



The Dark Side of the Energy Transition

Green Colonialism in Southern Honduras

Institute for Policy Studies

Transnational Institute

TerraJusta

Honduras Solidarity Network

Movimiento Ambientalista Social
del Sur por la Vida

Red de Abogadas Defensoras
de Derechos Humanos

Caritas Cholteca

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Solar panels, part of the Agua Fría project, Nacaome, Honduras. Credit: Criterio Hn

1. Introduction

About a decade ago a gleaming mosaic of solar parks was installed in southern Honduras, accompanied by promises of a transition to green energy that would bring about jobs, abundant cheap energy, and community development. But the impact so far is eerily similar to the prevailing development model in Honduras, which concentrates benefits on the rich and externalizes impacts on the poor. This is according to local organizations and community members who participated in a three-day meeting in Choluteca, Honduras, in July 2025 under the title: ‘Without Human Rights There is No Energy Sovereignty’.¹

“The transmission lines pass over the villages, but they are thinking about big industry, not about the villages... about profits for them and not for us.”

– Germán Chirinos, Southern Social Environmental Movement for Life (MASSVida)

¹ The analysis presented in this report is based on testimonies and observations gathered during the three-day forum from July 14-16, 2025 held in Choluteca, “Without Human Rights There is No Energy Sovereignty: A Meeting of Communities Affected by Energy Projects in Southern Honduras”, as well as secondary literature and a review of the documentation available in one of the seven ISDS cases brought against Honduras by a solar energy investor, Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras (ICSID Case No. ARB/23/43).



Discussion Panel, Without Human Rights There is no Energy Sovereignty, July 16, 2025, Choluteca, Honduras. Credit: Criterio.hn

Around the time that the Paris Agreement was being negotiated,² transnational investors and the national elite in Honduras were flaunting their ecological credentials while setting their sights on the country's warm and sunny southern region as a new frontier for renewable energy investments. They took advantage of the favorable business conditions offered up by the emerging narco-dictatorship of Juan Orlando Hernández following the 2009 coup in Honduras.³

International development banks had already been gradually promoting the privatization of the energy sector in Honduras and across Central America. Between 2013 and 2014 the post-coup governments in Honduras, with the support of these banks, committed to dismantling the public company National Electrical Energy Company (Empresa Nacional de Energía Eléctrica, ENEE by its Spanish acronym). They offered highly unsustainable incentives to attract investment in renewable energy, to the detriment of the public treasury and the Honduran people. Meanwhile a new investment protection law was brought in giving investors the ability to sue the state for

2 The Paris Agreement is an international treaty on climate change that entered into force in November 2016. For more information: <https://www.un.org/en/climatechange/paris-agreement>

3 Hernández was sentenced in 2024 to 45 years in prison for drug trafficking and weapons-related crimes, but was pardoned by U.S. President Donald Trump in early December 2025.

passing any regulations that could affect their profits. Those who dared to protest were violently repressed, including in southern Honduras.

“Why do banks give so much money to our countries to generate energy for the rich and not for the poor?”

– Participant in the forum in Choluteca, Honduras

In Honduras, the international push for greater investment in renewables did not mark the beginning of a transition away from fossil fuel-based energy generation, nor did it deliver on its promises of employment and development for those most directly affected. Instead, it added a new source of energy to those already in place and opened up a new market for wealthy national and transnational investors.

The communities affected by these new renewable energy installations claim to have been misinformed or even deceived about the projects prior to construction. Rather than generating promised employment and development, they refer to the negative impacts on their livelihoods due to repercussions on water sources, access to land, deforestation, and rising temperatures.

“They are enriching those who already have money, not our communities.”

– Jorge Manzanares, El Carrizo, Choluteca



Jorge Manzanares. Credit: Criterio.hn

This report looks in detail at the Los Prados solar park in Namasigüe, Choluteca, and shares testimonies heard at the July 2025 meeting from communities affected by the project (as well as similar projects elsewhere in southern Honduras). Los Prados is owned by Norwegian investors Scatec, Norfund, and KLP Norfund Investments. Community members that opposed the installation have suffered threats, criminalization, and forced displacement; some have been subject to judicial persecution for more than eight years and continue to appear in court every month. Complaints of corruption and irregularities in the energy contracts related to Los Prados have been filed by local residents, but without success. However, when companies file lawsuits against community leaders who reject solar parks in local courts – or file international arbitration claims against Honduras – their cases are quickly registered.



2025 action against the criminalization of environment defenders in resistance to the Los Prados project. Credit: RADDH

1.1 The ISDS stranglehold on Honduras

In 2022 the government of Xiomara Castro passed a law to rescue the ENEE and renegotiate some of the most harmful aspects of solar power generation contracts. In response a group of seven energy sector investors filed investor-state dispute settlement (ISDS) claims for more than \$1 billion against the country before the World Bank’s International Centre for Settlement of

Investment Disputes (ICSID). These corporate lawsuits make use of a neocolonial tool enshrined in foreign investment treaties signed in the 1990s (and, since 2011, bolstered by a Honduran investment law called the Law for the Promotion and Protection of Investments).

Forcing the state to spend millions of dollars defending itself against ISDS arbitration represents a punishment for the poor majority in Honduras; at the same time, such claims are another way that wealthy investors can try to secure their expected profits. The pressure that such claims exert can also prevent governments from adopting regulations for the energy sector that would better serve communities, advance energy justice, and ensure a healthy environment.

1.2 “Green” colonialism under the guise of sustainability

The discourse of global energy transition conceals new forms of colonialism that subordinate impoverished countries that are highly exposed to the impacts of the climate crisis, such as Honduras, to the climate agendas of rich countries with the greatest responsibility for the planetary crisis. Under the rhetoric of “clean energy” and the “green economy,” affluent, former colonial and settler colonial powers demand critical minerals, lithium, green hydrogen, and energy commodities from resource-rich countries in the Global South. They do so without transferring or allowing these countries to develop their own industrial capabilities, or without taking responsibility for the impacts from extractivism that their own transitions cause around the world.

This “green” colonialism operates in three simultaneous dimensions. The first dimension is economic, using ISDS and other means of protecting foreign investment that reproduce capitalist power dynamics and prioritize the profits of transnational corporations, while undermining national sovereignty and the self-determination of communities. The second dimension is environmental colonialism that inhibits a meaningful energy transition and dissuades countries such as Honduras from adopting measures to protect the environment and the well-being of people affected by extractivism. Third, green colonialism is built on and reinforced by racism, treating territories and populations as sacrifice zones for the global economy, further marginalizing and impoverishing often racialized populations.

Honduras is a case in point. In one of the region’s poorest countries the language of energy transition has been coopted to impose projects that, under the guise of sustainability, reproduce extractivist patterns of dispossession and accumulation – while locking the country into permanent

relations of corporate exploitation through legal tools such as arbitration, which discipline any attempt by governments at sovereign regulation. Global North countries benefit from “clean” energy while communities in the Global South bear the brunt of the territorial dispossession, violence, and environmental degradation that this “cleanliness” is built upon.

In Honduras, with the return of the National Party to power following elections in November 2025 (supported by undue interference from US President Donald Trump, and lacking full verification of the results by the electoral authorities), the country is returning to a scenario that will likely deepen the dynamics of green colonialism. In this political context, any proposal to advance energy justice in the country is stalled – or worse, moving backwards.



Honduran President-elect Nasry “Tito” Asfura (left) meets with U.S. Secretary of State Marco Rubio. Credit: Getty Images

2. The dark side of transnational investment in the energy transition

The energy transition narrative tends to be a sunny one: more renewables, less fossil fuels, promises of decarbonization and development. However, the Central American experience, and in particular that of Honduras, reveals a darker, more complex story.

To meet political commitments to reduce greenhouse gas emissions, many countries are expanding renewable energy to decarbonize their economies. In Central America this process has been driven by corporate agendas wrapped up in sustainability rhetoric. International banks and institutions have made their loans, policy support, and direct financing to national governments conditional on creating markets and incentivizing – and subsidizing – private sector investment, especially in countries or regions considered adverse or risky for investment.

2.1 Solar parks, SIEPAC, and the corporate agenda in Central America

Starting in 2010, a string of large solar (photovoltaic) parks was established on the Pacific coast of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. The Central American Electrical Interconnection System (SIEPAC) network, with its 28 230 kV substations, stretches 1,789km through this area.⁴

SIEPAC (Central American Electrical Interconnection System) is both the physical infrastructure and the institutional framework that enabled the creation of a Regional Electricity Market (REM) to allow the exchange of electricity between Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. The development was important in consolidating a high-voltage transmission network and a regionally administered regulatory system. SIEPAC is the backbone of integration in Central America's electricity subsector.⁵

SIEPAC was strongly supported by multilateral banks – including the World Bank, the Inter-American Development Bank (IDB), the Central American Bank for Economic

4 GeoComunes (2019). 'Expansion of Energy Projects in Central America: The Development of a Regional Electricity System Beyond the Control of the People'. (p.11) https://geocomunes.org/Analisis_PDF/CuadernilloCA.pdf

5 Gutiérrez, Alberto (2024). 'Political Geography of Regional Electrical Integration in Central America'. (p.4) <https://ojs.ufgd.edu.br/anpege/article/view/19080/10851>

Integration (BCIE by its initials in Spanish), and the European Investment Bank (EIB)⁶ – who promoted regulations facilitating private investment, long-term contracts, and tariff frameworks to ensure bankability for energy mega-investors. Total investment in SIEPAC came to \$494 million.

The integration capacity provided by SIEPAC has transformed the energy geography of the Central American region. Its extensive ‘highway’ of transmission lines and strategic substations⁷ favors the installation of large-scale solar and wind projects that connect directly to the regional grid.⁸

Increased integration has enabled more energy import and export, but it has also consolidated the entry of large energy companies under advantageous tax schemes and guaranteed contracts. This is creating tensions over income concentration and impacts on land (8,000 plots of land were affected by the development of SIEPAC), and raising questions about the real social and environmental benefits for each country.

Multilateral banks co-financed SIEPAC and its national connections, along with millions of dollars for electricity generation (see box). SIEPAC is run by the public-private consortium Company Network Owner (Empresa Propietaria de la Red, EPR by its Spanish acronym), which also received concessions and exemptions to operate the regional network. Without this support, the expansion of solar energy infrastructure across hundreds of hectares in Honduras and the region would not have been possible.

SIEPAC’s physical framework is overlaid by the Regional Electricity Market (REM), described as “a seventh market, superimposed on the six existing national markets or systems”.⁹ It is underpinned by the Central American Electricity Market Framework Treaty (1996), which enabled energy transactions between Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama.

REM/SIEPAC not only provides the roadmap and rules for the electricity sector, but also reorganizes the power of the actors involved. Fifteen companies account for around 72% of the capacity connected to SIEPAC in the regional wholesale market. These include multinationals

6 GeoComunes (2019). ‘Expansion of Energy Projects’. (p.11 and p.20)

7 Gutiérrez (2024). ‘Political Geography’. (p.20) <https://ojs.ufgd.edu.br/anpege/article/view/19080/10851>

8 Ibid. (p.23)

9 ¿Qué es el MER? <https://crie.org.gt/mer/>

(AES Corporation, ENEL Group), infrastructure investment funds (I Squared Capital), and “multilatinas” (Terra Group, GMI Group). Of the 15 companies, only four are public, meaning that 63% of the installed capacity connected to SIEPAC is in the hands of private actors.¹⁰

This regional system brings together the interests of a few conglomerates around SIEPAC substations and branches while providing them with a safety belt. New market niches have been created for the companies involved, generating revenues from long-term energy purchase agreements while shifting financial, economic, and socio-environmental risks onto the state and communities.

In general terms, within this regional energy market Guatemala and Costa Rica are net exporters of electricity, while Nicaragua and Honduras are among the net importers. International trade takes place through REM/SIEPAC according to dispatch and price conditions.¹¹

Large consumers (such as the mining industry, cement companies, agribusiness, bottling companies, maquilas)¹² operate regional contracts, reinforcing an oligopolistic transition model in which the state guarantees consumer demand to energy companies while providing the legal framework to sustain the model and protect it from reforms.

Many peoples at ground level in Central America are concerned that, regardless of how global economic interests attempt to market and promote SIEPAC, REM and the Mesoamerican Project – a neoliberal plan for regional integration of energy, telecommunications, transportation, commerce and other sectors -, the project’s pro-market infrastructure will not only encourage the privatization of energy generation and entire national industries, but lead to land dispossession, pollution, deforestation, and the loss of national sovereignty.¹³

10 Gutiérrez (2024). ‘Political Geography’ (p.25) <https://ojs.ufgd.edu.br/anpege/article/view/19080/10851>; GeoComunes (2019). ‘Expansion of Energy Projects’ (p.13) https://geocomunes.org/Analisis_PDF/CuadernilloCA.pdf

11 Energy for Growth Hub (Dec 2024). ‘Central America as a Blueprint for Regional Power Integration’. https://energyforgrowth.org/wp-content/uploads/2024/12/Formatted_Deep-integration_Valenzuela_v2-1.pdf

12 Although there is information on the type of large consumers that purchase (or can purchase) energy in the regional market linked by REM/SIEPAC (in the regional wholesale market, in addition to electricity generating companies, major customers such as mining, cement, agribusiness, bottling, and maquila companies have access to contracts), there is no plant-by-plant breakdown of who the final Honduran buyers are, nor are there any specific bilateral contracts with mining, cement, or maquila companies within the country. Within Honduras specifically, the documents indicate that the primary sale of utility-scale solar parks is made to ENEE through direct purchase and sale contracts, and from there the national system is supplied.

