

HONDURAS

INTEGRATED SUPPORT FOR THE SOCIAL SAFETY NET PROGRAM CCLIP (HO-X1012) AND FIRST PROGRAM (HO-L1032)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background and rationale	1
B.	Objectives, components, and cost.....	5
C.	Results framework and key results indicators	9
II.	FINANCING STRUCTURE AND MAIN RISKS.....	9
A.	Financing instruments	9
B.	Environmental and social safeguard risks and mitigation measures.....	9
C.	Fiduciary risk	10
D.	Other key issues and risks.....	10
III.	IMPLEMENTATION AND MANAGEMENT PLAN.....	12
A.	Summary of implementation arrangements.....	12
B.	Summary of arrangements for monitoring results.....	13
C.	Significant activities post approval.....	14

ANNEXES	
PRINTED ANNEXES	
Annex I	Results Framework
Annex II	Summary Procurement Plan

ELECTRONIC LINKS	
REQUIRED	
1.	Annual work plan (AWP) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1728971
2.	Monitoring and evaluation arrangements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1712633
3.	Procurement plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1728177
OPTIONAL	
1.	Risk analysis http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1712667
2.	Draft Program Operating Regulations http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1713593
3.	Cómo responder desde la protección social al incremento en el precio de los alimentos [How to respond to rising food costs from a social safety perspective] http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1720906
TECHNICAL DOCUMENTS AVAILABLE IN THE SPH FILES	
1.	Human Development Survey (Baseline for the Comprehensive Social Safety Net Program, 1568/SF-HO) (CSSNP), April 2008.
2.	CSSNP impact evaluation strategy, March 2007.
3.	Red Solidaria [Solidarity Network] targeting document, Red Solidaria Technical Office, July 2007.
4.	Report on results of Sistema de Registro de Hogares Beneficiarios [Beneficiary Registration System] (SIRBHO), June 2007.
5.	Red Solidaria monitoring and evaluation report, Red Solidaria Technical Office, June 2008.
6.	PRAF phase II (1026/SF-HO) midterm impact report, International Food Policy Research Institute, July 2003.

ABBREVIATIONS

ADD	Acute diarrheal disease
AIN-C	Atención Integral a la Niñez Comunitaria [Community-based Integrated Child Care Program]
APF	Asociación de Padres de Familia [parents' association]
ARI	Acute respiratory infection
BANADESA	Banco Nacional de Desarrollo Agrícola [National Agricultural Development Bank]
CCLIP	Conditional credit line for investment projects
CSSNP	Comprehensive Social Safety Net Program (1568/SF-HO)
CUS	Comité de usuarios de salud [health service user committee]
EDH	Encuesta de Desarrollo Humano [Human Development Survey]
ENCOVI	Encuesta de Condiciones de Vida [Living Standards Survey]
HONDUCOMPRAS	Sistema de Compras y Contrataciones del Estado [Honduran Government Procurement and Purchasing System]
ICAS	Institutional Capacity Assessment System
PPMR	Project performance and monitoring report
PRAF	Programa de Asignación Familiar [Family Allowance Program]
SDSRS	Secretaría de Desarrollo Social y Red Solidaria [Ministry of Social Development and Solidarity Network]
SIAFI	Sistema de Administración Financiera Integrada [Integrated Financial Management System]
SIME	Sistema Integral de Monitoreo y Evaluación [Integrated Monitoring and Evaluation System]
SIPRAF	Sistema de Información de la Programa de Asignación Familiar [Family Allowance Program Information System]
SIRBHO	Sistema de Registro de Hogares Beneficiarios [Beneficiary Registration System]
SPO	Service provider organizations

PROJECT SUMMARY

HONDURAS INTEGRATED SUPPORT FOR THE SOCIAL SAFETY NET PROGRAM CCLIP (HO-X1012) AND FIRST PROGRAM (HO-L1032)

Financial Terms and Conditions					
Borrower: Republic of Honduras			Source of financing:	Parallel financing Concessional framework	
Executing agency, CCLIP and first program: Programa de Asignación Familiar [Family Allowance Program] (PRAF) ¹				OC	FSO
			Amortization period:	30 years	40 years
			Grace period:	5.5 years	40 years
Source	Amount (US\$ millions)		Disbursement period:	2 years	2 years
	CCLIP	First program			
(OC)	56 million	14 million	Interest rate:	Adjustable	0.25%
(FSO)	24 million	6 million	Inspection and supervision fee:	*	N/A
Local	8 million	2 million	Credit fee:	*	N/A
Total	88 million	22 million	Currency:	US\$	US\$
Project at a Glance					
<p>Project objective and description: The general objective of the conditional credit line for investment projects (CCLIP) is to reduce the intergenerational transmission of poverty in Honduras by improving living standards and investing in the human capital of the members of the country's poorest households. The first operation will pursue the general objective of the CCLIP by expanding program coverage in the integrated intervention stage in the four departments targeted and in the poorest urban neighborhoods. The specific objectives of this first operation are to: (i) consolidate the conditional cash transfer program of the Programa de Asignación Familiar [Family Allowance Program] (PRAF) from a technical and operational standpoint, expand the scope of coverage, and coordinate the program with the social safety net; (ii) design and implement a gradual intervention scheme with an integrated approach to ensure the program's financial sustainability, and create synergies with intersector services; and (iii) encourage household participation in improving health services and education through supply-side support by means of community intervention strategies.</p> <p>Special contractual conditions: (a) Condition precedent to the first disbursement for component 1: approval and entry into force of the program Operating Regulations (see paragraph 3.2); (b) Condition precedent to the first disbursement for component 5: (i) approval of the list of beneficiary neighborhoods identified using the geographic targeting methodology approved by the Bank (see paragraph 3.9), (ii) development of the urban Beneficiary Registration System (SIRBHO) (see paragraph 3.9), and (iii) entry into force of the Operating Regulations for Integrated Social Safety Net Strategy interventions in approved urban areas (see paragraph 3.9); (c) Execution condition: (i) retroactive recognition and reimbursement of eligible program expenditures (see paragraph 3.5), (ii) delivery of annual work plans (see paragraph 3.7), (iii) completion of a midterm evaluation of the integrated intervention stage (see paragraph 3.8), and (iv) completion of a concurrent audit (see paragraph 3.5).</p> <p>Special consideration: A revolving fund of up to 20% of the financing will be established for the program (see paragraph 3.5).</p>					
<p>Project qualifies as: SEQ [X] PTI [X] Sector [] Geographic [X] Headcount []</p> <p>Procurement: See procurement plan</p> <p>Verified by ESR on: 28 July 2008.</p>					

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

¹ The government counterpart was represented by the PRAF Project Coordination Unit (PCU) team, other PRAF members, and the Ministry of Finance social safety net cluster.

