

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HONDURAS

CIVIC COEXISTENCE AND NEIGHBORHOOD IMPROVEMENT PROGRAM

(HO-L1187)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Karelía Villa (IFD/ICS), Project Team Leader; Sandra Bartels (CSD/HUD), Alternate Project Team Leader; César Rivera (ICS/CHO); Andrés Restrepo, Pavel Munguía, Mauricio Bastián, Barbara Cedillo, Viviana Vélez, and Sonia Rojas (IFD/ICS); Estrella Peinado (HUD/CHO); Nathyeli Acuña (SCL/GDI); Ana Paz (CID/CHO); Blanca Henríquez and Roberto Leal (VPS/ESG); Victoria Florez (ORP/PTR); Nadia Rauschert and María Cecilia Del Puerto (VPC/FMP); and Cristina Landazuri (LEG/SGO).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problems addressed, and rationale	1
B.	Objectives, components, and cost	8
C.	Key results indicators	10
II.	FINANCING STRUCTURE AND MAIN RISKS	11
A.	Financing instruments	11
B.	Environmental and social risks	12
C.	Fiduciary risks	13
D.	Other key issues and risks.....	13
III.	IMPLEMENTATION AND MANAGEMENT PLAN	14
A.	Summary of implementation arrangements	14
B.	Summary of arrangements for monitoring results	16

ANNEXES	
Annex I	Summary Development Effectiveness Matrix (DEM)
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements

ELECTRONIC LINKS
<p>REQUIRED</p> <ol style="list-style-type: none"> 1. Multiyear Execution Plan and Annual Work Plan 2. Monitoring and Evaluation Plan 3. Environmental and Social Management Report (ESMR) 4. Procurement Plan <p>OPTIONAL</p> <ol style="list-style-type: none"> 1. Project Economic Analysis <ul style="list-style-type: none"> 1.A. Report 1.B Worksheet 2. Itemized Budget 3. Operations Manual 4. Institutional Aspects 5. Targeting Criteria 6. Neighborhood Census 7. National Civic Coexistence and Citizen Security Survey in Honduras 2017. 8. Project completion report, 2895/BL-HO. 9. Improved Safe Neighborhoods in Honduras 10. Analysis of Domestic Violence Prevention, Assistance and Referral Mechanisms 11. Analysis of the National Police Force Educational System and Criminal Investigation 12. Police Reform 13. Recommendations to strengthen the National Police Force 14. Public Policy Options in Citizen Security Sector 15. Urban integration works project design 16. Vertical Logic Matrix 17. Social Consultation Reports: Neighborhood Improvement; UMPE 2; ANAPO 18. Analysis of compliance with the Public Utilities Policy 19. Safeguards Policy Filter and Safeguard Screening Form for Project Classification

ABBREVIATIONS

ANAPO	National Police Academy
CECP	Consejo estratégico de coordinación del programa [Strategic program coordination council]
CNIP	Comprehensive Neighborhood Improvement Plans
ESA	Environmental and Social Analysis
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMR	Environmental and Social Management Report
IDECOAS/FHIS	Instituto de Desarrollo Comunitario, Agua y Saneamiento/Fondo Hondureño de Inversión Social [Community Development, Water, and Sanitation Institute/Honduran Social Investment Fund]
ITP	Instituto Técnico Policial [Police Technical Institute]
MACCIH	Misión de Apoyo contra la Corrupción y la Impunidad en Honduras [Anti-Corruption and Impunity Support Mission in Honduras]
MAIE	Módulo de Atención Integral Especializado [Specialized Comprehensive Attention Module]
MDC	Municipio del Distrito Central [Central District]
PAPTN	Plan de la Alianza para la Prosperidad del Triángulo Norte [Plan of the Alliance for Prosperity in the Northern Triangle]
PCU(s)	Program coordination unit(s)
SEDS	Office of the Secretary of State for Security
SEFIN	Secretary of Finance
SEPOL	Sistema Estadístico Policial [Online Police Statistics System]
SPS	San Pedro Sula
UMEP	Unidad Metropolitana de Policía Nacional [Metropolitan National Police Unit]

PROJECT SUMMARY
HONDURAS
CIVIC COEXISTENCE AND NEIGHBORHOOD IMPROVEMENT PROGRAM
(HO-L1187)

Financial Terms and Conditions			
Borrower: Republic of Honduras	Source	Amount (US\$)	%
	IDB (Regular Ordinary Capital):	36,000,000	60
	IDB (Concessional Ordinary Capital):	24,000,000	40
Executing agency: Office of the Secretary of State for Security (SEDS) and the Community Development, Water, and Sanitation Institute/Honduran Social Investment Fund (IDECOAS/FHIS)	Total:	60,000,000	100
	Regular OC (FFF) ^(a)	Concessional OC	
Amortization period:	25 years	40 years	
Disbursement period:	5 years		
Grace period:	5.5 years	40 years	
Interest rate:	LIBOR-based	0.25%	
Credit fee:	(b)	N/A	
Inspection and supervision fee:	(b)	N/A	
Weighted average life (WAL):	15.25 years	N/A	
Approval currency:	U.S. dollars		
Project at a Glance			
Project objective/description: The general objective is to improve civic coexistence in Honduras by improving the quality of life in vulnerable neighborhoods and reducing the incidence of violent crime. The specific objectives are: (i) to improve the habitat of vulnerable urban neighborhoods, by increasing access to basic services and prevention infrastructure to reduce robberies and sex crimes; (ii) to reduce homicide and domestic violence rates in the beneficiary neighborhoods, by improving violence prevention and victim assistance services; and (iii) to improve police effectiveness in criminal investigations, by increasing the proportion of homicide cases with an identified suspect and investigative report accepted by the Public Prosecutor's Office.			
Special disbursement: Upon fulfilment of the general conditions precedent to the first disbursement, contained in Article 4.01 of the General Rules of the Loan Contract, a special disbursement of up to US\$300,000 may be made to hire consultants/promoters to support component 1, in order to advance field activities in vulnerable beneficiary neighborhoods in the Central District, due to the executing agency's lack of liquidity (paragraph 3.5).			
Special contractual conditions precedent to the first disbursement of loan proceeds: (a) evidence will be presented that the program Operations Manual has been approved by both the IDECOAS/FHIS and the SEDS ministers, with the Environmental and Social Management Framework (ESMF) included as an annex, in accordance with the terms previously agreed to with the Bank; and (b) each executing agency will independently present evidence that it has formed its respective program coordination unit (PCU) with at least: (i) a general coordinator; (ii) a monitoring and evaluation specialist; (iii) a financial specialist; (iv) a social sector specialist; (v) an environmental specialist; and (vi) a procurement specialist (paragraph 3.6).			
Special contractual conditions of execution: (a) through the executing agencies, the CECP will be formed in the first six months from the date of eligibility for the first disbursement. This condition is necessary to ensure that there is a mechanism in place to facilitate technical decisions by the executing agencies regarding any activities under Components 1 and 2 that are implemented in the same geographic area; and (b) prior to beginning construction of the National Police Academy (ANAPO), the SEDS will present evidence that the SEDS Minister has approved: (i) a police training and professionalization model, coordinating the education provided at the ITP, ANAPO, and the university levels, based on principles of merit and transparency in training for policing careers; (ii) academic curriculum for mid-level and senior police officers; (iii) ANAPO candidate entry profile, including the possibility of ITP cadets entering the Academy, and other candidates who already have, at minimum, a university degree or equivalent; and (iv) instructor profile according to the teaching requirements of the new curriculum (paragraph 3.7).			
Special social and environmental contract conditions, as listed in Annex B to the Environmental and Social Management Report (ESMR).			
Exceptions to Bank policies: None.			

Strategic Alignment						
Challenges^(c):	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI	<input type="checkbox"/>
Crosscutting topics^(d):	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>	CI	<input checked="" type="checkbox"/>
(a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. The Bank will take market conditions as well as operational and risk management considerations and the concessionality of the loan into account when reviewing such requests, in accordance with applicable policies.						
(b) 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 applicable policies.						
(c) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).						
(d) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).						