13 Otros Mundos Chiapas (Oct 2011). ‘Dictatorship of Capital No. 2: From PPP to the Mesoamerica Project’. <https://otrosmundoschiapas.org/dictadura-del-capital-n2-del-ppp-al-proyecto-mesoamerica>; Radio Mundial Real (May 2016). ‘Members of COPINH and Berta Cáceres’ daughter demand justice and denounce the responsibility of European countries during tour’. <http://radiomundoreal.fm/9046-contra-la-privatizacion-de-la-vida?lang=es>; OFRANEH (undated). ‘Territory’. <https://www.ofraneh.org/ofraneh/ofraneh/Territorio.html>

What is more, the region is not seeing renewable energy replace fossil fuels. Solar and wind power have been added to the existing energy matrix, driven by incentive frameworks that favor privatization (exemptions, mandatory purchases, dispatch priority, and guaranteed prices for 15–20 years). The model around renewables expansion remains a corporate-friendly one that encourages profit-seeking – as evident from the priority given to investment in utility-scale plants,¹⁴ while local and smaller-scale solutions adapted to the needs of local communities have been given the cold shoulder.

In short, the privatization of national electricity systems and the establishment of the REM opened the doors to private capital, which expanded rapidly. The huge growth in installed capacity (around 353% between 1990 and 2021¹⁵), financed by transnational capital and multilateral development banks, exists alongside the existing fossil fuel and hydroelectric matrix, shifting costs to communities and the public purse, as we will examine further below.

2.2 The Honduran case



Soldiers in the streets following the 2009 coup. Credit: Jen Moore

Honduras clearly illustrates the trajectory described above. As a case study it demonstrates how corporate promoters who stand to benefit from the trend towards renewable energy have taken advantage of key political moments to push an agenda of private accumulation, demonstrating no interest in reducing the country’s dependence on fossil fuel energy.

Attempts to privatize the ENEE first began in the 1990s, followed by the profit-driven expansion of renewable energy production in the aftermath of the 2009 military coup against the democratically elected government of Manuel Zelaya. Following the coup there were unprecedented efforts to privatize public institutions and declare Honduras “open for business.”¹⁶ This was despite widespread resistance to this agenda and particularly to the construction of renewable

energy projects throughout the country, especially hydroelectric plants but also, in some cases,

14 “Utility-scale” refers to projects that generate large amounts of energy to be distributed to the general electricity grid, such as large solar or energy storage plants.

15 Gutiérrez (2024). ‘Political Geography’. (p.26) <https://ojs.ufgd.edu.br/anpege/article/view/19080/10851>

16 Porfirio Lobo’s “Honduras Open for Business” policy was an economic strategy that sought to open Honduras’ economy to foreign investment by deepening neoliberalism and through promotion by international financial institutions. See https://movimientos.org/es/honduras/show_text.php3%3Fkey%3D19275

solar energy parks. Subsequently, as organized crime increasingly infiltrated post-coup governments and corruption spread, those in power continued to hand the country's natural resources over to transnational corporations and the Honduran and regional elites.



Protest against the privatization of the national energy company, April 24, 2015. Credit: Karen Spring

Reforms in 2013 declared solar power generation a “national priority” in Honduras and opened up an exceptional window of opportunity for foreign investors.¹⁷ In January 2014, in a single irregular night session that came to be known as the “legislative diarrhea”, Congress approved a large number of projects, including at least 23 solar parks. This was done without competitive bidding, handing contracts to newly created companies for twenty years with prices set above regional averages. In Honduras, the core of this new solar infrastructure is located in the departments of Choluteca (Namasigüe, El Triunfo, Marcovia) and Valle, close to the Pavana substation and the transport and logistics routes linking to Nicaragua and El Salvador.¹⁸

17 Institute for Policy Studies, Honduras Solidarity Network, Transnational Institute & TerraJusta (Sept 2024). ‘Mafia Investments Against Honduras: Transnational corporate lawsuits and the struggle for democracy and dignity for the Honduran people’. (p.29) <https://ips-dc.org/report-corporate-assault-on-honduras/>

18 Institute for Policy Studies et al. (2024). ‘Mafia Investments’. (p.30)

2.3 From the 90s to the Narcodictatorship: Paving the way for renewable energy in Honduras

Since the 1990s, international financial institutions (IFIs) have contributed to the privatization of energy markets, opening up the sector to private companies. This was principally in relation to fossil fuels, but as concern about the climate crisis grew the same dynamics have been seen in the production of renewable energies such as wind, solar, hydroelectric, and geothermal. To illustrate the role of these IFIs, here we summarize two important phases of privatization in Honduras: the first between 1991 and 1996, and the second between 2012 and 2014.

Phase one: Neoliberal restructuring and private sector participation

The first phase of privatization of the ENEE took place roughly between 1991 and 1996 and allowed the first private power generation companies to obtain contracts with the state. Honduras was in negotiations with the International Monetary Fund (IMF) around 1991 – a time when its structural adjustment programs or loan agreements came with conditions aimed at reducing state spending on infrastructure and social services. The IMF was interested in implementing an economic restructuring of the ENEE as a means of liberalizing the institution and opening Honduras up to international investment.¹⁹ In support of these efforts, particularly given the millions of dollars in loans that the policies would allow, the Honduran Congress passed the 1994 Electricity Subsector Framework Law.

The climate crisis was not a central issue or concern at the time, and several private companies, many owned by wealthy Honduran families, received state contracts to generate energy from fossil fuels. With the regulatory framework in place, the World Bank approved several loans in support of privatization efforts, including \$50.6 million in 1991 to “promote oil exploration and production; ... [and] encourage greater private sector participation in the development of the energy sector.”²⁰ Similarly, the IDB approved \$160 million²¹ in 1995 to support the “creation of incentives for private participation in generation and distribution.”²²

19 International Monetary Fund (2014) ‘Honduras: Request for a stand-by arrangement and an arrangement under the standby credit facility’ <https://www.imf.org/external/pubs/ft/scr/2014/cr14361.pdf>; Spring, K. (Dec 17 2024) ‘The IMF and Privatization in Honduras: Impacts on the National Energy Company’ <https://www.aquiabajo.com/blog/2014/12/the-imf-and-privatization-in-honduras.html>

20 World Bank (1991). ‘Report and recommendation of the President of the International Development Association on a proposed credit of SDR 37.95 to the Republic of Honduras for an energy sector adjustment program’ <https://documents1.worldbank.org/curated/en/198901468034503746/pdf/multi-page.pdf>

21 Project number 976/SF-HO.

22 Inter-American Development Bank (2002). ‘Country program evaluation (CPE): Honduras’ <https://publications.iadb.org/publications/english/document/Country-Program-Evaluation-Honduras-%281990-2000%29.pdf>

Phase two: Renewable energy – same old privatization

From roughly 2012 to 2014, IFIs promoted, encouraged, and financed a second wave of privatizations. This period was particularly critical in Honduras due to three interrelated factors. The first was growing momentum in response to the climate crisis and promotion of the transition to renewable energy generation via solar, wind, hydroelectric, biomass, and geothermal projects. The second was the increased privatization of the ENEE and the growing participation of the private sector in renewable energy generation. The third factor was state-sponsored violence in the aftermath of the 2009 military coup against widespread community opposition to imposed renewable energy generation projects.

Following the 2009 overthrow of President Manuel Zelaya, the World Bank suspended loans to Honduras. In late 2009, after widely boycotted elections, IFIs resumed aid to the country. The post-coup government of President Porfirio Lobo adopted a political framework under the slogan “Honduras is open for business,” hoping to attract foreign investment, and the World Bank and the IMF focused their efforts on restoring macroeconomic stability and investor confidence in Honduras, including laying the groundwork for investments in renewable energy.²³ As the World Bank wrote in a 2012 report, “Central American and Caribbean countries can reduce their dependence on oil [...] through a combination of renewable energy, energy efficiency programs, and regional energy integration.”²⁴

Around 2013-14, Honduras was negotiating a new loan with the IMF and a key focus of the talks was the ENEE. Honduras agreed to “undertake structural reforms in several key sectors,” including energy, and “to allow private participation in distribution and transportation” through contracts and public-private partnerships.²⁵ The Honduran Congress was led at the time by Juan Orlando Hernández (later president and a convicted drug trafficker who was pardoned by U.S. President Donald Trump) who, in an echo of the 1990s, consolidated the agreement by reforming the 2007 Law on the Promotion of Electricity Generation from Renewable Resources in order to encourage international investment in solar energy (see following section). The Honduran Congress also passed the General Electricity Industry Law (Decree 404-2013) in 2014, which

23 International Monetary Fund (2014). ‘Request for a stand-by arrangement’ <https://www.imf.org/external/pubs/ft/scr/2014/cr14361.pdf>

24 World Bank (July 25, 2012). ‘Central America/Caribbean Can Reduce their Oil Dependency, Says WB Report’ <https://www.worldbank.org/en/news/press-release/2012/07/25/central-america-caribbean-can-reduce-oil-dependency-says-wb-report>

25 International Monetary Fund (2014). ‘Request for a stand-by arrangement’ <https://www.imf.org/external/pubs/ft/scr/2014/cr14361.pdf>

split the ENEE's largely public operations into three privatized components: power generation, distribution, and transmission.²⁶

After the legal framework was approved a series of loans were made by development finance institutions to private power generation companies, and contracts for renewable energy projects were signed. During the Congressional “legislative diarrhea” session on January 20, 2014, which took place in the early hours of the morning after the official closure of the annual legislative session, Congress approved multiple renewable energy contracts without a public bidding process. These included more than 20 contracts for solar energy projects.²⁷ The majority of the companies that received contracts for solar power generation were new, created on average nine months earlier, and only two had previous experience in the industry. Seventeen were sold between five and fifteen months later, suggesting that they were fly-by-night companies. Some contracts were granted to individuals with ties to organized crime, including drug trafficking associates of Juan Orlando Hernández.²⁸

2.4 Shiny profits: a tale of state incentives

Over the past 20 years, Honduras has provided economic and tax incentives to encourage the installation of solar parks. These incentives were first proposed in October 2007 when President Manuel Zelaya's government enacted the Law on the Promotion of Electricity Generation from Renewable Resources (Decree No. 70-2007).²⁹

The law established that the ENEE would pay a preferential price for energy generated from renewable resources such as hydro, geothermal, solar, biomass, wind, tidal, and solid waste from public services. It also provided a 10% incentive on the base price of energy for 15 years for projects under 50 MW.³⁰ Additionally, a series of tax exemptions were also granted, including on the importation of equipment, while income, municipal, and sales taxes were waived in some cases, up to 10 years.³¹

26 Spring, K. (2024). 'The IMF and Privatization' <https://www.aquiabajo.com/blog/2014/12/the-imf-and-privatization-in-honduras.html>.

27 Padilla, E. (Nov 21, 2017). 'Learn about some of the decrees approved in the so-called “Parliamentary Robbery of the Century in Honduras”' (video) <https://criterio.hn/conozca- algunos-de-los-decretos-aprobados-en-el-denominado-robo-parlamentario-del-siglo-en-honduras-video/>

28 Institute for Policy Studies et al. (2024). 'Mafia Investments'.

29 La Gaceta (2007). 'Decree No 70-2007: Law on the Promotion of Electricity Generation from Renewable Resources' <https://sen.hn/wp-content/uploads/2020/03/Decreto-No.70-2017-Ley-de-Promoci%C3%B3n-a-la-Generaci%C3%B3n-de-Energ%C3%ADa-El%C3%A9ctrica-con-Recursos-Renovables.pdf>

30 Ibid.

31 Ibid. https://www.cree.gob.hn/wp-content/uploads/2019/02/Documentos-CPI-CREE-01-2019_Ley-de-

The decisive push: Decree 138-2013

In 2013 during the Porfirio Lobo administration (2010 to 2014), the National Congress granted additional incentives to attract solar energy investors through the approval of Decree 138-2013,³² essentially modifying and expanding Decree No. 70-2007.³³ Article 6 of Decree 138-2013 granted a special incentive of 3 cents per kilowatt-hour (USD 0.03/kWh) to solar projects that began generating energy before August 1, 2015, with the goal of achieving the first 300 megawatts before that date.³⁴ Each project could have a maximum installed capacity of 50 megawatts.³⁵ This new incentive was added to the established base price.

Table: Evolution of prices and incentives for solar energy

Incentive	Source
10% incentive on base price for 15 years + tax exemptions	Decree 70-2007 of October 2, 2007
+ USD 0.03/kWh (special incentive for solar plants that began operating before August 1, 2015)	Decree 138-2013 of August 1, 2013 ³⁶
USD 0.18/kWh (average price)	Approximately 20 solar contracts approved on January 20, 2014

[Promoción-a-la-Generación-de-Energía-Eléctrico-con-Recursos-Renovables.pdf](#)

32 La Gaceta 2013 (August 1, 2013). 'Reforms to Decree No. 70-2007' <https://www.studocu.com/latam/document/universidad-nacional-autonoma-de-honduras/legislacion-y-practicas-aduaneras/2013-gaceta-decreto-138-2013-reformas-al-70-2007/62851327>

33 La Gaceta 2013 (August 1, 2013). E&N (May 25, 2015). 'Revisarán incentivos a energías renovables en Honduras' <https://www.revistaeyn.com/lasclavesdeldia/revisaran-incentivos-a-energias-renovables-en-honduras-PHEN843268>

34 E&N (May 25, 2015). 'Revisarán incentivos a energías renovables en Honduras' <https://www.revistaeyn.com/lasclavesdeldia/revisaran-incentivos-a-energias-renovables-en-honduras-PHEN843268>

35 El Heraldó (September 30, 2014). 'Energía solar resultará más cara que la térmica' <https://www.elheraldo.hn/economia/energia-solar-resultara-mas-cara-que-la-termica-BPEH753211>

36 El Heraldó (May 25, 2015). 'Incentives for renewable energy in Honduras to be reviewed' <https://www.revistaeyn.com/lasclavesdeldia/revisaran-incentivos-a-energias-renovables-en-honduras-PHEN843268>, and La Prensa (Nov 11, 2018). 'Solar plants to eliminate \$0.03 cent incentive' <https://www.laprensa.hn/honduras/plantas-solares-incentivo-enee-energia-solar-kilovatio-hora-honduras-GVLP1232848>

Through this decree, solar plants with incentives reached an average price of approximately USD 0.18/kWh.³⁷ In some periods, fossil fuel plants had variable costs between USD 0.09-0.12/kWh.³⁸

On January 20, 2014, National Congress approved more than 20 solar projects with an estimated installed capacity of 619 megawatts.³⁹ This “legislative diarrhea” Congressional session was later denounced as “arbitrary and illegal”.⁴⁰ Between 2010 and 2014, ENEE authorities approved 185 energy generation contracts with an installed capacity of 4,022.80 megawatts.⁴¹



A solar park in Agua Fria, Nacaome, Honduras. Credit: Criterio.hn

Regionally, Honduras was among the countries that paid the highest rates for solar energy during that period. While Honduran solar plants received an average of USD 0.18/kWh with incentives, Guatemala achieved an average price of USD 0.109/kWh for renewable energy contracts in

37 La Prensa (Dec 25, 2017). ‘ENEE owes L2.37 billion for the payment of incentives to solar power plants’ <https://www.laprensa.hn/honduras/2370-millones-lempiras-ebe-enee-pago-incentivos-solares-honduras-ACL1344477>

38 El Heraldo (Nov 11, 2022). ‘The cost of generating energy with bunker fuel has fallen by 35.96%’ <https://www.elheraldo.hn/economia/costo-generacion-energia-termica-bunker-reduccion-honduras-IP10869256>

39 El Heraldo (May 25, 2015). ‘Incentives for renewable energy in Honduras to be reviewed’ <https://www.revistaeyn.com/lasclavesdeldia/revisaran-incentivos-a-energias-renovables-en-honduras-PHEN843268>.