I. DESCRIPTION AND RESULTS MONITORING

A. Background and rationale

- 1.1 **Frame of reference.** The economy of Honduras experienced strong growth in the last three years, with growth rates above 6%. This, combined with the implementation of pro-poor development strategies, significantly reduced rates of poverty and extreme poverty in Honduras,² by 9 and 14 percentage points, respectively. This reduction was preceded by a decade of relative stability in the incidence of poverty and extreme poverty. However, since 2007, the recent dynamic of growth and poverty reduction were pressured by the worsening external environment: rising international petroleum and food prices, and the slowdown and financial squeeze in the United States economy, with adverse effects on exports, remittances, foreign direct investment, and capital flows for the banking system. As a result of these factors and the recent global financial crisis, economic growth is expected to decline by 4.5%, and inflation to increase by over 10% in 2008.
- 1.2 The recent increase in prices, particularly for foodstuffs, threatens to reverse recent gains in poverty reduction. Although the pace has diminished somewhat, high prices persist, eating into the purchasing power of the country's poorest population.³ The crisis impacts rural and urban areas differently, with larger increases in rates of poverty and extreme poverty in urban areas, yet greater depth and incidence of extreme poverty in rural areas, where levels of malnutrition among the poorest population exceed 60%.
- 1.3 Among the responses identified by the Honduran government to mitigate the impact of rising food prices on the poorest population are consolidation and expansion of the Red de Protección Social [Social Safety Net], with emphasis on the cash transfer program executed by the Programa de Asignación Familiar [Family Allowance Program] (PRAF). This is because one of the objectives of the cash transfers is to protect household consumption, and the PRAF has demonstrated execution capacity in this area and broad coverage in the country's poorest rural villages.
- 1.4 **Background.** The PRAF was created in the early 1990s as a mechanism to offset and mitigate the impact of economic crises on the country's poor and indigent, and to fight against the structural poverty affecting certain population groups. The Bank has been supporting the PRAF since 1995 under three investment programs (949/SF-HO (1995-2002), 1026/SF-HO (1998-2006), and 1568/SF-HO (2004-2008)). This CCLIP operation is the Bank's fourth investment program for the sector. Some of the positive outcomes of operation 1026/SF-HO were as follows:

² Informe de Revisión de la Medición de la Pobreza en Honduras [Report on Review of Poverty Measurement in Honduras], World Bank, March 2008.

³ The prices of foods on which poor families most heavily rely (including white corn, beans, and rice) have increased by over 23% between January 2006 and March 2008, according to Rising Food Prices and Poverty in Latin America: Effects of the 2006-2008 Price Surge. Robles et al. (2008).

Table I-1
Outcomes of Operation 1026/SF-HO (2001-2006)⁴

15 to 21 percentage point increase in visits to health centers for children under age 3.
18 to 20 percentage point increase in prenatal checkups for pregnant women.
17 to 22 percentage point increase in children under age 3 undergoing growth checks.
15 percentage point increase in the number of six-year-olds enrolled in first grade.
Dropout rate for grades 1 to 4 reduced from 7% to 2.4%.
17 percentage point increase in probability that unenrolled children enter the educational system.
Protection of beneficiary household investment in education, despite the coffee crisis. ⁵

- 1.5 Based on the lessons learned from the impact evaluation of operation 1026/SF-HO, program 1568/SF-HO strengthened the PRAF intervention model, making changes to the program that were designed to reflect the challenges faced during the earlier programs. Briefly stated, these challenges were as follows: (i) the characteristics of the structural poverty affecting the population were serious (including high rates of chronic malnutrition, low levels of education, few income opportunities for heads of households);⁶ and (ii) in the areas targeted,⁷ the service coverage was low and service quality poor. These challenges revealed the need for adjustments such as: (i) increasing transfer payments because the earlier programs had had so little impact on malnutrition; (ii) ensuring intersector coordination to mobilize services to beneficiary households owing to the dire situation of the target population requiring multisector support; and (iii) designing household education and health transfers as a lump sum regardless of the number of children, in order to strengthen the impact. These changes to the intervention model will be described later in greater detail, but for now suffice to say they were changes to the design of the transfers and improvements in the provision of health and education services (through a higher transfer payment, more frequent delivery, establishment of an Integrated Child Care program in the community (AIN-C) and a plan to strengthen the community services provided through a Parents' Association (APF) and Health Service User Committees (CUS). In recent years, program 1568/SF-HO has been successfully employing an intervention model to support the consumption levels of poor

⁴ Midterm impact report PRAF/PHASE II (1026/SF-HO), IFPRI (2003).

⁵ Shocks and Social Protection: Lessons from the Central American Coffee Crisis, World Bank (2005).

⁶ The Encuesta de Desarrollo Humano [Human Development Survey] (EDH) conducted in 2007 as the baseline for the program's integrated intervention stage in rural areas found an illiteracy rate of 44% among the beneficiary rural households and malnutrition affecting 60% of children.

⁷ Other operational challenges of the program were problems in collecting records attesting to fulfillment of the coresponsibilities by beneficiary households, and it was difficult to deliver transfer payments more frequently because the targeted households were widely dispersed and located in inaccessible areas.

- families, promote demand for health and education services, and support sector service delivery by boosting supply at the community level.
- 1.6 **Scope.** The focus of the government's strategy has been to look after the needs of a target population of up to 200,000 households living in extreme poverty in rural areas.⁸ This universe was identified as potential program beneficiaries in the area. The potentially adverse effect of higher prices in urban areas, however, has highlighted the need for a strategy to address poverty there as well.
- 1.7 In rural areas, because resources were limited, a plan was devised for the gradual incorporation of villages where extreme poverty is highly concentrated (see paragraph 2.5). At present, PRAF has reached a target population of 173,000 households with varying levels of household investment: the initial intervention stage (151,000 households) and the integrated intervention stage (22,000 households). Program 1568/SF-HO has now covered all these 22,000 households located in the four departments with the highest incidence of extreme poverty. Also, higher food prices have not only made it necessary to assist this segment of the population but also to provide assistance more quickly to more households. Here, the government has expanded its activities to offset some of the loss in purchasing power resulting from the crisis. This assistance takes the form of help for the 151,000 households targeted in the initial intervention stage.⁹ The different stages are described in the following sections.
- 1.8 **Initial intervention phase.** In this phase (where transfers are funded entirely by the government),¹⁰ the PRAF supports the consumption of beneficiary households by means of a food voucher of US\$113 per household per year. No coresponsibility is required although demand for health and education services by beneficiary households is encouraged and a sample monitoring of these investments is taken. Also, as the interventions will be implemented gradually, and the targeted villages will be brought into the program depending on their level of extreme poverty (starting with the poorest), as a preliminary to the integrated intervention stage, the communities will be prepared through additional services to support sector supply.
- 1.9 This accelerated expansion exceeded the PRAF's pace of institutional strengthening. Nevertheless, an ICAS institutional capacity assessment was performed during project preparation. The assessment made specific recommendations in the following areas: risk management, training, information

⁸ Honduras has a population of 7.1 million inhabitants, one half of whom live in rural areas where extreme poverty is 40%, and each household has on average 5.5 members. It is estimated that this target population accounts for 78% of the population living in extreme poverty in rural areas.

⁹ This assistance to families hardest hit by higher food prices will increase spending on food purchases by 18% (a close approximation to the estimated 23% increase in food prices).