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems addressed, and rationale

- 1.1 **The general problem identified is that Honduras faces a serious challenge to civic coexistence.**¹ There are real signs that the country's social fabric is fraying due in large part to inequality, expansion of vulnerable neighborhoods, and high levels of urban violence. This causes noncompliance with regulations, changes in the dynamics of conflict resolution, and high levels of informality in citizen services, in some cases accompanied by weak institutional presence. Given this situation, the challenge is to take steps to improve peaceful coexistence levels.
- 1.2 Challenges to peaceful coexistence manifest in various areas that become risk factors and generate insecurity in vulnerable contexts. This project proposes measures to reduce exposure to the following risk factors: (i) physical, lack of access to basic services;² (ii) social, affecting personal and community integrity, due to trauma and abuse affecting the population, domestic violence,³ and gang activity; and (iii) institutional, due to the absence of the State and prevention and assistance services, especially the failure to prosecute crimes, which negatively correlates to deterrence of criminal behavior.⁴
- 1.3 **The first specific problem is the unregulated growth of urban neighborhoods with limited access to basic services infrastructure, conditions that are conducive to the incidence of robbery and sex crimes.**⁵ The precariousness of the physical environment damages civic coexistence and the social fabric, eroding interpersonal relationships and social and community action. Low levels of community confidence⁶ discourage community organizations from seeking participatory solutions to neighborhood problems, creating a climate favorable to violence and crime. Honduras has experienced the greatest urban growth in Latin America and the Caribbean (140%) in the last 50 years, with an urban population of 55%.⁷ This has led to the unregulated growth of "vulnerable neighborhoods"⁸ under conditions of marginalization, located mostly in two municipios in the country, the Central District (MDC) and San Pedro Sula (SPS). In the Central District, 222 of the

¹ In Honduras, only 10% of citizens take part in peaceful resolution of community problems; only 16% express interest in participating in community activities. LAPOP - Vanderbilt University, 2014.

² Disorganization of the physical space (abandoned infrastructure, trash, and graffiti) is relevant to understanding the crime-space relationship. This decay reveals institutional failures and lack of social capital and engenders crime (Sampson, 1999).

³ Exposure to violence at an early age increases the probability of becoming an aggressor (Heise, 2011; Logan, 2016).

⁴ Citizen insecurity is related to noncompliance with community cultural norms and lack of police. Unsolved crime reduces the cost of committing illegal activities, creating vulnerable environments and impunity (Durlauf and Nagin, 2011).

⁵ The zero-tolerance theory (broken windows) concludes that neighborhood decay encourages crime (Wilson and Kelling, 1982).

⁶ In Honduras, interpersonal trust fell from 33% (2011) to 13% (2016). Latinobarómetro.

⁷ World Bank, 2017.

⁸ Vulnerable neighborhoods are characterized by a lack of economic and educational opportunities, a weak social fabric, makeshift buildings in process of formalization, and limited access to basic services, affecting local residents and contributing to conflict and insecurity.

municipio's 545 neighborhoods are vulnerable.⁹ Within the Central District, Metropolitan National Police Units (UMEPs) 2 and 3 show higher rates of marginalization.¹⁰ Neighborhoods targeted for intervention are located in UMEP-2, which has the highest incidence of violent crime: 23% of the population was a victim of a crime (of this percentage, 89% reported having been robbed) and 56% indicated that they had changed daily habits to avoid being a victim of violence.¹¹ This geographic area is responsible for 43% of all sex crimes reported in the Central District.¹²

- 1.4 The main determinants of the first problem are: (i) poor infrastructure and basic services conditions affecting levels of social cohesion among residents of these neighborhoods, where only 35% of households have access to safe drinking water and 2% to public sewer services; there are 0 km of passable access—paved roads—and therefore only 80% of households have liquid and solid waste collection, and 63% of households have electricity;¹³ and (ii) limited opportunities for personal and professional development for at-risk population, especially youth, making them likely to be victims or perpetrators of crime¹⁴ (See Table 1).

Table 1. Indicators of access to basic services in vulnerable Central District neighborhoods

COMMUNITY		BASIC SERVICES				LEVEL OF SCHOOLING*					FACILITIES			
	Total population	Potable water	Sewer system	Electricity	Liquid and solid waste collection	Pre-school	Elementary	Secondary	Vocational	University	% school attendance	# schools	# Health center	# of recreational
25 de Enero	519	35% of households in the communities have access to safe drinking water.	2% of households in the communities are connected to a sewer system	63% of households have electricity	80% of households have liquid and solid waste collection service	17	78	65	6	13	34.49	3	0	0
Altos de la Quesada	128					1	26	10	0	4	32.03			
Brisas del Mogote	361					11	61	43	2	3	33.24			
La Huerta	253					4	39	34	4	2	32.81			
Montes de los Olivos	1,295					31	194	143	4	4	29.03			
Nueva Australia	1,031					28	147	102	7	14	28.90			
Nueva España	1,342					32	208	159	7	23	31.97			
Nueva Galilea	588					14	95	75	3	7	32.99			
Nueva Jerusalén	1,993					52	320	206	12	18	30.51			
TOTAL	7,510					190	1,168	837	45	88	31.00			

*Number of people by level of schooling

Source: Prepared by the authors

⁹ San Pedro Sula has 641 neighborhoods, of which 250 are vulnerable. Department of Social Inclusion, 2012.

¹⁰ Parameter based on education, housing, and access to basic water, electricity, and sanitation services ([targeting criteria](#)).

¹¹ [National Civic Coexistence and Citizen Security Survey in Honduras 2017](#).

¹² Online Police Statistics System (SEPOL).

¹³ [Census of Beneficiary Neighborhoods](#).

¹⁴ 60% of homicide victims are under 30 years of age. SEPOL. 15% of school-aged children and youth are unschooled ([Census of Beneficiary Neighborhoods](#)).

- 1.5 **The second specific problem is the high concentration of violent crime, such as homicide and domestic violence, in specific municipios.** Despite the 30-point reduction in the homicide rate per 100,000 inhabitants in Honduras over the last five years, the country currently has the second highest homicide rate per 100,000 inhabitants in Latin America, after El Salvador.¹⁵ The incidence of violent crime, such as homicide, is concentrated in the Central District and San Pedro Sula. The areas most affected by homicide within the Central District are under the jurisdiction of UMEPs 1 and 2, in the north of the city. UMEP-2's homicide rate of 98 per 100,000 is above the national average (59.1).¹⁶ Femicide is concentrated in the departments of Cortes and Francisco Morazan (31.2% and 26.6% of total femicides nationally).¹⁷ Domestic violence, in turn, is concentrated in the Central District (22% of all cases nationally), and 90% of victims are women.¹⁸
- 1.6 The main determinants of the second problem are: (i) limited proportion of victims with access to domestic violence assistance services;¹⁹ (ii) insufficient number of police or inefficient deployment in communities, due to the reduction in force of the National Police through attrition²⁰ and the lack of quality analysis of municipal crime, further complicating adequate deployment based on real crime rates in the country;²¹ (iii) low accessibility to prevention and reporting services for the community in vulnerable areas due to weak facilities;²² (iv) high number of municipios with no crime prevention strategy;²³ and (v) low availability of information for the general public about violence prevention and assistance services.²⁴
- 1.7 **The third specific problem is the low police effectiveness in investigating homicides, which results in low levels of criminal prosecution of this crime.** One possible consequence of this problem is the perception of impunity, which affects the level of citizen confidence in institutions responsible for security,

¹⁵ DataSeg, 2015.

¹⁶ National Police-UMEP-2.

¹⁷ [Analysis of Domestic Violence Prevention, Assistance, and Referral Mechanisms.](#)

¹⁸ Women between the ages of 26 and 35 are the most affected. Interinstitutional Technical Coordination Unit, 2017. Honduras has the second highest femicide rate in the world (ECLAC, 2016).

¹⁹ UMEP-2 does not have Specialized Comprehensive Assistance Module (MAIE) services for victims of domestic violence, where the Public Prosecutor's Office, medical, police, legal, and psychological services would be coordinated to assist female victims. In the Central District, only UMEP-4 has a MAIE.

²⁰ The National Police purged 28% of officers; 4% auxiliaries; and 68% of patrolman. In parallel, ITP is training police personnel to generate coverage. The National Police approved (i) the National Police Act; and (ii) the Police Career Act.