40 Burgos, J. in Criterio Hn (May 4, 2022). ‘President of Congress appoints commission to investigate illegally approved energy contracts’ <https://criterio.hn/presidente-del-congreso-nombra-comision-para-investigar-contratos-de-energia-aprobados-de-manera-ilicita/>

41 El Heraldo (May 30, 2019). ‘Approval of 252 megawatts of energy questioned’ <https://www.elheraldo.hn/economia/honduras-cuestionan-aprobacion-de-252-megavatios-de-energia-MPEH1289050>

2013, 39% lower than the Honduran price.⁴² In 2014, El Salvador awarded 94 MW of solar energy generation contracts at prices between USD 0.1019 - 0.1234/kWh, also significantly below the Honduran cost.⁴³ Even the average price of the Central American Regional Electricity Market in 2013 (USD 0.1705/kWh) was lower than the price guaranteed to solar companies in Honduras. This significant difference suggests that the incentives established in Decree 138-2013 – and massively expanded in January 2014 – did not respond to criteria of economic efficiency or regional competitiveness, but rather ensured extraordinary returns for solar investors at the expense of the ENEE's indebtedness.

The financial impact: Crisis at the ENEE

The 3-cent incentive in Decree 138/2013 represented a debt of approximately \$78 million dollars for the ENEE from August 2015 to December 2017 alone.⁴⁴ To cover this commitment, the government allocated \$150 million in the 2018 General Budget.

Tax exemptions likewise represented significant amounts. According to the Honduran press, in 2015, the renewable energy sector received exemptions worth 10.4 billion Lempiras (approximately \$430-460 million).⁴⁵ Between 2021-2022, 124 renewable energy companies received exemptions worth more than 2.267 billion Lempiras (approximately US\$93 million).⁴⁶

The ENEE faced growing liquidity problems. In 2016, there were delays in payments to generating companies of up to 8 months.⁴⁷ In 2019, the Honduran Renewable Energy Association estimated that outstanding debts to operators exceeded 6 billion Lempiras (about \$240 million) and noted that since mid-2018, incentives had not been paid by the state-owned electricity company.⁴⁸

42 Suelosolar (Aug 9, 2014). 'The PEG-3 auction in Guatemala, in which renewable energies participate, achieves the lowest energy purchase prices' <https://suelosolar.com/noticias/subastas/guatemala/8-9-2014/la-subasta-peg-3-guatemala-donde-participan-energias-renovables-alcanza-precios-mas-bajos-compra-energia>

43 PV magazine (July 8, 2014). '94 MW of solar power awarded in El Salvador at between \$101.9 MWh and \$123.4 MWh' <https://www.pv-magazine-latam.com/2014/07/08/adjudicados-los-94-mw-solares-en-el-salvador-entre-101-9-mwh-y-123-4-mwh/>

44 La Prensa (Nov 11, 2018)

45 La Prensa (Aug 20, 2015) 'Exemptions: the tax leak that costs L18 billion' <https://www.laprensa.hn/economia/dineroynegocios/exoneraciones-la-fuga-fiscal-que-cuesta-l18000-millones-HTLP871017>

46 ContraCorriente (March 13, 2023). 'Tax justice project pits government against business leaders' <https://contracorriente.red/2023/03/13/proyecto-de-justicia-tributaria-confronta-al-gobierno-con-empresarios/>

47 El Heraldo (April 26, 2016). 'Incentives for renewable energy plants are draining ENEE's finances' <https://www.elheraldo.hn/pais/953620-466/incentivos-a-plantas-renovables-est%C3%A1n-drenando-finanzas-de-enee>

48 There are multiple sources documenting ENEE's debt, but the total amount does not match. However, all sources maintain that the debt between 2015 and 2018 was close to 2.5 billion lempiras (approximately \$102 million). See: <https://www.elheraldo.hn/economia/deuda-con-plantas-solares-aumenta-a-l-23722-millones-en-honduras-GVEH1222730> and <https://www.elheraldo.hn/economia/mora-de-la-enee-con-plantas-solares-es-de-2500-millones-de-BXEH1202300>

Between 2016 and 2020, the debt grew by 88.5%.⁴⁹ To finance the payments of this debt to solar companies, the state issued sovereign bonds: \$700 million in 2017 and \$600 million in 2020.⁵⁰ While the ENEE was rapidly accumulating debt, electricity rates for Honduran households continued to rise, by nearly 60% between 2016 and 2021.⁵¹

2.5 Expanding investment: private sector financing and “risk reduction” in the face of community opposition.

In another echo of the 1990s (i.e. via an agreement with the IMF and subsequent approval of the legal framework by Congress) international development banks began injecting capital in 2014 into private sector actors with solar energy concessions, mainly in southern Honduras, through loans and equity investments. This financing took place despite well-known concerns about irregularities and investment “risks,” one such risk being public opposition to large-scale development projects that are imposed without the participation or support of the local affected communities.

Development banks have a growing role in promoting private sector investment in renewable energy in developing countries, and a central function of development bank financing for renewable projects is to help the private sector “reduce the risk” of its investments. They use their large lending budgets to structure loans in the form of guarantees, equity investments, and grants using public money (foreign aid, pensions, etc.) from wealthy countries, in a neoliberal practice known as “blended finance”. This is an important way to finance the neoliberal transition to renewable energy, which requires large capital investments. It goes hand in hand with the financialization of development and the increasingly important role of private equity funds, investment companies, and non-bank institutions that thrive economically thanks to the profitable (private) renewable energy sector. The state also plays its role in risk reduction: the solar energy incentives approved by the Honduran Congress is one way it does this; another is the inclusion

49 National Anti-Corruption Council (CNA). The CNA reports that by contracting EEH, ENEE increased its debt to more than 82 billion lempiras (Sept 1, 2021) <https://www.cna.hn/el-cna-denuncia-que-con-la-contratacion-de-eeh-la-enee-aumento-su-deuda-a-mas-de-82000-millones-de-lempiras/>

50 El Heraldo (Dec 8, 2020). ‘ENEE debt increases to L 70.854 billion’ <https://www.elheraldo.hn/economia/se-incrementa-a-l-70854-millones-deuda-de-la-enee-KAEH1400587>

51 La Prensa (June 4, 2021). ‘Residential rates rose between 30% and 66% in five years in Honduras’ <https://www.laprensa.hn/economia/tarifa-residencial-ha-subido-entre-30-y-66-en-cinco-anos-en-honduras-energia-electrica-OYLP1468547>

of investor-state dispute settlement (ISDS) clauses in investment treaties and the Law for the Promotion and Protection of Investments and contracts, which allow private companies to file arbitration claims against the state if their investments are threatened – for example, by local community opposition or changes in political circumstances.

In 2014 and 2015, while the ENEE was being restructured and split into three separate private entities, international financial institutions announced funding for more than 20 projects spread across the departments of Valle and Choluteca in southern Honduras. The online solar energy publication *PV Magazine* marveled at the “breakneck pace” of solar investment in Honduras when the World Bank Group announced more than \$140 million in investments for three solar energy projects (Pacífico, Choluteca I, and Choluteca II), developed by the US company SunEdison in 2015.⁵² The World Bank’s Multilateral Investment Guarantee Agency (MIGA) provided a \$56.7 million guarantee, while the World Bank’s International Finance Corporation (IFC) offered an \$86 million loan. The project also received support from the Central American Bank for Economic Integration (BCIE by its initials in Spanish) and other banks. In a press release announcing the investments, Gabriel Goldschmidt, Director of Infrastructure in Latin America and the Caribbean, reiterated the IFC’s commitment to renewable energy and private sector participation: “Renewable energy is a priority for the IFC in Central America. We focus on pioneering projects that... attract additional private financing and encourage key policy reforms. By helping Honduras develop its solar resources, we are demonstrating our commitment to this critical sector...”.⁵³ Of course, there is no mention that the IFC, like SunEdison, stands to reap huge profits from the investments.

52 PV Magazine (June 19, 2015). ‘World Bank supports 80 MW solar installations in Honduras with guarantees?’ https://www.pv-magazine.com/2015/06/19/world-bank-supports-80-mw-solar-installations-in-honduras-with-guarantees%E2%80%A8_100019888/

53 ENF Solar, (Dec 16, 2014). ‘SunEdison Closes \$146 Million to Develop 81.7MW of Solar Project in Honduras’ <https://es.enfsolar.com/news/8055/sunedison-closes-146-million-to-develop-81-7mw-of-solar-project-in-honduras>

Name	Dept.	Stage of operation	Subsidiary	Parent company	Capacity (MW)	Financing
Valle Solar	Valle	In operation	IRESA / COHESSA	Larach Business Group	50	World Bank International Finance Corporation (IFC) (30 M USD); Development Bank of Austria (OeEB) (25 M USD); Finnish Fund for Industrial Cooperation (FINNFUND) (14 M USD); OIK REDIT
La Manzanilla	Choluteca	In planning stages	Energys Honduras S.A.		15	Interamerican Corporation for Infrastructure Financing (CIFI) & Honduran Commercial Financing Bank (Banco Financiera Comercial Hondureña S.A.)
Granja Solar Pacifico I	Choluteca	In operation	Sistemas Solares Fotovoltaico S.A. (FOTERSA)	SunEdison	20	World Bank; Central American Bank for Economic Integration (BCIE) (45 M USD together with Choluteca I & II)
Choluteca Solar I	Choluteca	In operation	Soluciones Energéticas Renovables S.A. de C.V. (SERSA)	SunEdison / Corporación Multi Inversiones (CMI)	20	World Bank Multilateral Investment Guarantee Agency (MIGA) (56.3 M USD); BCIE (45 M USD together with Choluteca I & II)
Choluteca Solar II	Choluteca	In operation	Soluciones Energéticas Renovables S.A. de C.V. (SERSA)	SunEdison / Corporación Multi Inversiones (CMI)	30	World Bank; BCIE (45 M USD together with Choluteca I & II); OPEC Fund for International Development (OFID) (15 M USD)
Helios	Choluteca	In operation	Mecanismos de Energía Renovables, S.A. de C.V. (MECER)	Grupo Terra	25	World Bank; Dutch Entrepreneurial Development Bank (FMO) (16 M USD); French Development Finance Institution (PROPARCO) (14 M USD); OFID (1.1 M USD)
El Caguano / Aura Solar II	Choluteca	In operation	Energía Cinco Estrellas, S.A. de C.V. (ECSA)	ECSA SA de CV	50	World Bank IFC (25 M USD); German Investment and Development Company (DEG) (24 M USD)
Nacaome I	Valle	In operation	Pacific Solar Energy S.A. de C.V.	Upower Inc	50	World Bank IFC (62.5 M USD); BCIE (45 M USD); FMO (29.2 M USD); OFID (15 M USD); DEG (20 M USD)
Nacaome II - Agua Fría	Valle	In operation	PRODERSSA / Scatec	Upower Inc	49.9	Norfund (227 M NOK)
Energías Solares (Prados Sur)	Choluteca	In operation	Energías Solares S.A.	Scatec Solar	6.25	BCIE (40 M USD); Nordic Green Bank (NEFCO) (18 M USD); Scatec/Norfund (42 M USD)
Los Prados (Prados Norte)	Choluteca	In planning stages	Fotovoltaica Los Prados	Scatec Solar	10	BCIE (40 M USD); NEFCO (18 M USD); Scatec/Norfund (42 M USD)
Los Ángeles Fotovoltaica	Choluteca	In planning stages	Energías Solo Sol, S.A.	Scatec Solar	11.25	BCIE (40 M USD); NEFCO (18 M USD); Scatec/Norfund (42 M USD)
Generaciones Eléctricas (Prados Sur)	Choluteca	In operation	Generaciones Energéticas S.A.	Scatec Solar	11.25	BCIE (40 M USD); NEFCO (18 M USD); Scatec/Norfund (42 M USD)
Sureña (Prados Sur)	Choluteca	In operation	Fotovoltaica Sureña, S.A.	Scatec Solar	11.25	BCIE (40 M USD); NEFCO (18 M USD); Scatec/Norfund (42 M USD)
Foto Sol (Prados Norte)	Choluteca	In planning stages	Foto Sol S.A.	Scatec Solar	5	BCIE (40 M USD); NEFCO (18 M USD); Scatec/Norfund (42 M USD)

Solar projects where financing from international development banks has been identified. Source: GeoComunes