¹⁰ This stage reflects the progress made to modernize the transfer program implemented by PRAF with government funding. PRAF introduced a major reform by joining the operational side of the Bank-financed transfer program with the nationally funded program to give the institution the same operational and technical criteria (i.e. geographical targeting, bank payments, coresponsibilities, etc.).

systems, and equipment for monitoring the investments, financial management, and others. These measures go hand in hand with the improvements to the PRAF process initiated by the government.¹¹

- 1.10 **Integrated intervention stage.** An annual education voucher of US\$97 and an annual health voucher of US\$50 will be added in this phase to supplement the food voucher introduced in the initial stage. These additional vouchers will be subject to coresponsibilities in health and education.¹² As health and education services need to be strengthened, the beneficiary households will be assisted by a community-based strategy to improve these services with a focus on community management. This strategy includes: (i) expansion and monitoring of the AIN-C program;¹³ (ii) organization and legal incorporation of, and training and transfer of funds to (a) the APF that will allocate the resources to finance projects to improve education services, and (b) the CUS, which will use the transfer to set up community health funds to cover the cost of care and transportation expenses to ensure that pregnant women have a safe delivery and an additional health and medicine kit for the community; (iii) promotion of coresponsibilities and workshops to assist beneficiary households; and (iv) coordination of the program with other additional programs as part of an exit strategy.
- 1.11 This phase draws on best practices that have made it possible to promote the PRAF as the main social safety net tool. Best practices of this kind include: (i) the transparency derived from using a single targeting methodology, (ii) efficient delivery of transfers through the banking system, (iii) the important role of service provider organizations (SPOs) in supporting service delivery, promotion and monitoring of coresponsibilities, and (iv) successful improvements to health and education through community-based strategies to upgrade services such as APF, AIN-C, and CUS.
- 1.12 Since support to beneficiary households needs to be expanded and deepened, the government has approached the Bank for support in expanding the integrated intervention stage to 45,000 households (the original 22,000 households and a

¹¹ The ICAS's principal recommendations, which are consistent with PRAF reform process, were: (i) to provide training for financial management and procurement; (ii) to design and implement a strategic institutional sustainability and development plan; (iii) to design and implement a risk management methodology; (iv) to bring the organizational structure into line with organization and process manuals for the areas of operations, financial management, and administration; (v) to make use of new country systems such as the External Program Execution Unit module (UEPEX), which is part of the Integrated Financial Management System (SIAFI), once it is operational, and functions available in the Honduran Government Procurement and Purchasing System (HONDUCOMPRAS); and (iv) to add basic internal control guidelines to the Operating Regulations, with trained internal audit staff.

¹² The coresponsibilities, which are listed in the program Operating Regulations, include proof of primary school enrollment and attendance of children from 6 to 14 years of age, meeting growth and development indicators for children aged 5 and under, and prenatal care for pregnant women.

¹³ The AIN-C program will protect households against malnutrition, an especially important area during the crisis caused by rising food prices.

further 23,000). Broadening the target population's coverage to this extent and deepening the investment (expanding integrated intervention stage coverage) calls for a lengthy investment period. The CCLIP is a more suitable instrument for addressing the Honduran government's request. The eight-year maturity would allow time to assist the government in its efforts to consolidate the PRAF as the principal tool reaching and assisting the country's poorest groups. The CCLIP would permit a more expeditious response to the emerging needs of a highly vulnerable population group whose needs are subject to rapid change, especially in times of crisis.

- 1.13 **The country's sector strategy.** The challenges noted earlier underscore the importance of coordinating the PRAF with the investments made in other sectors in the context of the social safety net. This social safety net (known as the Solidarity Network) is an initiative to mobilize services for the target population on an integrated basis according to the areas of intervention identified in the Poverty Reduction Strategy: (i) safety; (ii) capacities; (iii) social and productive infrastructure; and (iv) income opportunities. To assign priorities successfully or reallocate resources to the poorest population groups will require the Sistema de Registro de Hogares Beneficiarios [Beneficiary Registration System] (Rural SIRBHO), which includes over 200,000 households in the villages with the highest incidence of extreme poverty.¹⁴ Moreover, mindful of how vulnerable the urban population is to high food prices,¹⁵ a proposal that targets urban populations is being designed together with an intervention model.¹⁶
- 1.14 **The Bank's country strategy with Honduras.** The operation is consistent with the Bank's country strategy with Honduras 2007-2010 (document GN-2475), approved on 7 May 2008, with respect to human capital formation as a mechanism for generating opportunities, particularly in terms of improved access to and coordination and impact of the social safety net.

B. Objectives, components, and cost

- 1.15 The general objective of the conditional credit line for investment projects (CCLIP) is to reduce the intergenerational transmission of poverty in Honduras by improving living standards and investing in the human capital of the members of the country's poorest households.

¹⁴ The targeting methodology used to select rural households included in the Rural SIRBHO utilized a rural poverty map, prioritized by village, prepared by the PRAF in cooperation with the Unidad Nacional de Apoyo Técnico a la Presidencia [National Technical Support Unit of the Office of the President] and the National Statistics Institute (INE). The methodology estimated household consumption using variables similar to those of the 2004 Encuesta de Condiciones de Vida [Living Standards Survey] (ENCOVI) and 2001 census.

¹⁵ According to microsimulations, the change in prices would increase the incidence of poverty and extreme poverty and urban areas by 5 and 7 percentage points, respectively.

¹⁶ The targeting methodology is similar to that used for the rural area, adjusted to urban conditions. It will be supplemented by a proxy means test.

- 1.16 The first operation (HO-L1032) will pursue this general objective by expanding the integrated intervention stage's coverage in the four departments targeted by the program (Lempira, Intibucá, La Paz, and Santa Bárbara) and another target population (whose extent has not yet been determined) in the poorest urban neighborhoods. The specific objectives of the first operation are to: (i) consolidate the PRAF's conditional cash transfer program from a technical and operational standpoint, expand its coverage, and coordinate the program with the social safety net; (ii) design and implement a gradual intervention plan with a more integrated approach, to ensure the program's financial sustainability and create synergies with intersector services; and (iii) encourage household participation in improving health services and education through supply-side support for community intervention strategies. To accomplish these objectives, the first program will be divided into the following components:
- 1.17 **Component 1: Cash transfers with coresponsibility (US\$7,726,000).** This component will support beneficiary household expenditures and create demand for children's educational and health services by financing the following transfers to eligible households in the integrated intervention stage (see paragraph 1.15): (i) a nutrition voucher of US\$113 per year; (ii) an education voucher of US\$97 per year; and (iii) a health voucher of US\$50 per year. The transfers will be distributed three times a year. The nutrition voucher does not entail coresponsibilities; the coresponsibilities for the health and education vouchers are detailed in the program Operating Regulations. Financing will also be provided to cover bank fees for the cash transfers.
- 1.18 **Component 2: Improved services and community-based development (US\$5,868,000).** This component will strengthen health, educational, and other services through community-based and other strategies supplemented by specialized support from service provider organizations (SPOs). Financing will be provided to promote coresponsibilities and workshops to support beneficiary households, and to coordinate the program with various other social, economic, and productive inclusion programs as part of an exit strategy. The following activities will also be financed:
- 1.19 ***Atención Integral a la Niñez Comunitaria [Community-based Integrated Child Care Program] (AIN-C).*** The loan will finance implementation and monitoring of the AIN-C program in the villages targeted in the four targeted departments. The SPOs will execute the AIN-C program, as well as contract and train the health specialists and outreach workers who will train and monitor the community-based workers. Training workshops will be financed for the outreach workers and community-based workers, in accordance with Ministry of Health rules and procedures, and financing will be provided to print manuals and materials for the community-based workers. Both the supervision of activities (by the PCU) and the training of outreach workers (by the SPOs) will be coordinated with the Ministry of Health and executed in accordance with its rules and procedures.