²¹ UMEP-2 has one police officer per 1,600 inhabitants, six times lower than the international standard (1 per 250 inhabitants).

²² The 'dark figure' (or rate of unreported crime) for domestic violence is 78.3% in the Central District and San Pedro Sula. In UMEP-2, 3.6% of activities are community policing, compared with the rest of the UMEPs (22%). Seventy percent of National Police infrastructure dates from 1940 ([National Civic Coexistence and Citizen Security Survey in Honduras 2017](#)).

²³ Of 298 municipios, only 7 receive security tax resources, because they have a Strategic Civic Coexistence Plan.

²⁴ Nine out of 10 people say they do not speak to National Police in their communities, but 53.6% express interest in engaging with National Police ([National Civic Coexistence and Citizen Security Survey in Honduras 2017](#)).

especially the National Police.²⁵ Poor police effectiveness is reflected in the low rate of homicide cases with an identified suspect and investigation report accepted by the Public Prosecutor's Office.²⁶ The foregoing may be due to the low level of education, specialization, and continuous training among mid-level and senior police officers.²⁷ The criminal investigation training curriculum for mid-level and senior police officers has not been updated in the last 10 years, and instructors do not have plans for updating education.²⁸ Primary determinants of this problem are: (i) low number of criminal investigation reports that meet criminal investigation protocols and are accepted by the Public Prosecutor's Office;²⁹ (ii) disjointed, low-quality, unspecific criminal information and obsolete technology;³⁰ and (iii) low technical analytical capacity to generate timely and reliable information to help solve crime.³¹

- 1.8 **Rationale for intervention.** Reducing violence and crime requires other institutions to provide prevention and assistance services, in addition to the police. The program proposes the following approaches to address the three types of risk factors that lead to violence and crime (paragraph 1.2). Activities under Component 1 will assist vulnerable Central District neighborhoods, to improve levels of peaceful coexistence and social cohesion. Component 2 will implement local interventions to reduce homicides and prevent and address domestic violence in the Central District and San Pedro Sula. Evidence indicates that femicide falls by between 35% and 45% if victims of domestic violence are offered support (Koppa, 2015). Component 3 activities will modernize the National Police, transform the educational system and specialization. Greater police interaction with citizens and improved criminal investigation increases the number of personal crimes solved by 10% to 20% (Soares and Viveiros, 2010). This program will promote civic coexistence by improving the urban habitat in vulnerable neighborhoods, increasing access to violence prevention services and victim assistance, and promoting community engagement.
- 1.9 **Targeting criteria.** Component 1 identified the municipio with the highest concentration of vulnerable urban neighborhoods (Central District with 23.2%). The level of urban marginalization in the Central District was analyzed by creating an index of marginalization and levels of violent crime. This index showed that the area in the jurisdiction of UMEP-2 has the highest percentage of highly or very highly

²⁵ Sixty-three percent of the population does not trust the National Police (Latinobarómetro, 2016). Citizen distrust arises from an inefficient criminal system. According to Becker's economic theory (1968), there must be factors that increase the cost of committing a crime throughout the justice system, such as: (i) a high probability of arrest and conviction; (ii) severity of punishment; and (iii) swiftness.

²⁶ The prosecutor is responsible for carrying out a criminal investigation. National Police assist with the criminal investigation and carry out investigative, technical-scientific, and operational work to gather evidence of crimes. "Analysis of the Police Educational System and the criminal investigation System" ([Analysis of the National Police Criminal Investigation Educational System](#)).

²⁷ HO-L1187 will train mid-level and senior police officers. HO-L1063 supported police training for patrolmen (paragraph 1.11).

²⁸ [Analysis of the National Police Criminal Investigation Educational System](#).

²⁹ Only 20% of homicide cases meet crime scene processing protocols ([Analysis of the National Police Criminal Investigation Educational System](#)).

³⁰ Only 34% of total homicides have a criminal investigation file created by National Police and accepted by the Public Prosecutor's Office. Of these, only 16% of cases result in a conviction ([Analysis of the National Police Criminal Investigation Educational System](#)).

³¹ National Police have a 74% backlog of investigations ([Analysis of National Police Criminal Investigation Educational System](#)).

marginalized population (0.28). In this UMEP, vulnerable neighborhoods with the highest rate of urban marginalization are in the northwest part of the Central District (1.87): 25 de enero; Altos de la Quesada; Brisas del Mogote; La Huerta; Montes de los Olivos; Nueva Australia; Nueva España; Nueva Galilea; and Nueva Jerusalén.

- 1.10 For Component 2, municipios were selected based on homicides and domestic violence, the crimes with the highest incidence in the country, and for having: (i) more than 100,000 inhabitants, with a homicide rate per 100,000 above the national average; (ii) a high rate of homicide and domestic violence (the Central District and San Pedro Sula had the highest levels);³² (iii) highest prevalence of homicides and domestic violence per UMEP (in the Central District it is UMEP-1 and UMEP-2, with an average homicide rate of 93 per 100,000³³ and a domestic violence rate of 141 per 100,000 women.³⁴ In San Pedro Sula, the highest rates are found in UMEP-6 and UMEP-8, with an average of 90 homicides per 100,000³⁵ and an average of 211 cases of domestic violence per 100,000 women³⁶). Component 3 focuses on improving institutional capacity of the National Police to investigate violent crimes, because it is the agency responsible for technical-scientific criminal investigation to gather evidence for cases.
- 1.11 **Bank experience in Honduras.** Of note in the area of civic coexistence and citizen security is the US\$63.8 million Program of Support for the Implementation of the Comprehensive Civic Coexistence and Public Safety Policy (2745/BL-HO), implemented from 2012-2017, in support of crime prevention by modernizing security management. The program succeeded in modernizing the National Police non-officer corps,³⁷ including academic infrastructure and teaching staff at the Police Technical Institute (ITP). The criminal investigation training curriculum was updated, and service coverage increased. In social prevention of violence, local security observatories were established and prevention programs were developed with the Departments of Education and Labor. A strategic partnership was also implemented with the Swiss Agency for Development and Cooperation.
- 1.12 The US\$17.2 million Integration and Urban Coexistence Program (2895/BL-HO), 2012-2017, supported comprehensive neighborhood improvement, by improving urban habitat, social inclusion, and levels of neighborhood security, contributing to integration and social coexistence in vulnerable Central District neighborhoods.
- 1.13 **Lessons learned.** The following are noteworthy: (i) promote the creation of social capital, as well as neighborhood improvement, through ongoing dialogue and training programs—as planned in Component 1—inasmuch as this improves the level of community engagement and facilitates collaboration agreements;³⁸ and (ii) support neighborhood improvement as part of a broader urban development

³² The Central District and San Pedro Sula registered 1,800 homicides in 2016; compared with 844 in the remaining municipios. The Central District and San Pedro Sula registered more than 1,500 cases of domestic violence, compared with 150 cases in the other municipios.

³³ Compared with an average homicide rate of 69 per 100,000 in other Central District UMEPs.

³⁴ Compared with an average domestic violence rate of 110 in other Central District UMEPs.

³⁵ Compared with an average homicide rate of 80 per 100,000 in other San Pedro Sula UMEPs.

³⁶ Compared with an average domestic violence rate of 185 per 100,000 in other San Pedro Sula UMEPs.

³⁷ In 2012, a police patrolman would not have finished primary school and would have received three months of training. The same patrolman is now required to graduate high school and complete 11 months of training. The percentage of women police also increased from 10% to 20%. [Police Reform](#).

³⁸ [2895/BL-HO, project completion report](#).

process tied to other regions. This provides sustainability to the process, improving community access to other types of services, such as justice, networks of public spaces, health, safety, and public transportation.³⁹ The value added of this operation lies in its coordination of social violence prevention actions and access to care services for victims of violence, implemented by the Office of the Secretary of State for Security (SEDS) as part of Component 2, as well as actions for the improvement of vulnerable neighborhoods and social inclusion, implemented by the Community, Water, and Sanitation Development Institute/Honduran Social Investment Fund (IDECOAS/FHIS) as part of Component 1, in the same geographic intervention area in the Central District.