2.6 Involvement of Norwegian financial institutions in Los Prados and Agua Fría

Other important actors in the solar power sector in southern Honduras are Norfund, the Norwegian development finance institution owned by the Norwegian Ministry of Foreign Affairs, and KLP Norfund Investments, an investment company jointly financed by Norfund Investment Fund and KLP, Norway's largest pension fund. In 2015, Norfund announced a capital investment of NOK 58.5 million (US\$5.87 million) in the Los Prados project in Namasigüe, Choluteca, run by the Norwegian company Scatec and KLP Norfund Investments. Norfund also committed 30% of the total capital investment in another solar project known as Agua Fría in Valle, in support of Scatec and the Honduran company, Production of Solar Energy and Other Renewables S.A. de C.V. (PRODERSSA by its Spanish acronym) owned by David Castillo.⁵⁴ Castillo has now been sentenced to more than 25 years in prison for his involvement in the murder of indigenous activist Berta Cáceres and for his role in the corrupt procurement of power generation contracts.⁵⁵

As a development bank, Norfund prides itself on investing in renewable energy and states on its website that “investments in reliable and affordable renewable energy are critical to driving productivity growth, reducing energy costs for businesses, expanding access to underserved populations, and avoiding greenhouse gas emissions. Scalable renewable energy solutions are essential to achieving a carbon-neutral economy.”⁵⁶ Norfund and Scatec continue to sidestep the issue of widespread local community opposition to Los Prados, which has led to legal proceedings against opposition leaders and at least two murders related to the social conflict generated by the project (see section 3). Since 2023, two ISDS claims worth \$400 million have also been filed against the Honduran government in the context of contract renegotiation under the new 2022 Electricity Law – claims which were discontinued in October 2025 after that renegotiation had taken place.⁵⁷

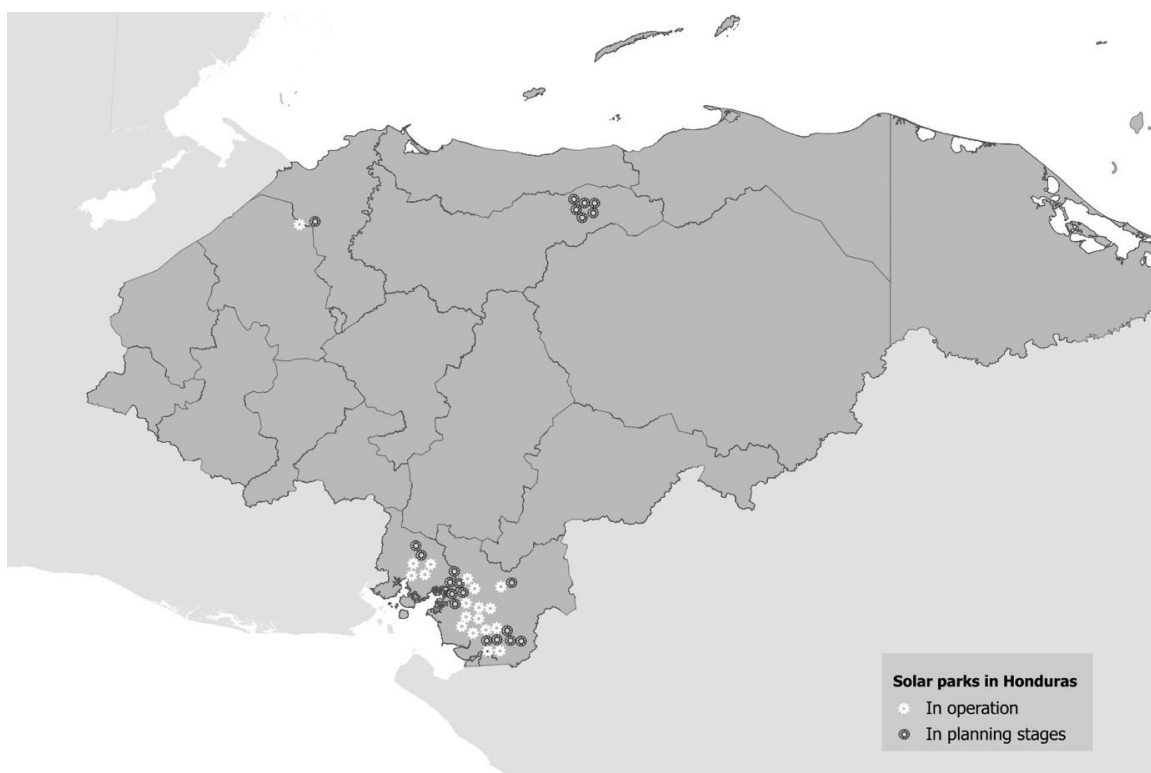
54 Scatec (Oct 28, 2015). ‘Scatec Solar secures a 53 MW solar project in Honduras’ <https://www.scatec.com/en/scatec-solar-secures-a-53-mw-solar-project-in-honduras/>

55 Criterio.hn. (Nov 15, 2024). ‘Roberto David Castillo sentenced to another five years in prison for fraud involving the Gualcarque’ <https://criterio.hn/roberto-david-castillo-sentenciado-a-otros-cinco-anos-de-prision-por-fraude-sobre-el-gualcarque/>; GIEI (2026). Informe sobre el asesinato de la defensora de derechos humanos Berta Cáceres, delitos conexos y medidas de reparación integral. <https://www.law.berkeley.edu/experiential/clinics/human-rights-clinic/projects-and-cases/featured-reports-and-projects/the-giei-honduras-report-on-the-murder-of-bertha-caceres/>

56 Norfund. (undated). <https://www.norfund.no/renewable-energy/>

57 International Centre for Settlement of Investment Disputes (ICSID), Case Details: Norfund and KLP Norfund Investments AS v. Republic of Honduras (ICSID Case No. ARB/23/13), <https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/23/13>, accessed December 8, 2026. ICSID, Case Details: Scatec ASA v. Republic of Honduras (ICSID Case No. ARB/23/12), <https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/23/12>, accessed December 8, 2026.

Overall, financial and development institutions have played a key role in the joint attack on public investment and energy sector policies in Honduras, while opening up the market to private sector investment and profits in the name of the transition to renewable energy. Despite supposed commitments to accountability, poverty reduction, and environmental sustainability, projects such as Los Prados have been rejected by Honduran communities that bear the harms, damages, and costs of these investments, which are far from sustainable and seek to line the pockets of private companies and international banks.

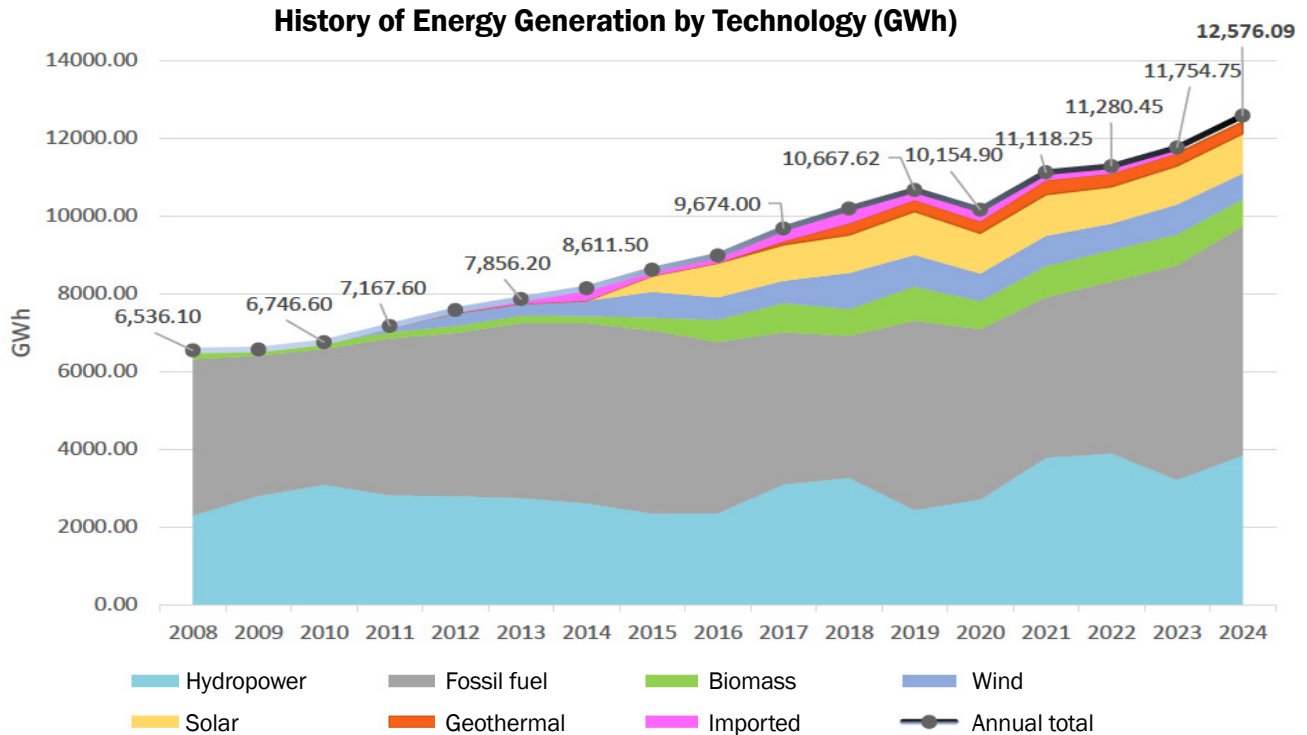


Solar power plants in operation or in the planning stage in the departments of Choluteca, Valle, Santa Bárbara, Cortés, and Yoro. Source: GeoComunes

2.7 Climate or business?

It is important to ask: who benefits from solar power plants in Honduras? And what are they used for? We have clearly seen that the way the solar boom was structured resulted above all in a corporate-friendly business model: private rents protected by long-term contracts while risks

were borne publicly by the ENEE and affected communities. Furthermore, the expansion did not lead to a planned withdrawal of fossil fuel power plants, as can be seen in the following graph, nor did it lead to the democratization of access; on the contrary, it left service gaps and an unsustainable burden on the public purse.



Graph showing the increase in electricity generation between 2008-2024 in Honduras from renewable sources while maintaining a strong base of fossil fuel-based power. Source: IEASEN⁵⁸

In summary, the Honduran solar corridor integrates markets for private companies, but fragments rights for the general population – and especially the communities most directly affected by these projects, as we will see in more detail in the following section. In other words, there may be more “green” megawatts on the grid, but no energy justice.

58 Secretariat of Energy (SEN) (2024). ‘General Directorate of Electricity and Markets, Annual Statistical Report of the National Electricity Sub-sector (IEASEN) (p.40) <https://sen.hn/wp-content/uploads/2025/08/IEASEN-2024.pdf>

As stated in the manifesto of the meeting “Without Human Rights There is No Energy Sovereignty”:

“There can be no just energy transition with the depletion of territories and the suffering of our communities. Energy sovereignty requires more than a change in energy sources; it demands the democratization of energy decisions and the development of a model of energy generation and distribution based on economic equality and guarantee of the economic, social, cultural, and environmental rights of communities. Without human rights, there is no energy sovereignty!”⁵⁹

The case of Honduras shows us that the corporate energy transition not only responds to a process that has been underway in the country since the 1990s, but that it has clearly identified rich winners and poor losers, as the next section will detail.

59 IPS, TNI, TerraJusta, HSN, MASSVida, RADDH, Caritas Choluteca (2025). “Pronunciamiento de las comunidades afectadas por proyectos energéticos del Sur de Honduras y las organizaciones convocadas por el Encuentro: “Sin Derechos Humanos, no hay soberanía energética.” https://terra-justa.org/dc_2017/wp-content/uploads/2025/07/DECLARATORIA-Foro-Encuentro-Choluteca-16jul25-1.pdf

3. How solar parks harm and dispossess communities in Honduras

The departments of Choluteca and Valle in southern Honduras are impoverished regions. Shortly before the installation of the solar parks, 47.9% of families in Choluteca were living in food insecurity,⁶⁰ and the development of these projects has not been accompanied by a comprehensive policy that benefits local populations. Stable employment opportunities have not materialized, and nor have other social or economic improvements – indeed communities local to the new solar parks have suffered negative impacts.

At the end of 2020 the International Renewable Energy Agency (IRENA) revealed that more than 10% of the Honduran population did not have access to electricity, and less than half of Hondurans use modern energy sources for cooking.⁶¹ Even in 2026, power outages are a constant occurrence in the department of Choluteca. The National Dispatch Center’s social media accounts report on emergency works taking place which, depending on the area, can lead to service interruptions of four hours a day.

The following sections illustrate how the controversial boom in solar power in Honduras has harmed affected communities, starting with evidence of irregularities and corruption during contract approval, as well as conflict and repression during installation with emphasis on the Los Prados project, owned by Scatec, Norfund, and KLP Norfund Investments in the municipality of Namasigüe, Choluteca. It also documents the social and environmental costs from these projects that community members identify based on testimonies gathered during the forum ‘Without Human Rights There is No Energy Sovereignty’ in July 2025.



It also documents the social and environmental costs from these projects that community members identify based on testimonies gathered during the forum ‘Without Human Rights There is No Energy Sovereignty’ in July 2025.

*Discussion Panel, Without Human Rights There is no Energy Sovereignty, July 16, 2025, Choluteca, Honduras.
Credit: Criterio.hn*

60 El Heraldo (2013). ‘La pobreza golpea municipios de Choluteca’ <https://www.elheraldo.hn/honduras/la-pobreza-golpea-municipios-de-choluteca-HKEH612533#image-1>

61 Evaluación de la situación para el desarrollo de las energías renovables Honduras (2023) https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2023/Nov/IRENA_RRA_Honduras_2023_ES.pdf

3.1 Irregularities and corruption surrounding the Los Prados project

The arrival of the Los Prados project in the villages of San Jerónimo and San Bernardo in the municipality of Namasigüe was, from the outset, marked by corruption and irregularities.

