



# The Dark Side of the Energy Transition

## Green Colonialism in Southern Honduras

### *Executive Summary*

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Institute for Policy Studies

Movimiento Ambientalista Social  
del Sur por la Vida

Transnational Institute

Red de Abogadas Defensoras  
de Derechos Humanos

TerraJusta

Honduras Solidarity Network

Caritas Choluteca

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## Executive Summary

Instead of climate justice and a just energy transition replacing fossil fuels with renewables, the installation of solar parks across southern Honduras tells a tale of corporate profiteering and bullying under the guise of “sustainable development”.

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. During the narcodictatorship in Honduras that followed the 2009 military-backed coup, transnational corporations benefited from exorbitant incentives to attract investment in the renewable energy market.

Solar parks did not replace fossil fuels, rather they expanded the energy matrix without democratizing access, significantly reducing emissions, or benefiting local populations. What Paris promised as a sustainable future, Honduras experienced as corporate looting with solar panels.

Excessive tax incentives and deepened privatization, 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. These incentives meant that Hondurans paid some of the highest prices for electricity in Central America, worsening its state electricity company’s (ENEE) financial crisis. Thus, the most impoverished sectors of Honduras financed the profits of Norwegian and US corporations, Central American elites, and international development banks.

### ***Key Case Study: Los Prados Solar Project***

When campesino communities in the municipality of Namasigüe stood up to the Los Prados solar project, owned by Norwegian firms Scatec, Norfund and KLP Norfund Investments, they faced violent repression, forced displacement and criminalization. Their peaceful action stopped six of nine solar parks that make up this project from going into operation. However, for over eight years, ten land and environment defenders have been signing into court every month for their peaceful resistance. The legal complaints over corruption and irregularities in this project that they have filed together with the Network for Women Human Rights Defense Lawyers (RADDH by their initials in Spanish) and the Southern Social and Environmental Movement for Life (MASSVida by their initials in Spanish) have not advanced.

In contrast, these same Norwegian companies and five other firms readily brought multimillion dollar claims against former President Xiomara Castro with over a billion dollars in arbitration claims when reforms were passed to revert some of the worst excesses in contracts with private energy generation companies and to rescue the state electricity company. A known impediment to climate, environmental and tax justice, transnational corporations have exclusive access via Investor State Dispute Settlement (ISDS) to sue governments in private tribunals when they make decisions that affect their profit expectations. This contrasts starkly with the lack of access to justice for affected communities.

In 2024, this led Honduras to withdraw from the most used tribunal, the International Centre for Settlement of Investment Disputes (ICSID). Although the new Trump-imposed Honduran President Nasry Asfura announced the country’s return to ICSID on his first day in government in January 2026.

## What is Green Colonialism?

Green colonialism, in this context, operates on three dimensions. The first is economic. Using ISDS and other means of protecting foreign investment, capitalist power dynamics are reproduced to prioritize the profits of transnational corporations, while undermining national sovereignty and the self-determination of communities. The second is environmental. With support from international financial institutions and investors taking advantage of politically opportune moments such as the narcodictatorship, and then using the threat of ISDS when governments seek to enact even modest reforms, countries such as Honduras are dissuaded from adopting measures to protect the environment, undertake a meaningful energy transition, and ensure 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, exploiting and impoverishing often racialized populations.

### Four ways in which The Dark Side documents ‘green colonialism’ at work through solar parks in southern Honduras:

- 1. We document efforts to further dismantle the state electricity company to install a corporate and privatized model of renewable energy provision.** International financial institutions, such as the International Monetary Fund and the World Bank, supported reforms to introduce private energy generators into Honduras’ energy sector and later, in 2014, to split the National Electrical Energy Company (ENEE), Honduras’s state energy company into privatized components: power generation, distribution and transmission. This step was designed to eliminate the Honduran state’s capacity to plan the energy sector in the public interest – and instead to maximize private profits. The ENEE became a compulsory purchaser of energy at exorbitant prices, through long-term supply contracts that guaranteed extraordinary profits for investors while raising costs for public coffers and the electricity bills of the Honduran people.

**2. Multinational corporations and their supporters in government sought legal protections for private investors that would essentially eliminate risk.**

The post-coup regime in Honduras passed the Law for the Promotion and Protection of Investments in 2011, expanding recourse for transnational investors in Honduras to sue the government for millions of dollars using ISDS when they believe that decisions affect their profit expectations. The Norwegian firms, Norfund, KLP Norfund Investments and Scatec were the first investors to make use of this law when they filed two ISDS claims against the Honduran government over modest reforms that, in part, aimed to address the financial crisis of the ENEE by renegotiating contracts for solar energy generation. 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. There is also concern that the Norwegian claims, despite having been withdrawn in 2025, could have been used to pressure the Honduran government into negotiating or agreeing to the expansion of the controversial Los Prados project.

**3. These firms have been undermining the self-determination and well-being of affected communities.**

Instead of climate justice, the results from imposing solar parks in one of the hottest and most impoverished regions of the country include false promises of jobs and economic development, deforestation and loss of access to productive land and water sources, with temperatures still on the rise. Communities who stood up and prevented the full installation of the Los Prados solar project, owned by Norwegian firms Scatec, Norfund and KLP Norfund Investments, have faced violent repression, forced displacement and ongoing criminalization. 59 people were slapped with trumped up criminal charges between 2017 to 2019 and ten are still required to report monthly to Honduran courts to ensure they fulfill their bail conditions as they await trial. In a region known as the “dry corridor” because of scarce water supplies and food insecurity, large-scale solar parks have exacerbated the situation.

**4. These solar parks represent another false solution designed to line the pocketbook of private corporations, not facilitate a just energy transition – much less energy democracy – in Honduras.** In the departments of Choluteca and Valle, where privately-owned 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 – benefitting the large consumers such as mining, cement, agribusiness, bottling, and *maquila* companies – without addressing the needs of the communities that bear the brunt of their impacts.

## Key Recommendations

- Scatec, the Norwegian company operating the Los Prados project, should cease the criminalization of environment defenders. And 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 Los Prados project should be cancelled out of respect for the self-determination of the affected communities.
- The Honduran 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 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 ties to organized crime.
- The Honduran government should ensure transparency regarding the ongoing ISDS claims and take steps to exit the ISDS arbitration system (as outlined in the report [The Corporate Assault on Honduras](#)).
- The Honduran government should prioritize international human rights, indigenous, environmental, and labor treaties regarding any future investments in the country, including an energy model based on energy justice and democracy.