- 1.14 In the area of civic coexistence and citizen security, it is important: (i) to develop human capital in institutions in order to improve their management. This has happened in the National Police, with police patrolmen. Component 3 of this operation proposes improving academic training at the mid- and senior levels of the National Police;⁴⁰ (ii) to improve the National Police's relationship with citizens. Evidence shows that the better this relationship is, the more effective the National Police will be in preventing, responding to, and solving crime.⁴¹ Component 2 introduces the community policing model in vulnerable neighborhoods, and Component 3 will improve National Police capacity for solving crimes and building legitimacy and citizen trust; and (iii) given that evidence shows that security and coexistence is a shared responsibility among agencies, this program will be jointly implemented by two executing agencies that are key to improving citizen security and coexistence: SEDS and IDECOAS/FHIS.
- 1.15 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and aligns with the challenge of social inclusion and equality, by means of objective 3.5 (e) provide inclusive infrastructure and infrastructure services, investing specifically in: energy, potable water, sanitation, public and citizen security (outcomes 1.1, 1.3, 1.6, 1.7, 1.8, 2.7) and the crosscutting areas of: (i) institutional capacity and rule of law (from outcomes 2.1 through 2.7 and from 3.1 through 3.4); (ii) gender equality and diversity (outcomes 2.1, 2.3, 2.4, and 2.5)⁴² and (iii) climate change and environmental sustainability by means of the contribution to energy efficiency to be generated under Component 1. It is estimated that 1.16% of operation resources will be invested in climate change mitigation activities, in accordance with the [joint MDB climate finance tracking methodology](#). These resources contribute to the IDB Group target of increasing financing for climate-related projects to 30% of all approvals by the end of 2020. The program is also aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) in terms of households benefitting from housing solutions (outcomes 1.1, 1.2, and 1.3, by improving water, sanitation, and electricity services

³⁹ Improved and Safe Neighborhoods. [Case Study in Honduras](#).

⁴⁰ [Police Reform in Honduras](#).

⁴¹ Citizen Security and Justice Sector Framework Document, 2017.

⁴² It aligns with this crosscutting challenge inasmuch as it will prevent and respond to cases of domestic violence in the Central District and San Pedro Sula by means of: (i) implementation of the MAIE in the Central District and San Pedro Sula (paragraph 1.22(a)(i)); (ii) protocols to provide assistance to victims of domestic violence (paragraph 1.22(a)(ii)); (iii) greater access to assistance and reporting services for victims of domestic violence through mobile community policing units (1.22(a)(iii)); (iv) municipal registry and analysis of femicide and domestic violence (paragraph 1.22(b)(ii)); (v) greater information about assistance for victims of domestic violence (paragraph 1.22(b)(iii)); and (vi) criminal investigation protocols in cases of domestic violence and femicide (paragraph 1.23(b)(i)).

- in vulnerable Central District neighborhoods); roads built or upgraded (outcome 1.4, with road improvements in vulnerable Central District neighborhoods); and subnational governments benefitted by citizen security projects (from outcomes 2.1 through 2.7, by reducing levels of insecurity in the Central District and San Pedro Sula).
- 1.16 The program is consistent with the Citizen Security and Justice Sector Framework Document (document GN-2771-7) inasmuch as it will prevent violence among at-risk population, promote community policing, improve access to justice services, and strengthen responsible institutions. It is also consistent with the Urban Development and Housing Sector Framework Document (document GN-2732-6) inasmuch as it will reduce deficits in urban infrastructure and public services and in urban habitat. The program is aligned with the IDB Country Strategy with Honduras for 2015-2018 (document GN-2796-1) and with the strategic objectives to increase access to electricity, reduce marginalization, and improve urban quality in the Central District. Citizen security is identified as a dialogue area. The program is aligned with the Institutions for Growth and Social Welfare Sector Strategy (document GN-2587-2), in the areas of reducing insecurity and violence; and with the Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy (document GN-2710-5) in the areas of access to safe drinking water, sanitary connections, and solid waste collection.
- 1.17 The program is aligned with the country strategy, in the National Plan 2010-2022, and the Comprehensive Coexistence and Citizen Security Policy 2012-2022, given that since 2012, the SEDS has been implementing a police reform package emphasizing training and professionalization for criminal investigation. The Country Vision 2010-2038 also prioritizes equal access to quality basic social services
- 1.18 The program is aligned with the strategic pillars of the Plan of the Alliance for Prosperity in the Northern Triangle (PAPTN),⁴³ as well as with human capital development, by improving the residential environment of 2,800 households. In citizen security and justice, this program will improve training for the National Police, one of the main actors in the criminal investigation process, to include improving the citizen services model and equipment and infrastructure to modernize police management. In social crime prevention, the PAPTN targets UMEPs 1 and 3 in the Central District, and UMEPs 6, 9, and 11 in San Pedro Sula. This operation will improve the coverage of these programs, with similar methodologies in UMEPs 1 and 2 in the Central District and UMEPs 6 and 8 in San Pedro Sula.
- 1.19 **Compliance with the Public Utilities Policy.** The proposed program is consistent with the principles of the Public Utilities Policy (document GN-2716-6) and meets the conditions of financial sustainability and economic evaluation established therein. The works proposed under Component 1 will promote access to sanitation services for the selected neighborhoods and are financially viable, inasmuch as the Water Administration Committees, which are responsible for the administration and maintenance of water and sewer systems, collect individual payments and then pay the government a universal fee for service, generating sufficient revenue to cover the universal fee and operating and maintenance costs. Some generate additional revenue for system upgrades and other community projects. For the works projects not included in the sample, the corresponding eligibility criteria are included to ensure compliance with the conditions of this policy (paragraph 2.3). The works to

⁴³ PAPTN (2017).

be financed by the program are viable in socioeconomic terms (paragraph 1.27) ([optional electronic link 18](#)).

B. Objectives, components, and cost

1.20 **Objective.** The general objective is to improve civic coexistence in Honduras by improving the quality of life in vulnerable neighborhoods and reducing the incidence of violent crime.⁴⁴ The specific objectives are: (i) to improve the habitat of vulnerable urban neighborhoods, by increasing access to basic services and prevention infrastructure to reduce robberies and sex crimes; (ii) to reduce homicide and domestic violence rates in the beneficiary neighborhoods, by improving violence prevention and victim assistance services; and (iii) to improve police effectiveness in criminal investigations, by increasing the proportion of homicide cases with an identified suspect and investigative report accepted by the Public Prosecutor's Office.

1.21 **Component 1. Improved habitat in vulnerable urban neighborhoods (US\$18.2 million).**⁴⁵ This component will improve access to urban infrastructure services and create secure spaces, encouraging better coexistence and increasing citizen capacity for peaceful compliance with rules. It will finance:

- a. **Improvements to basic infrastructure in neighborhoods:** It seeks to improve basic social and environmental urban infrastructure in vulnerable neighborhoods in the Central District (paragraph 1.9), using as a framework the Comprehensive Neighborhood Improvement Plan (CNIP), which includes urban planning designs, engineering designs, programming, and budgeting.⁴⁶ Financing will be provided for: (i) technical assistance for preparing the CNIP; and (ii) investments in basic infrastructure works based on the CNIP, construction of water and sanitation systems, public lighting,⁴⁷ and road improvements.⁴⁸ The design of these works includes energy efficiency and risk mitigation elements to address environmental vulnerabilities.
- b. **Interventions to promote civic coexistence and entrepreneurship at the neighborhood level:** Interventions will be financed to help at-risk youth and women in beneficiary neighborhoods by training them in: (i) culture, sports, and values; and (ii) job training for productive enterprises that contribute to the psychosocial and economic betterment of this population.⁴⁹

1.22 **Component 2. Citizen attention and services for civic coexistence in municipios**⁵⁰ **(US\$22 million).** This component will improve the quality of citizen

⁴⁴ Violent crimes are illegal conduct set forth in the Criminal Code, which affect life, physical or mental integrity, liberty, security, or property.

⁴⁵ Works are prioritized with the beneficiary community based on the available budget.

⁴⁶ [Urban integration works project design](#) (optional electronic link 15), including the Nueva Galilea sample.

⁴⁷ Public lighting reduced crime by 20% in treated areas (Welsh and Farrington, 2008).