The environmental permits and contracts for the operation and supply of energy for Los Prados were awarded between late 2013 and early 2014 to a conglomerate of nine commercial companies controlled by Liana María Bueso Majano and Jim Eloy Muñoz Gómez. These individuals had no previous experience in renewable energy generation; rather, they were taking advantage of the opportunity to enrich themselves from this new and growing market.

Bueso Majano had political aspirations and links to various corrupt entities during the narcotyranny. From 2010 to 2012 she was employed by the government infrastructure and transportation institution formerly known as SOPTRAVI, which was later dismantled for its involvement in awarding government contracts to the Los Cachiros cartel to launder drug trafficking money. Bueso Majano was also the legal representative of Parque Joya Grande zoo, owned by Los Cachiros until it was confiscated when the cartel was designated a drug trafficking organization by the U.S. Office of Foreign Assets Control (OFAC).⁶² She was also a congressional candidate for the National Party in the 2012 elections.⁶³ Muñoz Gómez is a partner in several companies in San Pedro Sula in sectors such as used clothing, jewelry, and poultry and meat.⁶⁴

Of the nine companies that make up the Los Prados project, five obtained an environmental license on December 9, 2013.⁶⁵ A month later, the Ministry of Energy and Natural Resources (SERNA) signed operating contracts for all nine companies, and ENEE signed supply contracts for each of them within the same week.⁶⁶ All of these contracts were approved during the controversial “legislative diarrhea” session of January 20, 2014.

62 Perdomo, M. (Dec 12, 2024). ‘How predatory energy developers harassed Honduras’ <https://fpif.org/how-predatory-energy-developers-harassed-honduras/>

63 Institute for Policy Studies et al. (2024). ‘Mafia Investments’

64 Association for a More Just Society. (Nov 21, 2018). ‘Investigation 1: Quemados, the big business of electricity’ https://revistazo.com/docs/Investigacion_Quemados.pdf

65 Larios, M.V. & Vallejo, C.E. (May 25, 2024). (a) Consultancy for the Preparation of an Analysis Study on Environmental Licenses for the “Los Prados Photovoltaic Megaproject Case”.

66 Larios, M.V. & Vallejo, C.E. (May 25, 2024). (b) Consultancy for the Preparation of an Analysis on the Legality of the Operation and Supply Contracts of the “Los Prados Photovoltaic Megaproject Case”.

It is important to note that environmental permits for Los Prados were handed out piecemeal, evidently to reduce environmental oversight requirements. Under Honduran environmental regulations, energy projects and their level of environmental and health risk are categorized according to size. Projects up to 3 megawatts are in Category 1, the lowest risk, while projects over 30 megawatts are in Category 4, the highest risk. Los Prados has a total capacity of 75.25 megawatts. However, the electricity generation potential was divided among the nine companies involved, meaning none would exceed 12.25 MW. This enabled the environmental permits to be reviewed under Category 2: “projects with low potential environmental impact or environmental risk”.

For projects under Category 2, no Environmental Impact Study is required, although there are mitigation measures to be complied with in each phase of operation. Five of the Los Prados companies obtained environmental licenses in this way; the other four do not have environmental licenses, although they did obtain operating and energy supply contracts. SERNA’s express approval of environmental permits and operating contracts — in the middle of the end-of-year holiday season — meant that it could not have had the time to conduct the necessary field review of the 145.61 hectare project in the municipality of Namasigue, that would affect five hamlets in the villages of San Jeronimo and San Bernardo according to the project’s terms of reference.



Public meeting to share results from legal analysis of Los Prados contracts, 2024. Credit: RADDH

In 2015, the Norwegian companies Scatec Solar, Norfund, and KLP Norfund Investments bought up the shares of the original partners of the nine companies. Then, without consulting the local community, the municipal government extended the respective permits for construction. The Los Prados contracts are notably light regarding obligations to inform affected communities or respect their self-determination. A legal analysis of these contracts highlights that the socialization requested is weak, mandating information sharing to take place on a “by farm” basis, rather than “by community made up of people who could benefit or be harmed by the projects.”⁶⁷ The analysis states that this “can be considered a human rights violation.”⁶⁸ The contracts also lack any reference to the role of municipalities in terms of citizen participation processes, such as referendums or open town hall meetings (known as “cabildo abierto” in Honduras).⁶⁹

These irregularities mean that the process by which Los Prados was presented to the local communities was marked by deception. Félix Pastrana, from a local radio station in Namasigüe, denounced “the strategy of the country’s rulers” as one of “manipulat[ing] information to confuse the communities...first they said the project was going to be a melon farm, then a sugar cane company.”⁷⁰



Community discussions in Prados 1, 2021. Credit: MASSVida

As a result, when work began on Los Prados, and the companies “[arrived] as if they were the leaders of the communities, imposing their interests,” according to local leader Leonardo Amador, the community rose up to reject the project. Resistance persists to this day. Further, in 2020, the communities, MASSVida and the Network of Women Human Rights Defense Lawyers (RADDH by their initials in Spanish) filed 33 complaints against public officials for irregularities in

the approval of the contracts for Los Prados with the Special Unit Against Corruption Networks

67 Larios, M.V. & Vallejo, C.E. (a) (2024).

68 Larios, M.V. & Vallejo, C.E. (a) (2024).

69 Larios, M.V. & Vallejo, C.E. (b) (2024).

70 Ortega, J.S. & Saiz, M. in El País (June 30, 2021). ‘When solar energy is not so clean’ <https://elpais.com/planeta-futuro/2021-07-01/cuando-la-energia-solar-no-es-tan-limpia.html>

(UFERCO by its initials in Spanish) in the Public Prosecutor's Office. To date, these complaints have not moved forward.



Nine solar parks in Choluteca that taken together make up the Los Prados project owned by Norwegian investors Scatec, Norfund and KLP Norfund Investments. On paper, three of the nine projects are reportedly generating electricity (Fotovoltaica Sureña, Generaciones Energéticas and Energías Solares). Despite reports that it is in operation, no solar park has been built where Energías Solares is officially located, presumably because of community opposition to the project. In contrast, solar parks have been installed where Los Ángeles Fotovoltaica and Energías Solo Sol are located, despite these lacking contracts or evidence of producing electricity.

3.2 Resistance from the Los Prados and Costa Azul communities

When bulldozers began to raze the centuries-old forests with an abundance of jícaro trees in the last days of December 2015, the local communities reacted. On January 4, 2016, residents of Los Prados 1 and 2 stopped nine Caterpillar machines in their tracks. They took the keys from the operators and set up the first resistance camp against solar projects in southern Honduras. Only part of the project was installed; popular pressure has made it impossible to get the rest up and running, representing an important victory for community resistance.

“When the companies began to level the land, uprooting trees and destroying water sources, the communities rose up in protest and stopped the machinery. They had been working during the last days of December. And on January 4, which was a Monday, all the communities, Prado 1 and Prado 2, came together. We stopped the machinery and did not let them work.”

– Leonardo Amador, Los Prados 1, Namasigüe

Community resistance halted six out of the nine planned Los Prados contracts. A citizen consultation in November 2019 showed 97% of voters in the municipality of Namasigüe opposed the implementation of solar energy and mining projects. Of 15,000 people registered to vote, 11,992 voted, with 11,673 saying “no”.⁷¹ The results were taken to eight self-convened open town hall meetings, and the municipality was forced to declare itself “free of photovoltaics and mining,” although this declaration came too late for the community of Costa Azul, where the project was already operating.

“The community managed to stop six photovoltaic projects; only three were built. What the people of Namasigüe did was consult themselves...yes, because the authorities did not want to consult, and it was a tremendous struggle between civil society and representatives of the municipality to get [the community’s wishes] recognized.”

– Participant in the July meeting from the area affected by Los Prados

⁷¹ Padilla, E. (Nov 18, 2019). ‘97% of Namasigüe population says NO to mining and photovoltaic projects’ <https://criterio.hn/97-de-la-poblacion-de-namasigue-dice-no-a-la-mineria-y-fotovoltaicas/>

community cannot let its guard down however: the operating contracts granted by SERNA last for fifty years from the start of commercial operations, while the supply contracts the ENEE signed in 2014 are valid for twenty years.⁷²

“People believe that the problem has disappeared because the project has not been implemented. But the companies have the permits. They can come at any time. If it has not been done, if it has not been implemented, it is because of resistance.”

– Leonardo Amador

3.3 Criminalization persists

The response from the state and the companies involved in Los Prados was swift. At least 59 people have been criminalized for opposing the solar project and defending their forests, their water, and their quality of life. The Pastrana family has become a symbol of this persecution: Doña Anselma Escobar, her husband Don Erasmo Pastrana, and six of their children have been accused of coercion and threats against Scatec Solar and criminalized as a result.

The company filed three successive criminal complaints against the protesters, and on several occasions deployed up to 500 police and military personnel to try to evict the resistance camps. In March 2018, a violent eviction took place in which the women who remained in the camp prayed on their knees while surrounded by law enforcement. Ten people remain criminalized at the time of writing and have had to travel weekly (now monthly) to Choluteca to comply with the conditions for their judicial release on bail pending trial and to show they have not left the country. This entails a journey of several hours incurring expenses that many families cannot afford.

“Eight years of signing in, at first every eight days, and it was out of our own pockets that we paid the costs of going to the city to sign. Through the Network of Women [Human Rights Defense] Lawyers and various institutions that helped us, we have managed to get it down to signing every month.”

– Member of the Pastrana family during visit to Costa Azul, Namasigüe as part of the July 2025 meeting

72 Larios, M.V. & Vallejo, C.E. (b) (2024).



Mural of repression and resistance against Los Prados. Credit: RADDH

These processes incur not only economic costs for families, but also significant emotional and psychological strain, including a constant reminder as human rights defenders that the repressive state considers them to be criminals. Persecution has weakened the organizational capacity of communities, fragmenting resistance movements and generating fear among potential community leaders who could face reprisals for defending territorial and environmental rights.

Some of the most visible leaders of the resistance were subject to systematic threats that forced them into exile. Félix Pastrana ran a community radio station, Estéreo Namasigüe, where the inhabitants of the nine villages in the municipality could learn about project concessions as part of the local strategy to defend natural resources. Jenny Karina Aguilar Alvares was the spokesperson for the movement. She was well educated and became a key figure, traveling to Geneva to denounce the case internationally. But the repression intensified: they were constantly

followed, threatened, and harassed. Jenny had to emigrate with her young son after receiving threats, and Félix also had to leave the country. Several members of the Pastrana family are currently abroad, displaced by the violence associated with defending their land.



Jenny Karina Aguilar. Credit: RADDH

The most serious case was the murder of Reynaldo Reyes Moreno, who had initially been involved in the struggle but later switched to supporting the companies. He was murdered in the community of La Cuchilla.

Women leaders face specific forms of persecution, including stigmatization campaigns that seek to delegitimize their participation in resistance processes. This gender-based violence adds to the general threats against human rights defenders in the region.



The late Doña Medarda Hernandez. Credit: MASSVida

The United Nations Special Rapporteur on the situation of human rights defenders, Michel Forst, made an official visit to Honduras in April 2018. He identified the widespread practice of criminalizing defenders for their work, especially those who exercise their rights to protest and freedom of expression. Forst lamented that stigmatization by senior officials and the media delegitimizes protests by casting them as “anti-national” or “criminal”.⁷³

73 End of Mission Statement Michel Forst, United Nations Special Rapporteur on Human Rights Defenders, visit to Honduras from April 29 to May 12 (2018) <https://www.ohchr.org/es/statements/2018/05/end-mission-statement-michel-forst-united-nations-special-rapporteur-situation>

Chronology of Conflict: Los Prados Solar Park, Namasigüe

December 2013: Five environmental licenses are awarded for the Los Prados solar energy project, controlled at the time by Hondurans Liana María Bueso Majano and Jim Eloy Muñoz Gómez.

January 2014: During the notorious “legislative diarrhea” Congressional session, nine operating contracts lasting 50 years, and energy supply contracts lasting 20 years, were approved for the Los Prados project.

2015: Scatec Solar, Norfund, and KLP Norfund Investments purchase the Los Prados project.

January 2016: First resistance camp set up in Los Prados No. 1 following the arrival of deforestation machinery. Some months later a second camp was established in Rancherías.⁷⁴

September 2017: Energía Solares S.A., one of the conglomerate companies involved in Los Prados, deploys private armed guards to violently confront people at the Rancherías camp. Systematic persecution and criminalization of community leaders begins.

September 2017: Scatec accuses 14 community leaders of coercion, damages and threats.

December 2017: Scatec accuses another 39 community leaders of coercion, damages and threats.

March 2018: Eviction of the Rancherías camp by military, police, and private security intervention. Three days after eviction, residents reestablish the camp.⁷⁵

August 2018: The municipal authorities of Namasigüe create the Community Development Committee, dividing communities through the offer of basic support, such as construction materials and community water systems.⁷⁶ Harassment intensifies: use of drones, vehicle pursuits, and death threats.

74 Conexihon. (Mar 6, 2018). ‘Chronicle of dispossession, photovoltaic “Los Prados, Part Two”’ <http://www.conexihon.hn/index.php/investigaciones/593-cronica-del-despojo-fotovoltaica-los-prados-segunda-parte>

75 <https://reddeabogadas.hn/2020/11/14/despojo-de-la-tierra-y-defensa-de-los-bienes-comunes-en-el-sur-de-honduras/>

76 Criterio.hn (Nov 30, 2018). ‘What lies behind the murder of the community leader of Los Prados, Namasigüe’ <https://criterio.hn/que-se-esconde-detras-del-asesinato-del-lider-comunitario-de-los-prados-namasigüe/>

September/October 2018: Self-consultation: communities hold eight open sectoral councils, declaring the municipality free of photovoltaic energy, mining, and ZEDEs. Environmental impacts become evident: despite entering autumn, temperatures reach 38-39 °C.⁷⁷

November 2018: Murder of Reynaldo Reyes Moreno in La Cuchilla.