- 1.20 ***Comités de usuarios de salud [health service user committees] (CUS).*** The loan will finance the organization, legal incorporation, and training of CUSs in the targeted villages. The CUSs will receive US\$900 per year for a Community Health Fund that supports: (i) transportation of pregnant mothers to maternal/infant health care clinics or hospitals, so that they can give birth safely with the help of a midwife; (ii) transportation for other health emergencies; and (iii) provision of community health and medicine kits. Financing will be provided for the SPOs to contract health specialists and outreach workers who will train and monitor the CUSs, so as to build administrative and management capacity in the communities. Financing will also be provided to cover the costs of incorporation and the printing of manuals for administration of the Community Health Fund. The PCU will supervise activities in conjunction with the Ministry of Health, which will also provide support via the cross-referencing system for women giving birth in a hospital setting.
- 1.21 ***Asociaciones de padres de familia [parents' associations] (APF).*** The loan will finance: (i) the organization, legal incorporation, and training of APFs in the villages targeted in the integrated intervention stage, benefiting some 900 primary schools. The APFs will receive US\$1,000 per year for materials associated with their educational centers projects to improve educational services. Financing will be provided for the SPOs to contract educational specialists and outreach workers who will train and monitor the APFs, and to cover the costs of incorporation and the printing of manuals for the use of the educational transfers. Both the supervision of activities (by the PCU) and the training of the APFs (by the SPOs) will be coordinated with the Ministry of Education using ministry-approved manuals.¹⁷
- 1.22 **Component 3: Institutional strengthening for the initial intervention phase (US\$1,099,000).** This component will strengthen the institution in monitoring and promoting beneficiary household demand for health and education services during the initial intervention phase, with emphasis on: (i) strengthening strategic areas (e.g. planning, financial management, supervision, and monitoring); (ii) effective support for the PRAF information system on beneficiary households; and (iii) promotion of demand for services and monitoring of investment in health and education by households through sampling. Technical assistance will be financed for the design and implementation of management systems for technical areas, administrative and financial support, computer hardware, software, personnel training, investments in equipment, and process audits.
- 1.23 **Component 4: Monitoring and evaluation, and communication strategy (US\$732,000).** This component will finance implementation of the two phases of the Integrated Monitoring and Evaluation System (SIME) and the design and implementation of a communication strategy to generate the necessary information

¹⁷ The APF and CUS strategies are plans developed and utilized by the Ministry of Health and Ministry of Education with their technical and institutional approval.

to monitor the outcomes of interventions and ensure effective dissemination and feedback of outcomes to those responsible for implementation.

- 1.24 **Component 5: Integrated social safety net strategy in urban areas (US\$3,162,000).** This component is now in the design phase, and progress has been made to establish certain parameters: (i) scope of the intervention limited to approximately 10,000 households in the poorest neighborhoods of the Central District's inner city, (ii) a dual intervention mechanism consisting of: (a) cash transfers with coresponsibility conditions to beneficiary households for nutrition, health, and education, adapted to the particular needs of the urban neighborhoods; and (b) identification of households as potential recipients of microloans and/or beneficiaries of job placement programs and guidance in steering them to programs designed around these employment/productive activities. The component envisages other activities as well: (a) in conjunction with the Ministry of Health, to finance the implementation of the AIN-C model for urban communities; and (b) psychosocial support activities for beneficiary household members. The design of the component, incorporating the activities described in paragraph 3.9, will be finalized prior to disbursement.
- 1.25 **Component 6: Program management during the integrated intervention stage (US\$1,413,000).** This component will finance the program operating expenditures during the integrated intervention stage, including the project coordination unit (PCU), transportation and logistics, external audits, and the concurrent audit. To strengthen the PCU's execution capacity, it will receive additional human resources and the physical equipment needed to operate according to program requirements.

TABLE I-2
Investment Program HO-L1032 (US\$000s)

Investment Category	IDB	PRAF	Total
1. Cash transfers with coresponsibility	7,726	1,306	9,032
2. Improved services and community-based development	5,868		5,868
3. Institutional strengthening for the initial intervention phase	1,099		1,099
4. Monitoring and evaluation, and communication strategy	732		732
5. Integrated social safety net strategy for urban areas	3,162	364	3,526
6. Program management during the integrated intervention stage	1,413		1,413
7. Finance charges		330	330
7.1 Credit fee			
7.2 Interest		250	
7.3 Inspection and supervision		80	
TOTAL	20,000	2,000	22,000

C. Results framework and key results indicators

- 1.26 The expected outcomes of the program are increased and diversified food expenditures of the poorest households and increased demand for and access to health and education services, with positive outcomes for indicators relating to demand for such services. In particular, the program is expected to improve the growth and development of children ages zero to five; women's health, particularly pregnant and breast-feeding women; and primary school enrollment and attendance, with emphasis on the first two cycles (first to sixth grade) in rural areas.¹⁸ In addition, the PRAF will be institutionally strengthened to support the expanded coverage of the transfer program and coordinate the program with other actors in the social safety net (Details of the program's expected outcomes are presented in Annex I).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The CCLIP financing mechanism will strengthen the Bank's support to the sector over an eight-year horizon, promoting continuity of the reform processes. Compliance with the criteria established for the CCLIP has been verified.¹⁹ The first operation under the CCLIP will be executed under the modality of an investment loan with a disbursement period of two years. This term is justified in light of the high level of resources committed by the Honduran government to sustain the investments in cash transfers to be financed under this program. Based on the programmed pace of these commitments, a second loan of US\$20 million is expected to go to the Board of Executive Directors in 2009. Subsequent loans with the Honduran government will be arranged to reflect the Bank's declining participation in the financing of the integrated intervention stage.

B. Environmental and social safeguard risks and mitigation measures

- 2.2 The program will not finance physical investments and is therefore not expected to have a direct impact on the environment. The first operation is classified as category "C." The program will generate positive social impacts, particularly among the most vulnerable population. The operation is expected to benefit the indigenous population, particularly the Lenca people.²⁰ The intervention strategies

¹⁸ Based on adjusted coresponsibilities for urban areas, the expected outcomes will impact the third cycle (seventh to ninth grade).

¹⁹ The PRAF has satisfactorily executed three similar projects financed by the Bank in the same sector. Two projects have been executed in their entirety, and the third has a high pace of disbursements, with over 60% of the total amount disbursed. Overall execution performance and progress on achieving the expected outcomes are satisfactory.

²⁰ For instance, intercultural training strategies are being considered for the AIN-C program, which is being developed by the SS, encouraging support for midwifery in the case of institutional births; public relations and promotion strategies to take into account the cultural differences of the target population.

will be established to take cultural relevance into account.²¹ In addition, the SIRBHO will allow self-identification of the beneficiary household ethnicity and a breakdown of program indicators by ethnicity and gender, to allow monitoring of interventions targeting indigenous beneficiaries and support decisions on improving effectiveness. Synergies will be promoted with the Comprehensive Development of Autochthonous Peoples program (1689/SF-HO) to leverage the strengthening of public entities in indigenous matters. The program will also promote strategies to ensure a gender focus in the interventions financed.²²

C. Fiduciary risk

- 2.3 An assessment of the PRAF's institutional capacity²³ was conducted as part of program preparation. The assessment included the existing capacity of the PRAF project coordination unit (PCU), which is carrying out other projects being financed by international development institutions. The analysis found that the PCU has the capacity to execute the program, but recommended that its capacity be consolidated through institutional strengthening measures, to be financed with program resources (see paragraphs 1.9 and 1.22). This would give continuity to the strengthening activities being financed under program 1568/SF-HO, and with technical-cooperation funding executed by the PRAF.