⁴⁸ Revitalizing housing reduced youth arrests for violent crime by 15% compared to the control (Kling, Ludwig, and Katz, 2004). An 18% reduction in homicides and femicides increased the price of low-income homes by 1% (Ajzenman et al., 2015).

⁴⁹ Engaging at-risk youth in productive activities, mentoring, and academic assistance reduced juvenile arrests by 59% and crime by 25% (Laliberté, 2015).

⁵⁰ Component 2 will focus on UMEPs 1 and 2 in the Central District and UMEPs 6 and 8 in San Pedro Sula, and it will complement Component 1 activities in vulnerable neighborhoods (paragraph 1.9).

services for violence prevention and crime control and will offer timely assistance to victims of violence and crime, by strengthening local management. It will finance:

- a. **Interventions at the municipal level for violence prevention/social services:** (i) programs for prevention and assistance to victims of domestic violence by means of the Specialized Comprehensive Attention Module (MAIE) located in each beneficiary UMEP—in UMEPs 1 and 2 in the Central District and in UMEPs 6 and 8 in San Pedro Sula⁵¹ (ii) design of protocols to standardize first responders' attention to victims, specifically of domestic violence;⁵² (iii) training and implementation of the community policing model, and systematic police patrolling of "hot spots";⁵³ (iv) improvements to infrastructure in UMEPs 1 and 2 in the Central District and UMEPs 6 and 8 in San Pedro Sula, to provide spaces for citizen services and to offer police services for prevention and response to violence, specifically domestic violence; and (v) social violence prevention courses for at-risk youth.⁵⁴
- b. **Capacity-building for municipal actors:** (i) training and technical assistance for local officials in preparing local social violence prevention plans; (ii) training people in charge of local observatories, equipping and physical remodeling at SEDS, for strategic analysis of crime statistics, including femicide and domestic violence, and (iii) social communication strategy to promote measures and values to prevent, respond, and reduce violence, respecting legal, moral and cultural norms.

1.23 **Component 3. Police effectiveness (US\$16 million).** To improve performance and quality in the delivery of police services, this component will consolidate the training, professionalization, and integrity system. It will finance:

- a. **Consolidation of the police education system to improve community response services and improve criminal investigation.** (i) design of the Police Training and Professionalization System model, coordinating the different levels of training (ITP, ANAPO, University, and continuing education and training), including the academic curriculum for mid-level and senior police officers and pedagogical skills for teachers;⁵⁵ (ii) modernization of physical and technological infrastructure at ANAPO;⁵⁶ and (iii) police performance and accountability evaluation system.
- b. **Capacity-building in technical and scientific aspects of criminal investigation:** (i) academic training and ongoing specialization in criminal

⁵¹ The likelihood of becoming a victim of femicide decreases by between 35% and 45% when services are offered to victims of domestic violence (Koppa 2015). Implementation of the MAIE includes financing staff and improving UMEP infrastructure, according to activity 2.a(iv).

⁵² A 10% increase in response time reduces the likelihood of solving crimes by 4.7% (Vidal and Kirchmaier, 2017).

⁵³ Colombia's Cuadrantes Plan showed that police surveillance of "hot spots" reduces violent crime by 22% (Mejía, 2013).

⁵⁴ Programs like G.R.E.A.T. [Gang Resistance Education and Training] that are offered by the National Police include domestic violence awareness, peaceful conflict resolution, and addition prevention components. In Colombia, "Classrooms in Peace" showed a reduction in aggressive juvenile behavior of as much as 10% (Chaux, 2012).

⁵⁵ The community policing model reduces personal crimes by 13% (Soares and Viveiros, 2010). The new curriculum will follow the community policing philosophy, focusing attention on victims (including domestic violence) and respect for human rights.

⁵⁶ Renovation of meeting rooms, dormitories, laboratories, recreational areas, libraries, etc.

investigation in coordination with the Public Prosecutor's Office;⁵⁷ (ii) technical training in the use of criminal investigation technologies and ANAPO laboratory equipment; and (iii) implementation of an integrated crime information system, such as *Compstat*, to improve crime solving, including gender statistics.⁵⁸

- 1.24 **Administration and evaluations.** The operation of PCUs will be supported for IDECOAS/FHIS and SEDS, including operating expenses and contingencies, and financing for audits and evaluations.
- 1.25 **Beneficiaries.** The primary beneficiaries will be the citizens of Honduras. Specifically for Component 1, the final beneficiaries will be the citizens who reside and travel through the nine selected vulnerable neighborhoods in the Central District (paragraph 1.9) and at-risk youth and women residing in these neighborhoods who participate in the coexistence and entrepreneurial training programs. For Component 2, the final beneficiaries will be the residents of the area under the jurisdiction of UMEPs 1 and 2 in the Central District and UMEPs 6 and 8 in San Pedro Sula. Specifically, at-risk youth residing in these UMEP areas will benefit, including victims of crime and violence, such as domestic violence, with social prevention and attention programs. The National Police and authorities in the beneficiary municipios will benefit from training and equipment to improve social violence prevention and services. For Component 3, the final beneficiaries will be the citizens of Honduras. The National Police will receive training and equipment to improve their effectiveness ([Results Matrix](#)).

C. Key results indicators

- 1.26 **Expected results.** The program is expected to have the following main impacts: (i) reduction in the number of households with no access to basic services; (ii) reduction in the homicide rate per 100,000 inhabitants and the rate of femicides; and (iii) increase in citizen confidence in the police. The expected outcomes are: (i) improved access to basic services in vulnerable beneficiary neighborhoods and reduce violent crimes such as robbery and sex crimes; (ii) reduction in homicides and domestic violence in beneficiary municipios; and (iii) improved levels of police effectiveness by increasing the number of homicide cases with an identified suspect and criminal investigation report accepted by the Public Prosecutor's Office.
- 1.27 **The economic evaluation** assumes a 20-year horizon and a discount rate of 12%. This analysis estimated the social benefits of the project, derived from the improved habitat of vulnerable urban neighborhoods, improved citizen attention and services to prevent violence and monitor crime in municipios, and police professionalization to make criminal investigations more effective. The cost-benefit ratio for the program is US\$4.96 per dollar invested in the project, with a net present value of US\$180,091,803. The social internal rate of return is 51%. Different scenarios show the economic viability of the project, even with more conservative assumptions than the base scenario with regard to the expected effects of the program on crime reduction (robberies, sex crimes, homicides, and domestic violence) and the increase in the rate of crime solving (identification of a homicide suspect and criminal investigation accepted by the Public Prosecutor's Office). In the conservative

⁵⁷ Increasing the percentage of crimes brought to justice by 25% increases the prison population by 25% and reduces violent crime by 10.6% (Levitt, 1996). This activity will include different forms of domestic violence and femicide.

⁵⁸ Improvements in information, technology, and investigation reduce crime rates by 5% (Garicano and Heaton, 2010).

scenario, the cost-benefit ratio is US\$3.65, with a net present value of US\$120,500,303. The social internal rate of return is 41%. In a favorable scenario, the cost-benefit ratio is US\$5.99, the net present value rises to US\$226,985,681, and the social return is 57% ([economic analysis](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The project is a US\$60 million investment in multiple works to be drawn from the Bank's regular Ordinary Capital (60%) and concessional Ordinary Capital (40%). This modality of multiple works is justified by the fact that the projects and works are physical similar but individually separate. The period for initiating program works is four years, and the disbursement period is five years from the effective date of the loan contract. The estimated program costs (see Table 2) and the disbursement schedule (see Table 3) are presented below for each executing agency and the [itemized budget](#).