January 2019: Scatec accuses another 8 community leaders of coercion, damages and threats. A total of 59 persons have been charged since this time with measures requiring them to sign in periodically at the courthouse, with two people being named twice in three separate accusations from 2017 to 2019.

November 2020: RADDH, MASSVida and community members file 33 complaints against public officials over abuse of authority and fraud with the Special Office for Investigation Against Corruption Networks (UFERCO).

October 2022: National Congress approved the Electricity Law promoted by the Government of Xiomara Castro, which aims to rescue the National Electrical Energy Company (ENEE) and renegotiate the terms of contracts for electricity generation with private companies, seeking to improve the rates at which the state purchases electricity from them.

April 2023: Norwegian companies file two arbitration suits in ICSID against the Honduran state for US\$200 million each.

February 2024: The administration of President Xiomara Castro announces the state's withdrawal from the ICSID convention, effective within six months.

October 2025: After renegotiating their contracts, the Norwegian companies withdraw their lawsuits against the State. Concerns remain as to whether the renegotiation includes the expansion of the Los Prados project.

January 2026: Nasry Asfura, on his first day as president, writes to ICSID to communicate his government's intention to sign Honduras back onto the ICSID convention.

77 Criterio, op cit.

March 2026: On March 6, President Nasry Asfura signs the ICSID convention.⁷⁸

To date: Scatec continues to criminalize ten people, accused of coercion. They continue to sign into court every month until the trial takes place.



Lawyers accompany criminalized community members. Credit: RADDH

⁷⁸ ICSID. (Mar 6, 2026). 'Honduras signs the ICSID convention' <https://icsid.worldbank.org/news-and-events/news-releases/honduras-signs-icsid-convention>

3.4 Social and environmental impacts of solar parks in the south

People from approximately twenty communities – affected by eleven solar parks in operation in southern Honduras – came together for the July 2025 meeting “Without Human Rights There Is No Energy Sovereignty”. This was an important space for dialogue about the impacts they have experienced from solar projects imposed in the region since 2014. It is important to note that, in



“Without Human Rights There Is No Energy Sovereignty” meeting, July 2025. Credit: Criterio.hn

addition to solar farms, southern Honduras has been the site of various other extractive activities over the years, including monoculture plantations of melons, watermelons, okra, and sugarcane, as well as shrimp farms. The impacts from solar parks are therefore likely adding to other cumulative impacts from activities which require intensive use of land and water, and the application of toxic chemicals.

Below we summarize the impacts identified by community members during and after the installation of solar parks, based on testimonies collected during the three-day meeting.

The myth of progress and development

Solar parks in Honduras largely benefit local and business elites while allowing local communities to bear the brunt of costs. Energy supply contracts grant companies generous tax incentives and exemptions, creating a system where public resources subsidize private profits without proportional returns for affected communities. Community members see private landowners as the main beneficiaries, gaining from the sale or rent of their land or the provision of machinery services. In some cases, these are individuals with local political power or links to criminal groups.

“They generate development to fill the pockets of those who already have the means, not for those of us who need them.”

– Member of the community of El Carrizo, Choluteca

The companies involved in the solar boom promised massive job creation and local economic development, but the reality has been quite different:

“When they started, the municipality arrived [...] and said that we had to sign because they were going to install solar plants that would generate employment and development for our communities [...] they painted a rosy picture for the previous community councils who then signed on, but the project had already been started anyway.”

– Jorge Manzanares, El Carrizo

“They offered us many things, they sang to us very prettily in order to build these solar plants, and now none of those beautiful promises have come true.”

– Member of the community of El Carrizo, Choluteca

After the projects were approved by Congress and agreed with local mayors, some communities fought to obtain some minimal agreements. These agreements between companies and elected community councils established annual social investment commitments ranging from 150,000 to 200,000 lempiras (about \$6,000 to \$7,000). However, despite representing relatively small financial contributions for the companies, these commitments have not always been fulfilled, and communities have had to fight to ensure they are met. The few projects that have been carried out consisted of minor repairs to sports or educational infrastructure, insufficient to compensate for the damage caused. Some promised projects have never been carried out.

“Well, you’ve seen the state of our roads, they’re in very poor condition, and we’ve been fighting for years for a bridge over our ravine. When it rains heavily, we can’t get through.”

– Member of the community of El Carrizo, Choluteca

The jobs that have been created are minimal and temporary, concentrated mainly in the construction phase of the solar parks. After installation, there might be 3 to 20 jobs available for local people, as security guards.

“Some leaders told them that there would be work, that there would be jobs, that the community would develop and that it would have everything. In other words, it would be lifted out of poverty. And really, all of that is a lie, because the project only kept employees for six months. The Los Prados photovoltaic project is only keeping six people employed, who are the people who work in security.”

– Participant in the July meeting from the area affected by Los Prados



Solar Panels, Agua Fría, Nacaome, Honduras - Criterio.hn

Companies have also used offers of money and the creation of parallel community councils to further fragment local organizing and weaken capacity for a collective response to negative impacts. As a member of MASSVida described: “A parallel council is set up that is aligned with the company or the municipality, and in the end, polarization or community division ensues.” Companies also “sweetened” the ears of social leaders, using offers of money and small projects, such as community water systems, to secure support for their operations.

Land use changes and destruction of livelihoods

The enclosure of productive areas

The installation of solar parks represents a massive shift in land use for affected communities. The changes in land use tend to favor private landowners, people with or close to political power, or those with connections to illicit activities.

The corporate narrative framed the land used for photovoltaic parks in southern Honduras as “an area without any natural or scenic value (where) the massive installation of panels will have no environmental impact and will not require any expenditure on integration into the environment.”⁷⁹

Even where these lands were privately owned there were several instances of communities having previously accessed them to carry out agricultural activities such as harvesting fruit from jícaro trees, accessing water, and artisanal fishing. With the change of land use these activities were restricted or lost.

“The land that we had access to was not ours, but we had the freedom to enter, harvest our produce, and thus support our families.”

– Member of the community El Carrizo

“It was a public stream. [...] Back then, that stream was full of fish. Now you can’t catch anything. We have no access.”

– Darwin Pineda, member of MASSVida

“They made a large lagoon about 50 acres in size and closed off the stream, which was a source of running water. So, further down from Los Prados, those people don’t have water today because the stream is closed off.”

– Darwin Pineda

79 European Investment Bank (EIB) (2014). ‘Choluteca Solar II Environmental Impact Study - Executive Summary’ <https://www.eib.org/attachments/registers/57602009.pdf>

The conversion of agricultural land into industrial solar facilities has reconfigured the local economy. It is a process that expels subsistence farmer populations from their means of production and reproduction and produces a double precarity: on the one hand, sources of income linked to agricultural production and fishing are lost, while on the other, basic daily living costs increase.

Deforestation

The destruction of natural habitats is the most visible and serious environmental impact of these projects, with severe implications for the rural economy of the area. Quality of life is also significantly affected by the loss of shade provided by trees in one of the hottest regions of the country. Testimonies refer to the elimination of entire forests:

“It was a dense mountain of 100-year-old trees [...] And when these companies arrived, they uprooted all these trees from here. Massive deforestation.”

– Participant in the July meeting from the area affected by Los Prados

“How were we before, here in the community? [...] We were a forested community, rich in jícaro trees, trees that served as a business for us to generate money and bring food to our community.”

– Member of the community El Carrizo, Choluteca

“So, before, the jicaritos helped us support our children, and now they don’t, because the [solar] plants don’t give us jobs.”

– Member of the community El Carrizo, Choluteca

The jícaro as cultural and natural heritage of Namasigüe



The jícaro (*Crescentia cujete*) tree grows in humid tropical biomes. It has environmental and social uses, providing both animal and human food; its fruits, leaves, and bark have multiple medicinal uses.

This tree has fundamental cultural and ecological value for the communities of Namasigüe. It is considered the “national tree of the municipality,” indicating its profound importance to local identity. Communities here develop projects related to the seeds and fruits of the jícaro, both as a source of household income and a cultural symbol.

The installation of solar parks has involved the destruction of entire forests of centuries-old jícaros, which communities denounce as deliberate disrespect for their natural and cultural heritage.

“The jícaro tree is part of our community. There was a huge plantation where those solar plants are located, there were about 200 acres of land, all covered with jícaro trees.”

– Jorge Manzanares, El Carrizo

Increased heat and health problems

Deforestation has led to increased heat in homes, as the lack of trees has removed a natural barrier to the sun’s strong rays. Those affected identify this as a source or aggravating factor for disease.

“Deforestation is harmful to us. The sun’s rays hit us directly. How many diseases have emerged? Do you believe how many kidney patients we have in our community today? That didn’t exist before.”

– Member of the community El Carrizo, Choluteca



“Without Human Rights There Is No Energy Sovereignty” meeting, July 2025. Credit: Criterio.hn

There are reports that the heat index has reached as high as 44 degrees Celsius.⁸⁰

“You will see that after a little while you won’t even want to be here because the temperature rises to about 39 degrees.”

– Member of the community El Carrizo

The health impacts of extreme heat conditions particularly affect the most vulnerable groups. Residents say that since the arrival of the solar parks there have, for the first time, been reports of children with severe problems including skin blemishes and hair loss. Meanwhile they spoke of an increase in kidney problems among adults, and more senior people struggling during the hottest hours of the day, forcing them to modify their work routines and daily schedules to adapt to the extreme heat.

80 Proceso Digital (April 5, 2025). ‘Southern Honduras exceeds 40 degrees Celsius and warns of “unhealthy” UV rays’ <https://proceso.hn/zona-sur-de-honduras-supera-los-40-grados-y-advierten-de-rayos-uv-pocos-saludables/>

“As you can see, many diseases have emerged here in our community, such as respiratory problems and kidney failure. There are children, including one of my daughters, who has a red rash on her skin that looks like an allergy.”

– Member of the community El Carrizo

This disruption represents a form of environmental violence that undermines communities’ material existence, particularly for those more vulnerable to extreme temperatures due to age or underlying health conditions.

Water crisis: Loss and contamination of water sources

The impact on water sources is another critical issue highlighted by meeting participants. In an area where access to land and water is vital for subsistence livelihoods, and fresh water is scarce, communities are reporting the total loss of historically reliable water sources.

“We had a village where there was a spring that provided us with water and never dried up. Due to global warming, the temperatures around the plant affected us greatly because our village dried up, the springs dried up, and our water supply became contaminated.”

– Jorge Manzanares, El Carrizo

“Just imagine how hot it is now. We used to have all these wells, but now there isn’t a single well with water: they’ve all dried up.”

– Marlenis Pastrana, Costa Azul

In one community, this has forced families to get up at 3 a.m. in order to collect one bucket of water per family before 8 a.m.

Participants mentioned contamination affecting some wells, making them unfit for human consumption. In one area surrounding the shrimp farms near the Los Prados solar parks in operation, the salinization of groundwater has become a problem. As one participant from the area affected by the Los Prados project commented, *“Three kilometers away, a well was drilled and salt water came out. Yes, where this impact had not been seen before, a well of salt water*

came out that was not fit for human consumption.” This could be an indicator of the cumulative impacts from megaprojects affecting the area over the years that have not been taken into account.

Chemical pollution and doubts about waste management

Chemicals are used to clean solar panels, which concerns communities worried about the contamination of their water sources.

“They wash them twice a year...and the liquid ends up flowing into the streams. There was a fish kill at the beginning of winter, in the Penguin Estuary. That’s where the wastewater ends up.”

– Participant from the area affected by the Los Prados project

“The river levels, the aquifer levels of our municipality, are very high. So, the [contaminating] liquids coming off the panels affect the aquifer. This is what is happening with Costa Azul and Guamerú. As a result, people who fish using traditional methods can no longer fish where the estuaries reach their communities, but have to go even further inland. Why? Because the waters are contaminated, so the fish don’t come.”

– Darwin Pineda, MASSVida

In addition, residents have seen backpack sprayers containing herbicides being used to kill weeds in solar parks. They are concerned about possible soil and water contamination that could affect aquatic ecosystems as well as the quality of drinking water for humans and animals. In an area where crop monocultures, such as melons, watermelons, okra, and sugarcane, already use agrochemicals, there is again the possibility of cumulative impact.

Communities note a lack of knowledge around waste management at the end of the panels’ useful life, which is approximately 25 years. Meeting participants had seen obsolete panels piled up by the dozens in sheds on the grounds of some solar parks. These panels contain hazardous substances that can become a source of heavy metal contamination if not properly managed. However, local organizations and communities are unaware of the protocols for their disposal, whether these measures are adequate, or if they are being followed.

4. The shady side of the law: Investor-state claims

Following the approval of reforms to Honduras' electricity sector in 2022, the country has faced a flood of multimillion-dollar claims from companies over measures taken to rescue the public electricity company, the ENEE. These reforms mandated the renegotiation of contracts with renewable energy companies. A legal investigation was also demanded into irregularities in the controversial public-private partnership contract with Empresa Energía Honduras (EEH) to manage electricity distribution and reduce system losses, which expired in 2023.

Between April 2023 and August 2024, seven arbitration claims were filed against Honduras at the World Bank's International Centre for Settlement of Investment Disputes (ICSID), for a total of more than \$1.6 billion. Six were filed by companies and investors involved in solar power generation, including Norway's Scatec ASA, Norfund, and KLP Norfund Investments AS; these were later discontinued in October 2025. The main investor and operator of the EEH contract, Eléctricas de Medellín Ingeniería y Servicios S.A.S., also filed a claim.