D. Other key issues and risks

- 2.4 **Economic analysis.** In the short term, the program is expected to improve beneficiary household consumption, as the transfers will represent an average increase of 18% in household spending. In the medium term, the interventions are expected to heighten awareness and change the behavior of households, and increase their investment in human capital. By improving the nutritional status of children under age five and promoting beneficiary use of health services, the program should have a lasting impact on children's health and mental development. The educational interventions are also expected to have positive impacts on average level of schooling, and more generally help prepare the residents of beneficiary areas for adulthood. As a result, positive effects on income and consumption levels are expected over the long term once the beneficiaries have entered the workforce.
- 2.5 **Phasing of benefits.** Based on the strategy adopted by the Honduran government, integrated intervention will take place over three years, which is consistent with the intervention model of program 1568/SF-HO. This strategy is based on the assumption that the program will produce lasting change in parents' and children's behavior in terms of investment in families' human capital. This is based on enduring behavioral changes affecting demand for social services and the gradual

²¹ In accordance with the Bank's Operational Policy on Indigenous Peoples and Strategy for Indigenous Development (OP-765), this program qualifies as a mainstreaming project.

²² Although mothers of record will receive the cash transfers, strategies will be developed to encourage participation by both parents in the intervention model.

²³ The assessment used the methodology of the Institutional Capacity Assessment System (ICAS).

improvement in access to such services. There are preliminary indications supporting the assumptions behind the strategy. However, a more rigorous evaluation may be conducted in 2009 when the results of the midterm evaluation of the integrated intervention stage (see paragraph 3.8) are ready. This will facilitate analysis of beneficiary eligibility and the program whether they should be recertified and continued.²⁴

- 2.6 **Financial analysis.** The program phasing in process was designed in light of the strategy mentioned earlier. This period of exposure to the program will need to be evaluated to determine its relevance. Based on this assumption, the release of financial resources from the phasing in of beneficiaries will enable those households involved in the initial intervention stage to join the future integrated intervention stage. In this way, there will be a financing plan to maintain the government's investment constant, with the Bank's participation gradually reduced, thus ensuring the program's financial sustainability.
- 2.7 **Other risks.** Another risk identified is the limited access to health and educational services in the more remote rural villages targeted by the program, which will make it difficult to fulfill coresponsibilities and invest in the human capital of children. This risk would be mitigated through intersector coordination by the Ministry for Social Development and Solidarity Network (SDSRS) and line ministries at the central and local levels to mobilize services for those villages.²⁵
- 2.8 The accelerated expansion of the PRAF cash transfer program at the national level will make it difficult to sustain the pace of execution without strengthening the institution's operational capacity. Another risk identified is the impact of changes in the sector institutional framework, including creation of the SDSRS, on the process of strengthening the PRAF. These risks would be mitigated with support for the process of strengthening the PRAF (see paragraph 1.9 and 1.22) in conjunction with the government's activities to consolidate the sector institutional framework by coordinating functions and responsibilities in the program Operating Regulations.
- 2.9 Lastly, the inauguration of a new administration in January 2010 may disrupt the continuity of transfers and the program execution framework. This risk will be mitigated through the public relations strategy to shield the program, including dissemination of the external program impact evaluation. In addition, some of the program resources will be disbursed during after the new administration takes office.

²⁴ Recertification will depend on factors such as food price trends, natural disasters, and the potential effects of the present global financial crisis

²⁵ Synergies with a number of programs are anticipated, including the Health Improvement Program (1619/SF-HO), which is financing interventions for maternal-child health, and the Quality Education, Governance, and Institutional Strengthening Program financed by the World Bank, which is expanding school and preschool programs for the Honduran Community Education Program (PROHECO) in the program area.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The lender will be the Republic of Honduras, and the executing agency will be the PRAF. The PRAF is a decentralized, indefinite-term entity of the Presidency of the Republic created by Executive Decree 1208-A of 1990. Its permanent status was established by Decree 135-92 of 1992.
- 3.2 **Execution mechanism.** The program will be executed through the PCU, which is executing the program 1568/SF-HO and other international cooperation projects. Regional departmental offices and convergence centers will be established to coordinate local activities in the targeted villages; facilitate monitoring activities; provide support to the households; and assist in supervision and social audits. In light of the positive outcomes of program 1568/SF-HO, the Banco Nacional de Desarrollo Agrícola (BANADESA) will continue to support the delivery of cash transfers through its local branch offices and mobile teller machines in the program area. In addition, the coverage of services provided in the beneficiary villages of program 1568/SF-HO by SPOs (which were contracted through an international competitive bidding process) will be expanded to the four departments served by this program to make use of the existing capacity. A condition precedent to the disbursement of component 1 will be the approval and entry into force of the program Operating Regulations, which will include a special section addressing the financial management practices of community organizations (the APFs and CUSs).
- 3.3 **Interinstitutional technical coordination.** To promote the program's integrated approach, the actions of the various ministries for the targeted rural villages in extreme poverty will be coordinated under the framework of the social safety net. Coordination between sectors at the central level will involve the SDSRS, acting in cooperation with the Fondo Hondureño de Inversión Social [Honduran Social Investment Fund]; the ministries of health, education, and agriculture; the Registro Nacional de Personas [National Registry of Persons]; and others. Although there is no co-executing role in the program, the operative instruments will be agreements at the executive level that set out the interinstitutional coordination required to carry out the program, particularly with the Ministry of Health and the Ministry of Education.²⁶ In areas not covered by program financing, efforts are being made to mobilize services to complement the program (i.e. hiring doctors, nurses, teachers, etc.). This would call for an ongoing process of interinstitutional coordination.²⁷
- 3.4 **Procurement.** The procurement of goods and services and consulting services will be carried out in accordance with Bank policies (documents GN-2349-7 and

²⁶ In addition to performing the activities already described, these ministries would help to collect confirmation of coresponsibility.

²⁷ The service provider organizations could be hired by other players such as the line ministries or NGOs (with funding from other programs) in order to introduce further initiatives to those being financed under the present project as part of the social safety net subject to approval by the PRAF.

GN-2350-7). Ex post review of procurements will adhere to the thresholds set in the procurement plan, which also indicate the program procurement methods. Direct contracting of the consultants serving on the PCU financed by program 1568/SF-HO will be permitted in the interest of continuity of services and accumulation of institutional knowledge. To take advantage of operational and technical capacities developed during program execution, direct contracting will also be permitted for the SPOs currently financed by program 1568/SF-HO in the interest of continuity of services. Lastly, BANADESA will be contracted directly, in the interest of continuity, to deliver cash transfers to beneficiary households under the interinstitutional agreement with the PRAF.