Table 2. Estimated program costs (US\$)

Component	IDB
Component 1. Improved habitat in vulnerable urban neighborhoods.	18,219,000
Administration. IDECOAS/FHIS	1,781,000
Component 2. Citizen attention and services for civic coexistence in municipios	22,000,000
Component 3. Police effectiveness	16,000,000
Administration. SEDS	2,000,000
Total	60,000,000

Table 3. Disbursement schedule (US\$)

Financing source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDECOAS/FHIS	1,170,000	5,850,000	6,590,000	5,150,000	1,240,000	20,000,000
Percentage	5.9	29.3	33.0	25.5	6.2	100.0
SEDS	1,052,284	18,798,533	13,168,645	4,691,988	2,288,550	40,000,000
Percentage	2.6	47.0	32.9	11.7	5.7	100.0

- 2.2 To determine program feasibility, a representative sample of projects of the type to be implemented was analyzed, including urban improvement works in one of the nine vulnerable beneficiary neighborhoods (Nueva Galilea), one of the UMEPs, in the neighborhood of Belén in the Central District (UMEP-2), and the expansion of ANAPO. IDECOAS/FHIS will be in charge of the first type of work, and SEDS will be in charge of the latter two. The works in the sample total US\$9.8 million and represent 30.4% of the program infrastructure amount.
- 2.3 The selection criteria for works are: (i) inclusion in one of the nine selected vulnerable neighborhoods (paragraph 1.9); (ii) works to improve the neighborhoods prioritized by the CNIP and associated with initiatives for social welfare, the creation of economic opportunities, and the prevention of crime and urban violence; (iii) works in UMEPs 1 and 2 in the Central District, and UMEPs 6 and 8 in San Pedro Sula, as these are the jurisdictions in each municipio with the highest homicide rate

per 100,000 inhabitants and highest rate of domestic violence per 100,000 women; and (iv) works classified as “A” pursuant to the ESMF and that involve physical displacement were excluded.

B. Environmental and social risks

- 2.4 Under the Environment and Safeguards Compliance Policy (OP-703), the program has been classified as a category “B” operation, given that it will generate localized negative socioenvironmental impacts and risks for which there are mitigation measures (included in the Environmental and Social Management Report, or [ESMR](#)). The program is expected to produce a net positive environmental and social effect on the quality of life of the residents of the Central District and San Pedro Sula, through neighborhood and security infrastructure improvement solutions, as well as activities to strengthen capacities of local authorities and National Police. There is a high risk that has been identified of problems occurring in the coordination of external actors, such as the communities, the National Water and Sewer Service, and the Honduran energy company Empresa Energía Honduras. To this end, a communications plan will be jointly developed, and the executing agencies’ PCUs will have suitable teams to engage with the communities. There is a moderate risk associated with the vulnerability of the works to natural disasters. Accordingly, adaptation works will be included, and compliance with evaluations and permits will be supervised in accordance with national regulations and the ESMF for the program.
- 2.5 An Environmental and Social Analysis (ESA) has been prepared, including an Environmental and Social Management Plan ([ESMP](#)) with mitigation measures for impacts and risks identified for the sample projects ([ESMR](#)). This multiple works project has an [ESMF](#) to ensure that the environmental and social management of future projects complies with Bank environmental and social requirements. The program has been classified as disaster risk type 1 (moderate), according to Operational Policy OP-704. A mitigation and rainwater runoff study component has been included in the ESMP, which will influence the design, construction, and channeling of rainwater to mitigate the risks of type 2 flooding in downstream neighborhoods that may suffer from seasonal flooding. Adaptation works will be included to reduce the risk of landslides. No need for physical displacement was identified nor impacts related to the Involuntary Resettlement Policy (OP-710).
- 2.6 Consultations about the works that comprise the program sample were done: (i) by SEDS on 31 October in UMEP-2 and on 1 November at ANAPO; and (ii) by IDECOAS/FHIS on 6 November in Nueva Galilea.⁵⁹

⁵⁹ The UMEP-2 consultation had 43 participants, representing civil society organizations, businesses, and neighbors. The main concerns were: (i) damages to infrastructure during construction; (ii) contracting of local workers; (iii) police location during construction; and (iv) sewer pipe repair in UMEP-2 affecting adjacent properties. [UMEP 2 social consultation](#) (optional electronic link 17). The ANAPO consultation had 27 participants from public, private, and community institutions. The main concerns were: (i) poor condition of access road; (ii) fragility of water pipes; (iii) bad odors from wastewater treatment; and (iv) contracting of local workers [ANAPO social consultation](#) (optional electronic link 17). There were 128 participants in the Nueva Galilea consultation. The main concerns were: (i) financial allocation for beneficiary lots; (ii) concern about the counterpart; (iii) solid waste collection; (iv) financing of common spaces; and (v) damages during construction. The mitigation proposals are in the ESMR. Social consultation [Neighborhood Improvement](#) (optional electronic link 17).

- 2.7 The ESA/ESMP for the sample projects and the ESMF were disseminated via the Bank's website prior to the analysis mission. The final versions of the consultations were published.

C. Fiduciary risks

- 2.8 An exercise to update the institutional capacity assessment of the executing agencies and assess risk management was carried out with the participation of involved entities and the current PCUs. A high fiduciary risk was identified, related to possible delays in the execution of works due to high rates of insecurity in the intervention areas. This risk will be mitigated by creating and disseminating a communications plan and agreements with the beneficiary communities and construction and supervisory companies.

D. Other key issues and risks

- 2.9 The risk assessment exercise, carried out by the project team with the PCUs, identified risks to the program that were determined to be high:

- a. **Public administration and governance:** A shift in priorities on part of the authorities and institutional changes might affect PCU management. To mitigate this risk, the program will implement technical communication strategies with participating actors responsible for decision-making, and other stakeholders.
- b. **Development:** A time lag between program approval and eligibility could create delays in program execution and make it hard to ensure that the executing agencies' PCUs are financed. To mitigate this risk, retroactive financing of expenditures is requested as a charge against the loan, so that the PCUs can be maintained until the start of program execution (paragraph 3.10).

- 2.10 The following moderate risks to program execution were identified:

- a. **Public administration and governance:** (i) difficulties in coordination between the PCUs at the executing agencies; (ii) sustainability of modernization processes and evaluation of police performance; (iii) delays in initiating data entry processes to SEFIN systems; (iv) lack of coordination between State institutions and other organizations that address domestic violence, and insufficient dissemination of the services presented. To mitigate these risks, the program will: (i) hold monthly coordination meetings between PCUs and develop an Operations Manual to coordinate joint implementation of interventions with the participating authorities; (ii) implement mechanisms to monitor police performance and carry out institutional modernization of the Police Disciplinary Affairs Investigation Department, with the help of the Special Commission for Police Monitoring and Transformation; (iii) coordinate proactively between SEFIN and the PCUs; and (iv) implement a strategy to publicize State services, develop territorial coordination plans and protocols, and strengthen community leadership to require full implementation of activities.
- b. **Development:** (i) possible National Police resistance to implementing the community policing model and to using information systems for operational police deployment. To mitigate this risk, the program will have specific institutional change management measures, with a view to implementing the community policing model.

- 2.11 **Oversight.** Under the operational guidelines for designing and implementing citizen security and civic coexistence programs (document OP-226-1), collaboration with the Mission of Support against Corruption and Impunity in Honduras (MACCIH) was included as a citizen oversight mechanism, to monitor police modernization by means of semiannual evaluations.⁶⁰ This operation also seeks to strengthen internal affairs at the National Police by implementing a system to evaluate police performance and accountability (paragraph a)(iii)).
- 2.12 **Sustainability.** The program will achieve sustainability by: (i) strengthening the institutional structure of SEDS⁶¹ and IDECOAS/FHIS; (ii) consolidating strategic partnerships with leaders of civic and neighborhood associations with entities responsible for implementation; (iii) providing support for long-term governmental strategies;⁶² and (iv) in financial terms, the Government of Honduras envisions instruments⁶³ to ensure the engagement of diverse social and private sectors in the area of security. For its part, SEDS will provide in its annual budget for staff and infrastructure growth,⁶⁴ which have led to budget growth of 40% in the last four years.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Execution mechanism.** Two independent executing agencies are proposed, each with its respective PCU, considering the experience of SEDS and IDECOAS/FHIS in implementing recent Bank-financed operations. These executing agencies will have shared responsibilities in the design, implementation, and evaluation of initiatives that are carried out in the same geographic area. They will be coordinated under a strategic program coordination council (CECP), which will be implemented by interinstitutional agreement between the executing agencies, in order to ensure coordination of program activities under components 1 and 2 with other government entities and to facilitate their execution.
- 3.2 The CECP will comprise both institutions and will be chaired in alternating turns by the respective SEDS and IDECOAS/FHIS ministers, beginning with IDECOAS/FHIS. The SEFIN secretary or delegate, a representative from the Office of the Mayor of the Central District, and from the Special Commission for Police Oversight and Transformation will also participate. The PCU coordinator of the ministry chairing the CECP will participate as secretary. The decisions of the CECP will be made by consensus of its members. Officials from the executing agencies and other State agencies and other representatives of civil society, as determined by the executing agencies, may also participate in CECP meetings. The SEDS and

⁶⁰ The following will be monitored through semiannual MACCIH reports: (i) National Police training system; (ii) implementation of National Police community policing model; (iii) inclusion of human rights into police functions; and (iv) number of complaints of domestic violence received. [MACCIH Reports](#).