The current known total claimed by investors in these arbitration cases exceeds the estimated savings that Xiomara Castro's government expected to obtain from the renegotiation of renewable energy contracts.⁸¹ The cost of the state's legal defense alone amounts to tens of millions of dollars, given an average cost of \$4.7 million in legal fees for each arbitration case.⁸²

However, the cost of these claims goes beyond the dollar amount. The deterrent effect of international arbitration, or even threats of arbitration, severely restricts the policy space for governments considering even modest reforms.⁸³

The pressure that investors and companies have been exerting on the government through their arbitration claims may have influenced the outcome of negotiations and future decisions on renewable energy projects, threatening the government's ability to regulate the sector. In early

81 The estimated savings amount to approximately US\$1.14 billion or 30 billion lempiras. Diario Roatan (Feb 5, 2025). 'Erick Tejada celebrates approval of addenda to energy contracts as a "historic milestone" <https://diarioroatan.com/erick-tejada-celebra-aprobacion-de-adendas-a-contratos-de-energia-como-un-hito-historico/>

82 Business and Human Rights Resource Center (Sept 2021). "Corporate Rights or Human Rights? How trade and investment agreements could threaten human rights due diligence laws" https://media.business-humanrights.org/media/documents/2021_Trade_Briefing_FINAL.pdf

83 David R. Boyd (July 13, 2023). 'A/78/168: Paying Polluters: the catastrophic consequences of investor-state dispute settlement for climate and environment action and human rights' <https://www.ohchr.org/en/documents/thematic-reports/a78168-paying-polluters-catastrophic-consequences-investor-state-dispute>

2026, a new administration took office whose orientation is more akin to the government that originally approved the contracts. As a result, it will be necessary to monitor how these suits could be used by investors to reopen negotiations or reach different agreements with the government. Worse, investors could seek to expand their investment projects behind communities' backs and with disregard for the well-being of the Honduran people. Indeed, local organizations were concerned about companies using arbitration to pressure government behind closed doors to grant permission for project expansions, even before the change of administration.

The installation of solar panels against the will of the population in Los Prados has led to the criminalization of defenders and other serious harms. ISDS claims by these companies are simply an extension of such maltreatment in front of an arbitration tribunal, where communities have no voice and arbitrators have no obligation to take into consideration the risks or harms in terms of the environment or human rights.

As Denia Castillo, a lawyer with RADDH who accompanies the affected communities, explains: "The strategy of criminalizing and paralyzing community members who are defending their territories is similarly being used against the government [in the form of ISDS]."⁸⁴

4.1 Using arbitration as punishment for the Honduran people

Investor-state dispute settlement (ISDS) empowers companies to undermine democratic processes and largely ignore the will of communities and the serious social and environmental consequences that investments can cause. Affected communities have filed numerous complaints of corruption and irregularities in relation to Los Prados, but the authorities have not responded. Companies, however, can quickly invoke the ISDS mechanism to protect their interests and profit expectations, despite the various irregularities related to the approval of their contracts.

Transnational companies have this exclusive recourse to sue governments in secret tribunals through a global network of more than 2,500 bilateral or plurilateral international treaties with foreign investment protection clauses. In the case of Honduras, companies can sue under the provisions of eight bilateral investment treaties, twelve free trade agreements, contracts with

84 Spring, K, Orellana, A., Ghiotto, L, & Moore, J. (2025). 'The Sinister Side of Solar Energy in Honduras' in *NACLA* Vol. 57, No. 23 <https://www.tandfonline.com/doi/full/10.1080/10714839.2025.2542089>

companies, and a 2011 Investment Promotion and Protection Law that was passed after the 2009 coup as part of efforts to promote private investment and make Honduras a country “open for business”.

Electricity investors were the first to file claims under Honduras’ 2011 Investment Law and are also making use of a Bilateral Investment Treaty with Spain and Free Trade Agreements with the United States, Colombia, and Panama.

Investor-state arbitration claims against Honduras in the electricity sector							
Claimant	Year	Investor country of origin	Treaty invoked	Administrative institution	Case number	Outcome of claim	Total amount claimed
X-Elio Energy S.L.	2024	Spain / Canada	Honduras-Spain BIT	ICSID	ARB/24/31	Pending	US\$65 million
Victor Miguel Silhy Zacarias	2024	El Salvador	CAFTA-DR	ICSID	ARB/24/32	Pending	US\$80 million
Eléctricas de Medellín Ingeniería y Servicios S.A.S.	2024	Colombia	FTA between Colombia, El Salvador, Guatemala, and Honduras	ICSID	ARB/24/24	Pending	US\$700 million
Fernando Paiz Andrade and Anabella Schloesser de León de Paiz	2023	Guatemala	CAFTA-DR	ICSID	ARB/23/43	Pending	US\$160 million
Energy Investments and Developments, S.A.	2023	Panama	FTA between Panama and Central America	ICSID	ARB/23/40	Pending	US\$200 million
Norfund and KLP Norfund Investments AS	2023	Norway	Honduras Investment Law of 2011	ICSID	ARB/23/13	Concluded	US\$200 million
Scatec ASA	2023	Norway	Honduras Investment Law of 2011	ICSID	ARB/23/12	Concluded	US\$200 million
						Subtotal of pending claims:	US\$1.205 billion

Eight months after filing their claim against Honduras, Norwegian investors Scatec, Norfund, and KLP Norfund Investments suspended arbitration proceedings, presumably as a condition of their contract renegotiation process. Since December 2023, the proceedings have been suspended four more times, most recently from April 22, 2025 to July 16, 2025. In October 2025, it was announced that the two lawsuits had been fully withdrawn by the Norwegian companies.⁸⁵ Whatever agreement was reached with the government has not been made public and could involve the payment of incentives owed, including those arising from overpricing. Concerns remain that it could include provisions for the expansion of the Los Prados project. Any influence from ISDS lawsuits over the outcome of this agreement would be an example of what is called “the chilling effect”, but it is difficult to verify due to the lack of transparency.

4.2 Greenwashing in the corporate courts

To date, very little information has been made public about the proceedings of the seven electricity sector ISDS claims. The only publicly available information on proceedings is in the case of *Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Honduras*. The notice of intent to arbitrate and the notice of arbitration have been made public in the case of *Eléctricas de Medellín Ingeniería y Servicios S.A.S. V. Honduras*. A review of the available documentation in the Paiz case offers a glimpse into how wealthy investors use ISDS to paint Honduras as the dirty villain victimizing so-called “green” energy companies, when in fact it is the people of Honduras who will end up paying.

Fernando Andrade Paiz is a well-known figure among the Guatemalan elite, whose family amassed its fortune as owners of La Fragua, the leading supermarket chain in Central America, acquired by Walmart in 2005. Paiz is a former president of Walmart Central America, as well as an investor in luxury hotels and developer of Las Cascadas Shopping Centers in Guatemala and El Salvador,⁸⁶ among other projects.⁸⁷ His private collection of Mayan artifacts has been

85 International Centre for Settlement of Investment Disputes (ICSID), Case Details: Norfund and KLP Norfund Investments AS v. Republic of Honduras (ICSID Case No. ARB/23/13), <https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/23/13>, Accessed December 8, 2026. ICSID, Case Details: Scatec ASA v. Republic of Honduras (ICSID Case No. ARB/23/12), <https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/23/12>, Accessed December 8, 2026.

86 Gabriela Melara (March 14, 2024). ‘Lessons from an entrepreneur: Fernando Paiz’ <https://www.revistaeyn.com/empresasymanagement/lecciones-de-un-empresario-fernando-Paiz-KK18126408>

87 Gabriela Melara (March 14, 2014). ‘Fernando Paiz Andrade and his new paths: I remain active and investing’ https://www.revistaeyn.com/empresasymanagement/fernando-Paiz-andrade-y-sus-nuevos-caminos-sigo-activo-e-invirtiendolo-DK18126005#google_vignette

criticized for benefiting from Guatemala's archaeological and cultural heritage.⁸⁸ His investment in teak and melina plantations in eastern Guatemala has sparked complaints about eviction attempts and the threat that Mayan Q'eqchi' communities may be forcibly displaced.⁸⁹ He and his wife, Anabella Schloesser de León de Paiz, have been shareholders in Pacific Solar Energy since February 2015.⁹⁰

Pacific Solar Energy was created in September 2013, just in time to win contracts during the "legislative diarrhea" the following January. The company's contracts were originally awarded to Lisandro Flores Alfaro (son-in-law of former Honduran President Rafael Leonardo Callejas), and Karla María Ramos Andina, another founder of Pacific Solar Energy. Documents available in the Paiz case indicate that Fernando Andrade Paiz was attracted to the investment by the incentives incorporated into the 2013 Electricity Law reforms.⁹¹

According to its statements, Pacific Solar commissioned the 50 MW Nacaome I photovoltaic plant between 2016 and 2018. It consists of 104,700 solar modules on 136 hectares of land and an on-site substation with connections to the Regional Transmission Network and the National Interconnected System.⁹² The company claims that it received loans from the Dutch Development Bank (FMO) and the German Investment and Development Company (DEG) to support the project.⁹³

To justify its \$160 million claim against Honduras, Pacific Solar invokes several investor protection provisions under the Free Trade Agreement between the United States, Central America, and the Dominican Republic, known as CAFTA-DR. Approximately 13% of the amount they are claiming (\$19.5 million as of June 2024 plus interest)⁹⁴ corresponds to insufficient payments by the

88 Marta Gutiérrez and Isabel Aguirre (Oct 2, 2015). 'The Privatization of Museums: On the Maya Museum of America' <https://cmiguate.org/la-privatizacion-de-los-museos-sobre-el-museo-maya-de-america/>

89 Luis Solano (Sept 26, 2025). 'Guatemala, among the most dangerous countries for defenders of LNRE' <https://elobservadorgt.org/2025/09/26/guatemala-entre-los-paises-mas-peligrosos-para-defensores-y-defensoras-de-lnre/>

90 ICSID Case No. ARB/23/43. (Feb 25, 2025). 'Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras: Memorial on Jurisdictional Objections of the Republic of Honduras' (Art. 57); ICSID Case No. ARB/23/43 (May 5, 2025). 'Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras: Counter-Memorial on Jurisdictional Objections' (Art 55).

91 Ibid. (Art. 79).

92 ICSID Case No. ARB/23/43. (Sept 20, 2024). 'Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras: Claimants' Memorial on the Merits' (Art. 73).

93 ICSID Case No. ARB/23/43. (Feb 25, 2025). 'Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras: Memorial on Jurisdictional Objections of the Republic of Honduras' (Art 57) and ICSID Case No. ARB/23/43 (May 5, 2025). (Art 164).

94 ICSID Case No. ARB/23/43. (Sept 20, 2024). 'Fernando Paiz Andrade and Anabella Schloesser de León de Paiz v. Republic of Honduras: Claimants' Memorial on the Merits' (Art. 380).

ENEE, which, it alleges, have put the company in a desperate situation. To justify the rest, the company argues that Honduras' contract renegotiations are not really in the public interest; are being carried out under threat of expropriation with a corresponding "public smear campaign"⁹⁵ against solar power generators; and that they have destroyed the entire value of its investment, estimated at \$119.9 million.⁹⁶

The Paiz case builds its arguments against Honduras by ignoring the context of widespread repression and corruption during the narco-dictatorship when they made their investment, and which allowed their contracts to be approved under highly irregular circumstances. By the same token, the investor's case greenwashes the incentives and deepening privatization that occurred in 2013 as essential to increasing renewable energy generation and meeting international climate goals.

The Paiz case argues that the 2013 reforms and their own investment have been good for Honduras: "The 2013 Renewable Energy Law itself explicitly sought to encourage 'the interest of international development and cooperation financial institutions' that 'finance energy generation projects using renewable resources and whose purpose is to promote the sustainable socioeconomic development of the countries targeted by cooperation.'"⁹⁷ According to the same presentation, "the plant helped Honduras achieve its goals, as recognized at the time by the director of the ENEE,⁹⁸ but it also generated hundreds of jobs, supporting the communities of the Nacaome Valley, and has produced clean energy to meet the energy demands of tens of thousands of Honduran families."⁹⁹

In contrast, they claim that the 2022 reforms and the behavior of Xiomara Castro's administration are putting their investment at risk and even violating international commitments to protect the environment: "By destroying the renewable energy investments it once encouraged, Honduras is ignoring its international commitments to protect the environment, including under the Treaty. Instead of supporting investments that promote the energy transition, Honduras is discriminating against renewable generators and favoring fossil fuel producers."¹⁰⁰

95 Ibid. (Art. 116).

96 Ibid. (Art. 377-410).

97 Ibid. (Art. 300).

98 Around the time that the plant was opened, there were two directors. Roberto Ordóñez Wolfovich directed ENEE from September 12, 2014, to April 15, 2016. From 2016 to 2019, Jesús Arturo Mejía Arita was ENEE's general manager. Since then, both have been accused of significant acts of corruption during their time in public office. See: U.S. Department of State (July 19, 2023). 'Report on corrupt and antidemocratic actors under Section 353: 2023' <https://2021-2025.state.gov/translations/spanish/informe-de-actores-corruptos-y-antidemocraticos-de-la-seccion-353-2023/>

99 Ibid. (Art. 14).

100 Ibid. (Art. 192).

Alleged treaty violations in the Paiz case

Restrictions on “indirect” expropriation: Unlike direct expropriation, indirect expropriation refers to regulations and other government actions (laws, decrees, denied permits) that, without formally confiscating property, have an “equivalent effect” by depriving the investor of the possibility of obtaining the expected returns on their investment.

→ The Paiz case asserts that this has been “nothing more than a veil for the Government to dismantle Pacific Solar’s rights under the Agreements.”¹⁰¹ It argues for the need to maintain the incentives for renewable energy operators that resulted from the 2013 reforms to the Electricity Law in order to maintain viable conditions for the sector.¹⁰²

Denial of fair and equitable treatment: Investment agreements oblige states to provide foreign investors with “fair and equitable treatment,” a very vague and subjective concept that arbitral tribunals have interpreted in very different ways without taking into account the diverse histories, cultures, and value systems of different countries.

→ Paiz argues that they have faced “(a) a pattern of measures that are arbitrary or unreasonable; (b) a failure of procedural fairness or transparency with respect to the Claimants’ investments; and (c) the frustration of the Claimants’ legitimate expectations.”¹⁰³ In general, they claim that the government is not fulfilling the “legitimate expectations” created under existing agreements¹⁰⁴ and that “Honduras’ measures devastated the Claimants’ investments in Pacific Solar, yet bore no reasonable relation to a rational policy objective and unfairly disregarded the harmful consequences imposed on foreign investors.”¹⁰⁵

Umbrella Clause: The umbrella clause obliges each State party to an agreement to observe all investment obligations entered into with investors from the other contracting State, which can elevate a contractual claim to the level of a treaty claim.

