☐
The proposed activities will not contribute to reducing working conditions, safety and health. Most of the project activities will be desk review and few groundworks will take place in order to reconditioning ancillary facilities such as bus stops and parking lots (in areas where there is no previous infrastructure) Furthermore, the project does not consider the employment of children under any circumstances. In fact, the project includes the Gender and Assessment Action Plan that integrates the gender perspective in the proposed activities with the objective of making them safe for women and girls, making visible the gender needs for route modelling and designing general recommendations that reduce the risks in terms of gender stereotypes.			
Will the activities pose occupational health and safety risks to workers including supply chain workers?	☐	☒	☐
There will be no occupational health and safety considerations tied to the project implementation and operation since the project will improve current transport fleet with improved labor and operational conditions.			

Resource Efficiency and Pollution Prevention	YES	NO	TBD
Will the activities generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emissions, (4) noise and vibration; and (5) wastes?	☐	☒	☐
The proposed project main aim is to implement a new public transportation system to serve public servants in the city center of Tegucigalpa that will based on electric buses that will run in currently existing infrastructure. The project will also recondition currently preexisting infrastructure to support the bus fleet such as parking lots and bus stops. It will also include other ancillary supporting infrastructure such as street and sidewalks signals for pedestrians as well as bicycle parking racks. Therefore, the project will no generate emissions to air; discharges to water; activity-related greenhouse gas (GHG) emissions, noise and vibration, rather it will reduce the current levels improving the areas in which it will be implemented. It is anticipated that the proposed project activities will produce wastes mainly from the offices where the PMU will be based, the routinely buses cleaning and the electric buses batteries. The latter will be at the end of the batteries lifetime calculated in years and will follow the manufacturer replacement manual.			
Will the activities utilize significant amount of natural resources including water and energy?	☐	☒	☐
The proposed project will not utilize significant amounts of natural resources such as water and energy. Contrary, the implementation of the proposed project activities will reduce the usage of natural resources since it will promote sustainable urban mobility via the adoption of new technologies with the implementation of electric buses and a modal shift promoting the usage of alternative mobility.			
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	☐	☒	☐
There will be no need to develop any detailed measures to reduce pollution and promote sustainable use of resources since the proposed project targets them both. It promotes the sustainable use of resources while reducing pollution replacing diesel buses with electric ones that will significantly reduce the amount of pollutants like GHG, PM 10 and 2.5 among others.			
Community Health, Safety, and Security	**YES**	**NO**	**TBD**
Will the activities potentially generate risks and impacts to the health and safety of the affected communities?	☐	☒	☐
There are no activities included in the proposed project that will potentially generate risks and impacts to health and safety, nor any affected communities by these concepts. Most of the proposed project activities (detailed in the logic framework) are desk reviews and few correspond to reconditioning of ancillary infrastructure that will be located in Tegucigalpa's city center generating no risk or impacts to the city dwellers nor to any community. Moreover, the project impact categorization is corresponded with such level of potential impacts.			
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	☐	☒	☐
Since the activities detailed in the logic framework do not represent any threat to people or communities in the proposed project influence area there will be no need for an emergency preparedness and response plan. Should the project implementation identify such need for preparedness and response the project community health safety and security approach would be updated			
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	☐	☒	☐

The proposed project does not include any activity that would pose risks over the security of the workers nor potential conflicts have been identified that can affect the people and community in the project area of influence. Most of the project activities will be desk reviews and minor groundwork to recondition preexisting infrastructure to support the project development			
Land Acquisition and Involuntary Resettlement	**YES**	**NO**	**TBD**
Will the activities likely involve land acquisition and/or physical or economic displacement?	☐	☒	☐
The project activities as presented in the logic framework will not involve land acquisition and/or physical or economic displacement. The project will be implemented in preexisting public areas such as roads and sidewalks as well as in private areas such as open spaces previously identified in within the city center to serve as buses parking lots, providing alternative sources of income to the owners.			
Biodiversity Conservation and Sustainable Management of Living Natural Resources	**YES**	**NO**	**TBD**
Will the activities potentially introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	☐	☒	☐
The project is based in the transformation of Tegucigalpa's transportation implementing a pilot project in the city center with electric buses. Thus, it will make no use of living natural resources. There will be no risk of introducing species of flora and fauna.			
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources (eg.agriculture, animal husbandry, fisheries, forestry)?	☐	☒	☐
The proposed project targets the transport sector by the adoption of new technologies and the support of modal shift in Tegucigalpa's city centre. The project has no links with agriculture, fisheries livestock or forestry activities nor it will involve the production of living natural resources			
Indigenous Peoples	**YES**	**NO**	**TBD**
Will the activities potentially have any indirect impacts on indigenous peoples, ethnic minorities, or vulnerable and marginalized groups?	☐	☒	☐
The proposed project will be implemented as a pilot in Tegucigalpa's city centre with the aim to transform the transport sector No indigenous peoples, ethnic minorities or vulnerable marginalized groups have been identified in the project area of influence. Furthermore, the project includes a Gender and Assessment Action Plan that integrates the gender perspective in the proposed activities with the objective of making them safe for women and girls, making visible the gender needs for route modelling and designing general recommendations that reduce the risks in terms of gender stereotypes. Nevertheless, should the project identify any marginalized group, ethnic minority and indigenous peoples with the area of influence a corresponding performance standard will be triggered.			
Cultural Heritage	**YES**	**NO**	**TBD**
Will the activities restrict access to the cultural heritage sites and properties?	☐	☒	☐
The areas in which the proposed project will be implemented are public and private spaces currently under use such as roads and sidewalks as well as open spaces to be converted to parking lots. Besides, there are no cultural heritage sites among the proposed project areas. Therefore, there will be no access restriction to cultural heritage sites.			
Will there be a need to prepare a chance-find procedure in case of the discovery of cultural heritage assets?	☐	☒	☐

The proposed project infrastructure will be implemented over currently preexisting and under use infrastructure such as roads and sidewalks. Thus, it is unlikely that there will be any discovery of cultural heritage sites. However, in the case of the existing of any chance of discovering a cultural heritage asset the proposed project will take all the necessary measures to protect and preserve such assets following national and international application standards and triggering the corresponding performance standard.			
Stakeholder engagement and grievance redress	**YES**	**NO**	**TBD**
Will the activities include a continuing stakeholder engagement procress and a grievance redress mechanism and integrated into the management/implementation plans?	☒	☐	☐
The project will include a grievance and redress mechanism to collect and inform any potential concern, complaint or communication that the project beneficiaries and people in the project direct and indirect influence area may want to communicate.			

Part C: Sign Off

Sign-off: *Specify the name and designation of the person responsible for the environmental and social screening and any other approvals as may be required in the accredited entity's own management system.*

Roberto López, Head of the Office of Environmental and Social Sustainability from CABEI