⁶¹ The SEDS Act establishes a Project Administrative Unit for greater coordination.

⁶² Of note are the National Plan 2010-2022, the Comprehensive Civic Coexistence and Citizen Security Policy 2012-2022, and the Country Vision 2010-2038.

⁶³ Such as, for example, the Population Security Act (Rate of Security, Decree 105-2011), the objective of which is to create a private fund to improve levels of municipal security.

⁶⁴ Decree PCM075-2016 establishes a new SEDS structure, including logistical and budgetary resources planning for 2016-2022.

IDECOAS/FHIS ministers will convene, depending on who is chairing the CECP, once a year, or as needed. More details are found in the [Operations Manual](#).

- 3.3 Technical supervision missions by the executing agencies will be carried out in a coordinated and joint manner by the PCU and Bank teams to optimize the use of resources.
- 3.4 **Operations Manual.** The Operations Manual will describe the program execution mechanism in detail, including: (i) program organizational structure; (ii) technical and operational arrangements for implementation; (iii) the programming, monitoring, and evaluation plan for results; (iv) guidelines for financial processes, audits, and procurement; (v) operational guidelines for selecting consultants; and (vi) details of the duties of the PCUs and responsibilities of other relevant Ministry entities in the processes planned under the program. The [ESMF](#) will be included as an annex.
- 3.5 **Special disbursement.** Upon fulfilment of the general conditions precedent to the first disbursement, contained in Article 4.01 of the General Rules of the Loan Contract, a special disbursement of up to US\$300,000 may be made to hire consultants/promoters to support component 1, in order to advance field activities in vulnerable beneficiary neighborhoods in the Central District, due to the executing agency's lack of liquidity.
- 3.6 **Special contractual conditions precedent to the first disbursement of loan proceeds:** (a) evidence will be presented that the program Operations Manual has been approved by both the IDECOAS/FHIS and the SEDS ministers, with the ESMF included as an annex, in accordance with the terms previously agreed to with the Bank; and (b) each executing agency will independently present evidence that it has formed its respective program coordination unit (PCU) with at least: (i) a general coordinator; (ii) a monitoring and evaluation specialist; (iii) a financial specialist; (iv) a social sector specialist; (v) an environmental specialist; and (vi) a procurement specialist. These conditions are necessary to facilitate timely coordination of execution of the loan by the executing agencies and to mitigate the institutional capacity risks.
- 3.7 **Special contractual conditions of execution:** (a) through the executing agencies, the CECP will be formed in the first six months from the date of eligibility for the first disbursement. This condition is necessary to ensure that there is a mechanism in place to facilitate technical decisions by the executing agencies regarding any activities under Components 1 and 2 that are implemented in the same geographic area; and (b) prior to beginning construction of the National Police Academy (ANAPO), the SEDS will present evidence that the SEDS Minister has approved: (i) a police training and professionalization model, coordinating the education provided at the ITP, ANAPO, and the university levels, based on principles of merit and transparency in training for policing careers; (ii) academic curriculum for mid-level and senior police officers; (iii) ANAPO candidate entry profile, including the possibility of ITP cadets entering the Academy, and other candidates who already have, at minimum, a university degree or equivalent; and (iv) instructor profile according to the teaching requirements of the new curriculum. This condition is necessary for standardizing technical requirements for the training and professionalization of the National Police that will guarantee a merit-based education system and have an impact on professional capacity at the various hierarchical levels of the police force, prior to investment in infrastructure.

- 3.8 **Fiduciary agreements and requirements.** Among the main fiduciary and procurement measures, it was agreed that based on the executing agencies' experience with the execution of prior operations and the institutional capacity update, a lower percentage of 70% for each executing agency would be set for the justification of advances. For other measures, see Annex III.
- 3.9 **Direct contracting.** Consultants hired to assist the executing agencies in implementing operations 1786/SF-HO, 2745/BL-HO, and 2895/BL-HO, may be directly rehired with program funds provided that they meet the eligibility requirements set out in the Policy for the selection and contracting of consultants financed by the IDB (paragraph 3.11 of document GN-2350-9), which establishes the possibility of continuity in the provision of services for purposes of preserving the technical approach, experience acquired, and professional liability. This applies to the entire execution period and requires a sole initial no objection, provided that the original contract was awarded via competitive selection process and subject to evaluation of past performance.
- 3.10 **Retroactive financing.** The Bank may retroactively recognize, as a charge against the loan proceeds, up to US\$1,800,000 (3% of the loan amount) in eligible expenditures made by the borrower prior to the loan approval date for feasibility studies for construction, development of prevention programs, and PCU consultants, provided that these comply with requirements substantially similar to those established in the loan contract. These expenditures must have been incurred on or after 15 September 2017 (the approval date of the project profile), but in no case will include expenditures made more than 18 months prior to the date of loan approval.

B. Summary of arrangements for monitoring results

- 3.11 **Monitoring and evaluation plan.** The PCUs will use the Results Matrix to monitor the physical and financial aspects of the program and will present to the Bank in a consolidated manner in the system: (i) the multiyear execution plan; (ii) the itemized budget; and (iii) the financial projection of disbursements. The borrower will present semiannual progress reports to the Bank, in order for the Bank to prepare progress monitoring reports. The Bank will carry out administrative missions and inspection visits based on these reports and the progress monitoring reports, which include the estimated schedule of disbursements and the attainment of physical targets and outcomes, as well as a mechanism for evaluating performance.
- 3.12 **Midterm and final evaluation.** A midterm and a final evaluation will be performed. The midterm evaluation will be carried out three years after the effective date of the loan contract or when at least 40% of loan proceeds have been disbursed. The purpose will be to review the progress of planned activities and any deviations and the causes thereof and to propose corrective measures, as well as to verify intermediate outputs, the materialization of risks identified in the corresponding matrix, and the application of measures to mitigate them. The final evaluation will be carried out when at least 95% of the total amount of the loan has been disbursed, and the purpose will be to verify progress towards attainment of the targets established for each outcome and generation of the outputs ([monitoring and evaluation plan](#)).
- 3.13 **Impact evaluation.** As part of the final evaluation of the program (paragraph 3.12), a quasi-experimental impact evaluation will be performed, as established in the monitoring and evaluation plan, to estimate the collective local impact of the

neighborhood improvement and citizen security interventions on the homicide rate per 100,000 inhabitants, using the difference-in-differences methodology. One advantage of the proposed design is the use of administrative data. Based on the ex ante economic analysis, and ex post analysis will be carried out.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Households benefitting from housing solutions (#)* -Roads built or upgraded (km)* -Subnational governments benefited by citizen security projects (#)* -Households with wastewater treatment (#)* -Households with new or improved access to electricity supply (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN 2796-1	1. To increase access to electricity service. 2. To reduce marginalization and improve urban quality of life in the Central District.
Country Program Results Matrix	The operation is scheduled for CPD 2018 (HO-O0001)	The intervention is included in the 2018 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability	Evaluable	
3. Evidence-based Assessment & Solution	9.4	
3.1 Program Diagnosis	2.4	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	10.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	1.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	10.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	B	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control. Procurement: Information System, Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The general problem that the project seeks to address is the serious challenge of citizen coexistence in Honduras. The following specific problems have been identified: (a) the disorderly growth of urban neighborhoods with limited access to infrastructure of basic services that promotes the incidence of crimes of robbery and sexual crimes, (b) the high concentration of violent crimes such as homicides and domestic violence in specific municipalities and (c) the low police effectiveness in Criminal Investigation (homicides), which generates a low level of judicialization of this crime. The determinants of the main problems are identified and quantified. However, the loan proposal does not successfully quantify how much of the main problems can be explained by the determinants of the problems identified.