→ In this case, Paiz claims that the Umbrella Clause of the Switzerland-Honduras and Germany-Honduras BITs should be applied to argue that its Power Purchase Agreement

101 Ibid. (Art. 227-229).

102 Ibid. (Art. 10).

103 Ibid. (Art. 240).

104 Ibid. (Art. 299).

105 Ibid. (Art. 250).

(PPA) was violated and that a State Guarantee ratified on November 28, 2014, which makes the State liable for the ENEE's obligations under the PPA, was applied. Paiz argues that "By enacting the New Energy Law 2022, the State put into law its intention to repudiate the compensation it owes to Pacific Solar, instructing ENEE to settle its historic debt with [solar energy] generators only 'for up to one year,' and only if the EPC is 'renegotiated' or 'terminated.'"¹⁰⁶

Levels of environmental protection: Beyond the investment chapter of CAFTA-DR, Paiz argues that Honduras is also violating its commitments under Chapter 17 of the same treaty, which deals with the environment. It states that "each Party shall ensure that its laws and policies provide for and promote high levels of environmental protection, and shall strive to continue improving those laws and policies."¹⁰⁷

→ Paiz alleges that "Honduras' conduct is inconsistent with its international commitments to protect the environment (..) By destroying the investments in renewable energy that it previously encouraged, Honduras is disregarding its international commitments to protect the environment, including under the Treaty. Instead of supporting investments that promote the energy transition, Honduras is discriminating against renewable energy generating companies and favoring fossil fuel producers."¹⁰⁸

4.3 ISDS favors corporations and curtails Honduran sovereignty

ISDS claims are a tool used exclusively by transnational corporations to discipline the state when it makes decisions that they interpret as undermining their present and future investments and profits. The process allows companies to distort and misrepresent the context in which their investments were made. Concepts such as "indirect expropriation" also make it extremely difficult for states to mitigate (let alone reverse) the negative impacts of privatization on the public treasury and the provision of public services.

106 Ibid. (Art. 340).

107 CAFTA-DR, Chapter 17: Environment, Art. 17.1: Levels of Protection

108 ICSID Case No. ARB/23/43. (Sept 20, 2024). 'Claimants' Memorial on the Merits' (Art. 192).

In this case, the Honduran state is being punished and pressured to water down or reverse measures to prevent the bankruptcy of its public electricity company, even though the Honduran people's need for a more accessible and democratic energy supply is still far from being met. By filing multimillion-dollar ISDS claims, companies are making even the most modest reform efforts tremendously costly in one of the poorest countries in the Americas. In the context of the new administration, it remains to be seen how these companies could continue to influence possible negotiations with the state on their contracts or changes to the regulatory framework.

Meanwhile, the same solar energy contracts that were approved under highly irregular circumstances during the narco-dictatorship should be thoroughly investigated. But the investigations that communities and their legal representatives have filed have not been successful, while community members themselves have had to endure years of legal persecution. As a result, both environmental and land defenders and the Honduran people in general are being punished for fighting for a dignified life and a healthy environment.

These corporate claims against Honduras are part of a global trend that contributes to giving private companies and those who support their interests, such as international development corporations, undue influence over climate action and the need for a just transformation in the energy sector.

The economic punishment incurred by international arbitration and the pressure it exerts on public decision-making has led some governments to reconsider the risk and begin removing ISDS clauses from investment agreements. After receiving a flood of lawsuits in 2023 and 2024, Honduras announced its withdrawal from ICSID, which is where corporate lawsuits are most frequently filed.¹⁰⁹ But this has not prevented new ISDS claims against the country. ICSID is only one mechanism: there are other arbitration tribunals available to companies. Two new lawsuits were filed against Honduras in May 2025, one of them still with ICSID (thanks to rules enshrined in CAFTA-DR).¹¹⁰ Now, at the start of 2026, we have seen that new president Nasry Asfura's first act was to announce Honduras' return to ICSID.¹¹¹

109 ICSID (Feb 24, 2024). 'Honduras denounces the ICSID convention' <https://icsid.worldbank.org/news-and-events/communiqués/honduras-denounces-icsid-convention>

110 Bilaterals.org (May 19, 2025). 'Honduras faces new arbitration claim under DR-CAFTA, despite ICSID complaint' <https://www.isds.bilaterals.org/?honduras-enfrenta-nueva-demanda-de>

111 Criterio (Jan 28, 2026). 'Back to ICSID: Asfura's political signal to transnational capital' <https://criterio.hn/volver-al-ciadi-la-senal-politica-de-asfura-al-capital-transnacional/>

5. Conclusions

Examining the dynamics around solar parks in southern Honduras reveals an uncomfortable truth: what is presented as a positive example of energy transition towards renewables actually conceals how corporate profiteering in the solar industry deepens inequalities, externalizes costs onto the state and vulnerable communities, and perpetuates neocolonial dynamics under the guise of “sustainable development.”

The Honduran experience belies a dominant narrative that equates the massive installation of renewable energy infrastructure with climate justice. In Choluteca and Valle, solar parks did not replace fossil fuels but complemented them, expanding the energy matrix without democratizing access, significantly reducing emissions, or benefiting local populations. Promises of employment, community development, and affordable energy were not fulfilled. Instead people in the area have faced deforestation, water crises, rising temperatures, and loss of access to productive land.

As the world celebrated the signing of the Paris Agreement and its promises of a just energy transition, in Honduras the global discourse on green transition was cynically instrumentalized to deepen privatization, corruption, and dispossession in one of the continent’s most impoverished countries. What Paris promised as a sustainable future, Honduras experienced as corporate looting with solar panels.

Excessive tax incentives and new policy frameworks, justified as necessary to “attract investment in clean energy” and “meet international climate commitments,” actually represented massive transfers of public resources to private investors – and overpriced electricity for ordinary consumers. Thus, the most impoverished sectors of Honduras financed the profits of Norwegian and US corporations, Central American elites, and international development banks.

Based on direct dialogue with affected communities during the meeting “Without Human Rights, There is No Energy Sovereignty”, complemented with our analysis of official documents, energy purchase agreements, ISDS claims, development bank reports – and especially direct dialogue with affected communities during the meeting “*Without Human Rights, There is No Energy Sovereignty*” – we conclude by outlining four interconnected dynamics that allow for a

better understanding of how the case of solar parks in southern Honduras represent a process of 'green colonialism.'

First, the deliberate dismantling of the ENEE was a pre-condition for installing a corporate model of renewable energy provision. This process of institutional fragmentation was not a collateral effect, but a conscious strategy promoted by IFIs (particularly the IMF and the World Bank) and consolidated during the narco-dictatorship to eliminate the Honduran state's capacity to plan the energy sector according to social needs, and instead subordinate it to the logic of private profit. A weakened, financially straitened public company would be unable to negotiate favorable terms. The ENEE thus became a mere compulsory purchaser of energy at exorbitant prices, through long-term supply contracts that guaranteed extraordinary profits for investors. All the risks, meanwhile, were to be absorbed by the public coffers and the electricity bills of the Honduran people.

The dismantling of the ENEE at the national level occurred simultaneously with the transformation of the electricity sector at the regional level. The Central American Electrical Interconnection System (SIEPAC) and the Regional Electricity Market (REM) were not simply technical infrastructure projects, but rather mechanisms for corporate integration to facilitate control of energy generation by transnational conglomerates and regional elites. Financed by multilateral banks, SIEPAC created a form of regional "electricity highway:" solar parks were strategically located near substations connected to the regional grid, guaranteeing access to a privatized electricity market in Central America. This design allowed solar projects to sell energy regionally. Under this scheme, Guatemala and Costa Rica are net exporters, while Honduras and Nicaragua import energy, subordinated to the logic of a regional market controlled by transnational corporations.

Secondly, legal protection for investors was evident in the creation of a contractual architecture that made the Honduran state the guarantor of corporate profits. This eliminated virtually all commercial and operational risks for investors. The "risk reduction" so celebrated by development banks meant in practice that the Honduran people would subsidize double-digit rates of return on investment for transnational companies and regional elites through electricity tariffs, while the ENEE accumulated unsustainable debts that would justify new waves of privatization.

This context is essential to understanding the current arbitration claims. When Xiomara Castro's government attempted modest renegotiations to avoid the total bankruptcy of the ENEE (reducing overpricing, eliminating some unsustainable tax incentives, investigating irregularities), the companies responded with claims for more than USD 1.605 billion before ICSID. Under this system, investors can not only demand that contracts be upheld but also be compensated for future profits they "expected" to obtain from a model that operated to their advantage during the narco-dictatorship. The total amount currently claimed by investors (USD 1.205 billion) exceeds the estimated savings that the Castro administration had expected to obtain from the renegotiation of renewable energy contracts during its term.

In the case of the Norwegian companies Norfund, KLP Investments, and Scatec, their withdrawal of claims in October 2025 took place after reaching an agreement with the Honduran government which was not made public. This agreement could involve the payment of incentives owed, including those arising from surcharges. There is ongoing concern that it could also include provisions for the expansion of the controversial Los Prados project, which has not been able to operate at full capacity due to persistent community resistance over the last decade. Those in resistance continue to face criminalization proceedings brought by Scatec, at great cost to them and their families. At the same time, their efforts to seek justice for the irregularities that gave rise to the project have not been successful, highlighting the profound asymmetries in access to justice.

Thirdly, the documented impacts of this corporate energy transition have been detrimental to the affected communities. The deforestation of centuries-old jícaros and other trees of cultural and ecological value contrasts with the companies' supposedly "green" credentials. Communities have also experienced increased heat due to deforestation in one of the hottest regions of the country, with repercussions for their health. Communities have lost access to productive land, and the water crisis they describe is particularly alarming: community wells have dried up or been salinized, streams cut off, and they are worried that water sources have been contaminated with chemicals used to clean solar panels. In a region already vulnerable to food insecurity and water stress, solar parks have exacerbated the situation. Between the solar parks and the many other extractive projects requiring intensive use of land, water, and toxic substances in southern

Honduras, the likely cumulative impacts on people's wellbeing and livelihoods have not been considered.

The region has not seen local development; the wealth has gone to transnational shareholders and regional and local elites. At the same time the companies have deployed tactics to divide the community in the face of resistance to the Los Prados project, including the creation of parallel community councils, selective co-optation of leaders, and the generation of fear through criminalization and fragmentation of the social fabric.

Faced with this reality in their territories, communities have demonstrated extraordinary organizational capacities. The resistance camp against the Los Prados project, established in January 2016, managed to halt six of the project's nine contracts. The rejection of the parks in the municipality of Namasigüe, through a popular self-consultation in 2019, was an exercise in radical democracy in the face of state complicity with corporate interests. These actions were met with brutal legal repression. In Los Prados, 59 people were criminalized between 2017 to 2019 and ten are still required to report monthly to the Public Ministry.

Finally, the corporate energy transition in Honduras does not represent a change in favor of the environment, but rather a speculative opportunity for private corporations that use green rhetoric to legitimize new extractive projects. Solar projects did not replace fossil fuel-based power generation, but rather added to the existing energy matrix, expanding installed capacity without significantly reducing emissions or democratizing access to energy. In the departments of Choluteca and Valle, where solar parks are concentrated, more than 10% of the population still lacks access to electricity, while power outages are constant. At the same time, solar panels generate energy that flows into the national market, where the large consumers are mining, cement, agribusiness, bottling, and maquila companies, without addressing the needs of the communities that bear the brunt of their impacts. The promises of employment and local development were a lie; there was no local capacity building or productive linkages. Honduras' "energy transition" is, in short, extractivism with solar panels: the same colonial pattern of dispossession and concentration of wealth, now legitimized by climate discourse.

Recommendations

With regard to the Los Prados project and other solar parks:

- Norwegian company Scatec should cease the criminalization of environment defenders.
- The Honduran and Norwegian governments should oblige the company to provide appropriate reparations for the harm they have suffered after more than eight years of persecution for peacefully defending their rights.
- The Honduran government, electricity generation companies and their financiers should respect the self-determination of rural communities and indigenous peoples, for which reason the Los Prados project should be cancelled.
- The Public Prosecutor's Office should bring to justice the 33 complaints filed against public officials for irregularities and acts of corruption in the approval of contracts for photovoltaic parks, as well as other renewable energy projects (including wind and hydroelectric) and other investments that have resulted in ISDS arbitration claims against the Honduran people.
- The Public Prosecutor's Office should also investigate any links in the energy sector between investors, companies and public officials with organized crime.
- International Financial Institutions should ensure that no project that they finance has links to or involves investors with links to organized crime.
- There should be greater investigation into the social and environmental harms that the photovoltaic parks have caused to the affected communities. Further, processes should be put in place to ensure remediation, reparations, and accountability from the responsible public officials and private actors for these harms.
- Regarding the country's energy model into the future, efforts should be directed toward ensuring sovereignty, with an energy system under public and community control, based on energy justice and democracy, which prioritizes a healthy environment, economic equality, and the guarantee of collective rights—including the right to self-determination—for communities, indigenous peoples, and Afro-indigenous Garifuna people, ensuring their active participation at every stage.

With regard to protections for transnational investors:

- The Honduran government should ensure transparency regarding the ongoing ISDS claims against the Honduran people and its decisions concerning the disputed investments, including in the energy sector and others, such as the Employment and Economic Development Zones (ZEDE).
- The Honduran government should take the steps outlined in the report “The Corporate Assault on Honduras” to exit the ISDS arbitration system, including to reform the 2011 Law for the Protection and Promotion of Investments, withdrawing from Bilateral Investment Treaties, and renegotiating or denouncing Free Trade Agreements that include clauses that provide recourse to ISDS arbitration.
- The Honduran government should prioritize international human rights, indigenous, environmental, and labor treaties regarding any future investments in the country.