- 3.5 **Disbursements.** The disbursement modality will be ex post. A concurrent audit will be conducted to certify each disbursement request. Quarterly reports will be presented on financial execution and controls with respect to the use of funds and compliance with Bank policies and standards. In light of the rapid pace of disbursements anticipated, a revolving fund of up to 20% of the financing will be established, taking account of financial programming of funds and program cash flow. The new financing parameters for Honduras will apply to the financing framework. The transfer of funds to community organizations (CUSs, APFs) will require documentation of the beneficiary households' receipt of the transfers. The program provides for reimbursement and retroactive recognition of eligible expenses of up to US\$5 million (US\$4 million funded from the loan and US\$1 million from the local counterpart) incurred on or after 19 September 2008 that comply with the Bank's rules and procedures.
- 3.6 **External audit.** The borrower will present the annual consolidated financial statements for the program to the Bank within 120 days after the close of the fiscal year. In addition to the financial audit, a concurrent audit will be conducted to support the project's fiduciary management. The audits will be performed by an independent auditing firm acceptable to the Bank, in accordance with the terms of reference previously approved by the Bank. The auditing firm will be selected and contracted in accordance with applicable Bank policies. The costs of the audit will be financed with program funds. The concurrent audit of execution of funds, cash transfers, and transfers made by the APFs and CUSs will include on-site verification.²⁸

B. Summary of arrangements for monitoring results

- 3.7 The Sistema de Información de la Programa de Asignación Familiar [Family Allowance Program Information System] (SIPRAF) will be used to monitor program outcomes and the beneficiary fulfillment of coresponsibilities. The SPOs will compile information to monitor program outcomes. The PRAF will deliver annual work plans (AWPs) and semiannual progress reports to the Bank. The

²⁸ This represents a continuation of the best practices currently implemented by the PRAF in executing program 1568/SF-HO.

progress reports will outline the progress of the components based on the indicators in the results matrix.

- 3.8 There will be an independent external impact evaluation of the program. This will give continuity to the longitudinal impact evaluation design employed in program 1568/SF-HO for the 22,000 beneficiary households in the integrated intervention stage since 2007, with a second measurement in 2009 and a third at the end of the program. For the rural area, the evaluation will use a quasi-experimental design based on group comparison where the village is the unit of analysis. Quantitative and qualitative studies will complement the evaluation to determine the impacts of each intervention phase and possible residual effects of the previous PRAF transfer programs. Impacts differentiated by poverty, gender, and ethnicity will also be examined.²⁹ A midterm evaluation of the integrated intervention stage will be performed once 50% of the financing has been disbursed.

C. Significant activities post approval

- 3.9 The following activities, to be financed through nonreimbursable technical-cooperation, will be conducted to finalize the design of the urban component: (i) mapping and analysis of the impact of programs to strengthen social expenditures in urban areas; (ii) documented experience of existing programs in urban areas; and (iii) a dimensioning analysis of transfers and coresponsibility mechanisms relevant to urban conditions. Special conditions precedent to the first disbursement of component 5 will be: (i) approval of the list of beneficiary neighborhoods selected in accordance with the geographic targeting methodology agreed with the Bank; (ii) development the urban SIRBHO, with an external audit of the system; and (iii) entry into force of the Operating Regulations governing the strategy interventions in approved urban areas.

²⁹ The evaluation methodology for urban areas will be defined once the details of the intervention plan are established

RESULTS FRAMEWORK - MATRIX OF INDICATORS
INTEGRATED SUPPORT FOR THE SOCIAL SAFETY NET PROGRAM
(HO-L1032)

PROJECT OBJECTIVE	Reduce the intergenerational transmission of poverty in Honduras by improving living standards and investing in the human capital of children of the country's poorest families.		
EXPECTED IMPACT	Improve living standards and strengthen investment in the human capital of children of the country's poorest families.		
OUTCOME INDICATORS¹	Baseline 2007	End-of-program target 2010	Comments
(i) Food purchases and consumption: 1. Increase in household food expenditures as percentage of total household expenditures. ² 2. Real increase in household per capita spending on food. (ii) Nutrition: 3. Reduction of chronic malnutrition in children ages zero to five ³ (iii) Education: 4. Increase in net primary school enrollment rate. 5. Reduction in school dropout rate. 6. Increase in school attendance rate. ⁴ (iv) Maternal and infant health: 7. Increase in institutional births as a percentage of total births. 8. Increase in percentage of pregnant women undergoing prenatal checkups during the first trimester. 9. Increase in the percentage of children under two with full vaccination coverage. 10. Decrease in rates of acute diarrheal disease (ADD) and acute respiratory infection (ARI) in children under five. (v) Community-based development and social capital: 11. Percentage of women involved in decisions regarding food and other purchases. 12. Percentage of parents participating in activities of asociaciones de padres de familia [parents' association] (APFs).	1. Food expenditures: 77.6% 2. Annual per capita food expenditures: 3,727 lempiras 3. Chronic malnutrition: 60.6% 4. Net enrollment rate: 85.5% 5. School dropout rate: 1.28 % 6. School attendance rate: 98.8% 7. Institutional births /total births: 30.1% 8. Recruitment for prenatal checkups during first trimester: 19% 9. Percentage of children under two with full vaccination coverage: 61.2% 10. Rates of ADD and ARI in children under five: 19% and 21%, respectively. 11. Percentage of women involved in household purchasing decisions: 30.2% 12. Percentage of parents participating in APFs: 45%	1. Food expenditures: 82.6% 2. Annual per capita food expenditures: 4,100 lempiras (adjusted for inflation) 3. Chronic malnutrition: 57.6% 4. Net enrollment rate: 88.5% 5. School dropout rate: 1.08% 6. School attendance rate: 98.8% 7. Institutional births /total births: 33.1% 8. Recruitment for prenatal checkups during first trimester: 29% 9. Percentage of children under two with full vaccination coverage: 71.2% 10. Rates of ADD and ARI in children under five: 14% and 16%, respectively. 11. Percentage of women involved in household purchasing decisions: 45% 12. Percentage of parents participating in APFs: 60%	Data from the Encuesta de Desarrollo Humano [Human Development Survey] (EDH), baseline study for the CSSNP. All baseline values are for 2007. The results matrix will be reviewed at the time of the second program measurement in 2009. See supplemental technical document, Evaluation and Monitoring Mechanisms. The indicators will be reviewed during the program launch session using the sampling framework for the impact evaluation.

¹ The indicators will be calculated on the basis of the 22,000 beneficiary households in the integrated intervention stage since 2007.

² The Encuesta de Desarrollo Humano [Human Development Survey] (EDH) form will be revised to build in an indicator measuring dietary diversity.

³ Defined as a percentage of children under five with a low height-for-age Z scores (HAZ <-2.0)

⁴ Because the figures are based on mothers' perceptions, the target will be reviewed and compared with school records.

COMPONENT I: CASH TRANSFERS WITH CORESPONSIBILITIES					
Outputs	Base 2007	Year 1 2009	Year 2 2010	Cumulative target	Source of data/Responsible entity
1. Number of nutrition transfers paid.	22,000	45,000	45,000	45,000	Sistema de Información de la Programa de Asignación Familiar [Family Allowance Program Information System (SIPRAF), Banco Nacional de Desarrollo Agrícola [National Agricultural Development Bank] (BANADESA)
2. Number of education transfers paid	22,000	45,000	45,000	45,000	SIPRAF, BANADESA
3. Number of health transfers paid.	22,000	45,000	45,000	45,000	SIPRAF, BANADESA
Intermediate outcomes					
Days of classroom instruction per school year	To be determined	--	--	--	SIPRAF, Sistema Integral de Monitoreo y Evaluación [Integrated Monitoring and Evaluation System] (SIME), project coordination unit (PCU)
Percentage of children under five who have visited a health center at least once in the previous month.	28.9%	35.9%	43.9%		
Percentage of children under two undergoing weight checks.	56.2%	61.2%	66.2%	--	SIPRAF, SIME, PCU
Percentage of pregnant women undergoing prenatal checkups.	29.7%	34.7%	39.7%	--	SIPRAF, SIME, PCU
Attended births and childbirth clinics or hospitals as a percentage of total births	30.1%	31.6%	33.1%	--	SIPRAF, SIME, PCU
Outcomes					
Increase in net primary school enrollment rate by educational cycle (first, third, and sixth grade)	55.2% 31.2% 25.0%	57.7% 33.7% 27.7%	60.2% 36.2% 30%	--	SIPRAF, SIME, PCU
Reduction in school dropout rate (first, third, and sixth grade)	2.63% 0.82% 0.31%	2% 0.62% 0.24%	1.5% 0.51% 0.18%	--	SIPRAF, SIME, PCU
Increase in school attendance rate ⁵	80%	85%	90%	--	SIPRAF, SIME, PCU
Reduction in malnutrition and children under two (NHCS).	41.8%	40.8%	38.8%	--	SIPRAF, SIME, PCU
Rates of ADD and ARI and beneficiary children	18% 20%	16.5% 18.5%	14% 16%	--	SIPRAF, SIME, PCU

⁵ This target will be reviewed and compared with school records.

COMPONENT II: COMMUNITY-BASED DEVELOPMENT AND IMPROVEMENT OF SERVICES					
Outputs	Base 2007	Year 1 2009	Year 2 2010	Cumulative target	Source of data/Responsible entity
1. SPOs contracted and implementing AIN-C strategy.	To be determined	3	-3-	-3-	PCU
2. SPOs contracted and strengthening local self-help and empowerment.	To be determined	-3-	-3-	3	PCU
3. SPOs contracted and implementing the food security strategy.	To be determined	3	3	3	PCU
4. Number of households benefiting from nutrition, self-help, food security actions	22,000	45,000	45,000	45,000	PCU
5. Specific outputs of AIN-C implementation: a. Monitors trained. b. Households served. c. Micronutrients delivered.	500 22,000	1,000 10,000 45,000	1,000 45,000	1,000 45,000	SIPRAF, SIME , PCU
6. Number of APFs organized, trained, and receiving transfers.	425	674	922	922	SIPRAF, SIME , PCU
7. CUSs receiving transfers per safe birth/year.	164	352	375	375	SIPRAF, SIME , PCU
6. CUSs receiving medicine/supplement kits per year	164	352	375	375	SIPRAF, SIME, PCU
8. Monitors for AIN-C follow-up (CUS monitors/year).	500	1,000	1,000	1,000	SIPRAF, SIME , PCU
9. Promotion sessions held for beneficiaries.		8	16	16	SIPRAF, SIME, PCU
Intermediate outcomes					
1. Households with improved capacities, aptitudes, and practices in: nutrition (exclusive breast-feeding / appropriate additional nutrition between six and nine months / hand-washing prior to preparing food, etc.).	To be determined	ELB, SISEP; CPSE
2. Percentage of infants exclusively breast-fed up to age six months.	To be determined	SIPRAF, SIME , PCU
3. Households made aware of the importance of fulfilling coresponsibilities.	22,000	45,000	45,000	45,000	SIPRAF, SIME , PCU
4. Schools equipped with basic teaching materials.	425	674	922	922	SIPRAF, SIME , PCU
5. APFs trained in self-help and community participation.	425	674	922	922	SIPRAF, SIME , PCU
6. Health units with basic supply kits	0	352	375	375	
7. CUSs trained in self-help and community participation	164	352	375	375	SIPRAF, SIME , PCU
8. Institutional births increase.	30.1%	31.6%	33.1%	---	SIPRAF, SIME , PCU
9. Percentage of transfers delivered to APFs that have been redeemed.	50%	75%	95%		SIPRAF, SIME, PCU
10. Transfers delivered to APFs as a percentage of the number planned.	50%	75%	95%		SIPRAF, SIME, PCU
Outcomes					
1. Reduction in chronic infant malnutrition.	60%	59%	58%	--	SIPRAF, SIME, PCU
2. Increase in community participation (percentage of parents participating in AFPs)	45%	53%	69%		SIPRAF, SIME, PCU
3. Increase in user satisfaction with education and health services.	To be determined	70%	80%	80%	SIPRAF, SIME, PCU

COMPONENT III: INSTITUTIONAL STRENGTHENING FOR INITIAL EXECUTION PHASE					
Outputs	Base2007	Year 1 2009	Year 2 2010	Cumulative target	Source of data/Responsible entity
1. Hours of technical assistance and strategic planning tutorial	--	30	15	45	PCU
2. Hours of technical assistance and monitoring and evaluation tutorial	--	30	30	60	PCU
3. Management training courses held	--	4	--	4	PCU
4. Computer training courses held	--	4	--	4	PCU
5. Management information system in operation.		1	1	1	PCU
6. Procurement of vehicles		2	2	4	PCU
Intermediate outcomes					
1. UCP/PRAF/SS/SE managers trained in <ul style="list-style-type: none"> Program operations Supervision mechanism Performance measurement 	To be determined	10	20	20	SISEP; PCU
2. PCU effectiveness indicators:					SIPRAF
a. Time elapsed between information collection and receipt of transfer payment	30 days	25	20	20	SIFRAF SIME
b. Percentage of transfers not delivered.	5%	3%	3%		SIFRAF SIME
c. Number of beneficiaries paid by vouchers as a percentage of number of beneficiaries planned.		95%	95%		SIFRAF SIME
d. Percentage of beneficiary complaints and claims processed and resolved.		70%	80%		SIFRAF SIME
e. Average number of quarterly visits by the regional convergence center per village		2	3		SIFRAF SIME
Outcomes					
% satisfaction of managers trained.	To be determined				ELB, EI
Percentage of beneficiaries fulfilling coresponsibilities		95%	95%	95%	SIFRAF SIME
% scope of program physical execution targets:		70%	80%	95%	SIFRAF PCU

INTEGRATED SUPPORT FOR THE SOCIAL SAFETY NET PROGRAM (HO-L1032)
Period covered: January 2009 to December 2009
Date of next revision: March 2009

No.	Description of contract and estimated cost of procurement	Estimated cost US\$	Procurement method	Review (ex ante or ex post)	Source of financing %		Pre-qualification Yes No	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
					IDB	Local		Publication of notice	Contract termination		
	1. Goods										
1	Central computer equipment	208,000	ICB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
2	Audiovisual equipment	8,000	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
3	Computer equipment	80,000	ICB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
4	Equipment to strengthen data collection and processing	74,000	NCB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
5	Document management equipment	40,000	NCB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
6	Training session materials	10,500	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
7	Materials and supplies for community personnel	155,441	NCB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
8	Software	107,000	NCB	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various types of software
9	Vehicles	380,000	ICB	Ex ante	100%		No	I Qtr 2009	II Qtr 2009	Pending	
10	Miscellaneous	9,600	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
	2. Nonconsulting services										
11											
12	SPO contracting	4,590,000	DC	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
13	SPO contracting for urban areas	600,000	DC	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
14	Organization of workshops for PRAF	23,000	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
15	Courses in project management, supervision, monitoring, and evaluation	112,000	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various courses
16	Computer courses (development, databases, security, COBIT, and ITIL)	56,000	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various courses
17	Courses for administrative and financial areas	28,000	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various courses

No.	Description of contract and estimated cost of procurement	Estimated cost US\$	Procurement method	Review (ex ante or ex post)	Source of financing %		Pre-qualification Yes No	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
					IDB	Local		Publication of notice	Contract termination		
18	Publishing and printing of materials	214,750	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various types of materials
19	Regional materials and supplies	48,000	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various types of materials
20	Organization of national and departmental events	18,000	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various events
21	Organization of workshops	48,000	NCB	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Various workshops
22	Various services	22,846	PC	Ex post	100%		No	II Qtr 2009	IV Qtr 2009	Pending	Various services
23	BANADESA fee for payment of transfers	472,420	DC	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Direct contracting with IDB no objection
24	BANADESA fee for payment of transfers	131,555	DC	Ex ante	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Direct contracting with IDB no objection
25	Printing of materials	7,500	PC	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
	3. Consulting services										
	a. Firms										
26	Financial audit	75,000	NICQ	Ex ante	100%		No	III Qtr 2009	IV Qtr 2009	Pending	
27	Application software management training program	12,000	NICQ	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
28	Monitoring and evaluation training program	8,000	NICQ	Ex post	0%		No	I Qtr 2009	IV Qtr 2009	Pending	
	b. Consultants										
29	Technical assistance and tutorial in strategic planning	24,000	IICC	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
30	Technical assistance to support implementation	18,000	IICC	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
31	Technical assistance to develop computer tools	50,000	IICC	Ex ante	100%		No	I Qtr 2009	II Qtr 2009	Pending	
32	Technical assistance for functional development and processes	20,000	IICC	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	

No.	Description of contract and estimated cost of procurement	Estimated cost US\$	Procurement method	Review (ex ante or ex post)	Source of financing %		Pre-qualification Yes No	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
					IDB	Local		Publication of notice	Contract termination		
33	Technical assistance and tutorial in management and finance	12,000	NICQ	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
34	Technical assistance and tutorial in human resource management	12,000	NICQ	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
35	Technical assistance and tutorial in monitoring and evaluation	20,000	IICC	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
36	International contracting of technical assistance	8,000	IICC	Ex post	100%		No	I Qtr 2009	III Qtr 2009	Pending	
37	National contracting of technical assistance	20,000	NICQ	Ex post	0%		No	I Qtr 2009	III Qtr 2009	Pending	
38	Contracting of technical assistance for operational evaluation	20,000	IICC	Ex post	100%		No	III Qtr 2009	IV Qtr 2009	Pending	
39	Organization of national workshop	5,000	NICQ	Ex post	100%		No	I Qtr 2009	II Qtr 2009	Pending	
40	Organization of national program launch session	5,000	NICQ	Ex post	100%		No	II Qtr 2009	II Qtr 2009	Pending	
41	Organization of departmental awareness-heightening workshops	12,000	NICQ	Ex post	100%		No	I Qtr 2009	I Qtr 2009	Pending	Various workshops
42	Organization of regional workshops	12,000	NICQ	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	
43	Regional personnel	408,000	NICQ	Ex post	100%		No	I Qtr 2009	IV Qtr 2009	Pending	Long-term individual consulting assignments
44	PCU personnel	829,800	NICQ	Ex post	0%		No	I Qtr 2009	IV Qtr 2009	Pending	Long-term individual consulting assignments

DC Direct contracting

ICB International competitive bidding

IICC International Individual Consultant selection based on Qualifications

NCB National competitive bidding

NICQ National Individual Consultant selection based on Qualifications

PC Price comparison

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/_

Honduras. HO-X1012. Conditional Credit Line for Investment Projects (CCLIP)
Integration Support for a Social Safety Net Program

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank to enter into such agreement or agreements as may be necessary with the Republic of Honduras, as Borrower, to establish a Conditional Credit Line for Investment Projects (CCLIP) for the Integration Support for a Social Safety Net Program ("Credit Line") for up to the sum of US\$56,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital corresponding to parallel loans within the framework of the multilateral debt relief and concessional finance reform of the Bank.

2. That the establishment and utilization of resources under the Credit Line shall be carried out in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects established by Resolution DE-58/03 of July 16, 2003 as amended by Resolution DE-10/07 of January 31, 2007; and (b) the specific provisions set forth in document GN-2246-4 and the Loan Proposal Executive Summary.

3. That the amounts authorized to finance individual operations chargeable to the Credit Line shall be granted as individual operations subject to the usual financial terms and conditions applicable to financing from the resources of the Single Currency Facility of the Bank's Ordinary Capital corresponding to parallel loans within the framework of the multilateral debt relief and concessional finance reform of the Bank, in force at the time that each individual operation is approved. Such terms and conditions shall be specified in the executive summary of the corresponding loan proposal.

4. That the effectiveness of the agreement or agreements executed by the Bank with the Republic of Honduras to grant financing for each individual operation shall be subject to the effectiveness and validity of the cooperation agreement for the establishment of the Credit Line.

(Adopted on _____)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Honduras. HO-X1012. Conditional Credit Line for Investment Projects (CCLIP)
Integration Support for a Social Safety Net Program

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank to enter into such agreement or agreements as may be necessary with the Republic of Honduras, as Borrower, to establish a Conditional Credit Line for Investment Projects (CCLIP) for the Integration Support for a Social Safety Net Program ("Credit Line") for up to the sum of US\$24,000,000, from the resources of the Bank's Fund for Special Operations corresponding to parallel loans within the framework of the multilateral debt relief and concessional finance reform of the Bank.

2. That the establishment and utilization of resources under the Credit Line shall be carried out in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects established by Resolution DE-58/03 of July 16, 2003 as amended by Resolution DE-10/07 of January 31, 2007; and (b) the specific provisions set forth in document GN-2246-4 and the Loan Proposal Executive Summary.

3. That the amounts authorized to finance individual operations chargeable to the Credit Line shall be granted as individual operations subject to the usual financial terms and conditions applicable to financing from the resources of the Bank's Fund for Special Operations corresponding to parallel loans within the framework of the multilateral debt relief and concessional finance reform of the Bank, in force at the time that each individual operation is approved. Such terms and conditions shall be specified in the executive summary of the corresponding loan proposal.

4. That the effectiveness of the agreement or agreements executed by the Bank with the Republic of Honduras to grant financing for each individual operation shall be subject to the effectiveness and validity of the cooperation agreement for the establishment of the Credit Line.

(Adopted on _____)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Honduras. Loan ____/BL-HO to the Republic of Honduras
First Integration Support for a Social Safety Net Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the first integration support for a social safety net program, under the Conditional Credit Line for Investment Projects (CCLIP) for the Integration Support for a Social Safety Net Program, approved by Resolution DE-___/___ . Such financing will be for the amount of up to US\$14,000,000 from the resources of the Single Currency Facility of the Bank's Ordinary Capital, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____)

LEG/SGO/CID/IDBDOCS#1725159
HO-L1032

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Honduras. Loan ____/BL-HO to the Republic of Honduras
First Integration Support for a Social Safety Net Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the first integration support for a social safety net program, within the framework of the Conditional Credit Line for Investment Projects (CCLIP) for the Integration Support for a Social Safety Net Program, approved by Resolution DE-___/___ . Such financing will be for the amount of up to US\$6,000,000 from the resources of the Bank's Fund for Special Operations, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ _)

LEG/SGO/CID/IDBDOCS#1725166
HO-L1032