The project's vertical logic is clear and well specified. The project presents adequate evidence of internal validity of the proposed solutions. In general, the Result Matrix included in the loan proposal contains all of its required elements for the monitoring of the project.

The project's economic analysis is adequate. Taking a social discount rate of 12%, a time horizon of 20 years and benefits and costs at market price, the program proposed is economically viable. The internal rate of return under the conservative scenery is of 41%.

The loan proposal includes a satisfactory monitoring and evaluation plan. In general, the project has identified and adequately addressed the monitoring and evaluation requirements and the data availability. The project proposes an impact evaluation to measure the effectiveness of the "Citizen Coexistence and Neighborhood Improvement" program to meet its objectives of reducing the number of homicides in the Central District and San Pedro Sula. For this, a quasi-experimental design will be adopted (through "difference in differences (DID)"). Although it can be inferred the research questions to be answered with the proposed evaluation, we recommend making them more explicit in the document.

The project's overall risk rating is Medium. Of the five risks identified, two were classified as High. All of them have mitigation measures with adequate monitoring indicators.

RESULTS MATRIX

Project objective: The general objective is to improve civic coexistence in Honduras by improving the quality of life in vulnerable neighborhoods and reducing the incidence of violent crime. The specific objectives are: (i) to improve the habitat of vulnerable urban neighborhoods, by increasing access to basic services and prevention infrastructure to reduce robberies and sex crimes; (ii) to reduce homicide and domestic violence rates in the beneficiary neighborhoods, by improving violence prevention and victim assistance services; and (iii) to improve police effectiveness in criminal investigations, by increasing the proportion of homicide cases with an identified suspect and investigative report accepted by the Public Prosecutor's Office.

EXPECTED IMPACT

Indicators	Unit of measurement	Baseline	Baseline year	Final target ¹	Means of verification	Comments
Indicator 1. Homes with three unmet basic needs (poverty measurement) in urban areas of Honduras	Percentage	3.08	2016	2.63	Continuous Multipurpose Household Survey ²	Total urban households in Honduras in 2016: 666,627, total households with 3 or more unmet basic needs 20,525
Indicator 2. Homicides per 100,000 inhabitants of Honduras	Rate	59.05	2016	45	Online Police Statistical System (SEPOL)	
Indicator 3. Femicides per 100,000 inhabitants of Honduras	Rate	7.11	2015	6	SEPOL	Figures from the Observatory of violent deaths of women and femicides of the National Autonomous University of Honduras. Of the 478 homicides of women reported, 312 (65.3%) are classified as femicides, 111 (23.2%) as homicides, and 55 (11.5%) as undetermined violent deaths. The 65.3% rate of violent death of women per 100,000 inhabitants equals 7.11. Pro-Gender Indicator.
Indicator 4. Confidence of the Honduran public in the Police (a lot of confidence or some confidence)	Percentage	36.8	2015	45	Latinobarómetro Survey	

¹ Advances in terms of impact indicators can only be estimated toward the end of the program.

² [Honduras National Statistics Institute](#).

EXPECTED OUTCOMES

Indicators	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ³	Means of verification	Comments
OUTCOME 1: Improved access to basic services in vulnerable beneficiary neighborhoods and reduction in violent crimes like robbery and sex crimes.											
Indicator 1.1. Households with access to safe drinking water in participating neighborhoods	Percentage	35 ⁴	2017	0	0	0	54	92	92	Urban Marginalization and Violence Survey (UMVS) ⁵	
Indicator 1.2. Households connected to sewers in beneficiary neighborhoods	Percentage	2 ⁴	2017	0	0	0	54	92	92	UMVS	
Indicator 1.3. Households covered by public lighting in participating neighborhoods	Percentage	63 ⁴	2017	0	0	0	54	92	92	UMVS	
Indicator 1.4. Ratio of paved roads in beneficiary neighborhoods to total roadways in the Central District (MDC)	Percentage	0	2017	0	0	0	0.6	1.2	1.2	Program reports and Central District municipal reports	There are 2,000 kilometers of roadway in the Central District. The program plans to pave 24 kilometers.
Indicator 1.5. Households covered by liquid and solid waste collection in beneficiary neighborhoods (risk mitigation)	Percentage	80 ⁴	2017	0	0	0	85	95	95	UMVS	

³ The annual value is indicated as a cumulative sum.

⁴ The baseline value used by the Neighborhood Baseline Census.

⁵ SEDS will lead the survey.

Indicators	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ³	Means of verification	Comments
Indicator 1.6. Population of beneficiary neighborhoods that has changed daily habits to avoid becoming a victim of violence, negatively affecting quality of life, in the last 12 months	Percentage	56 ^{6,7}	2017	0	0	0	50	45	45	UMVS	
Indicator 1.7. Prevalence of robberies in beneficiary neighborhoods for people 18 years and older	Percentage	28	2017	0	0	0	25	20	20	UMVS	
Indicator 1.8. Prevalence of sex crimes per 1,000 women in beneficiary neighborhoods	Rate	3.8	2016	0	0	0	3.4	3	3	SEPOL and Observatories	14 sex crimes and 3,600 resident women and girls. Pro-Gender Indicator
OUTCOME 2: Reduction in homicides and domestic violence in beneficiary municipios											
Indicator 2.1. Prevalence of domestic violence in the Central District and San Pedro Sula	Percentage	5.43 ^{6,8}	2017	0	0	0	5	3	3	UMVS	

⁶ Percentage of Central District respondents who reported changing at least one of the following habits in their neighborhood or community because of insecurity: (i) access routes; (ii) shopping areas; (iii) recreation areas; (iv) closing their business; (v) installing protective devices in their home or business; (vi) acquiring a firearm; or (vii) hiring private security. National Civic Coexistence and Citizen Security Survey in Honduras 2017.

⁷ Baseline value used in the National Civic Coexistence and Citizen Security Survey in Honduras 2017 (victimization survey).

⁸ Percentage of survey respondents in the Central District and San Pedro Sula who respond affirmatively that their partner has: (i) threatened to hurt you or someone important to you; (ii) slapped or thrown things that could hurt you; (iii) pushed or cornered you, or pulled your hair; (iv) kicked, dragged, or beaten you; (v) tried to choke or burn you on purpose; (vi) threatened to use or has used a pistol, knife, or other weapon against you; or (viii) forced you to have sex against your will.

Indicators	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ³	Means of verification	Comments
Indicator 2.2. Proportion of victims who report a crime in the Central District and San Pedro Sula	Percentage	21.7 ⁶	2017	0	0	0	23	25	25	UMVS	
Indicator 2.3. Proportion of victims of domestic violence who use special domestic violence assistance and reporting services in the Central District and San Pedro Sula	Percentage	3	2016	0	0	0	5	10	10	UMVS and reports from the Public Prosecutor's Office	
Indicator 2.4. Proportion of victims of domestic violence who report the crime to the police in the Central District	Percentage	2.3 ⁹	2016	0	0	0	10	15	15	SEPOL, UMVS, and Observatories	
Indicator 2.5. Proportion of victims of domestic violence who report the crime to the police in San Pedro Sula	Percentage	4.8 ⁷	2016	0	0	0	10	15	15	SEPOL, UMVS, and Observatories	
Indicator 2.6. Homicide rate per 100,000 inhabitants in the Central District	Rate	82	2016	0	0	0	75	67	67	SEPOL and Observatories	
Indicator 2.7. Homicide rate per 100,000 inhabitants in San Pedro Sula	Rate	107	2016	0	0	0	100	92	92	SEPOL and Observatories	

⁹ According to indicator 2.1, there are 5,430 victims of domestic violence per 100,000, and 129 domestic violence crimes reported to the police in the Central District, and 266 reported to the police in San Pedro Sula. Therefore, indicator 2.4 equals $129/5,430=0.023757$, and indicator 2.5 equals $266/5,430=0.048987$.

Indicators	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ³	Means of verification	Comments
OUTCOME 3: Improved levels of policy effectiveness by increasing the number of homicide cases with an identified suspect and criminal investigation report accepted by the Public Prosecutor											
Indicator 3.1. Ratio of homicide cases that meet the crime scene processing protocols to total homicides investigated by the National Police in a given 12-month period	Percentage	20	2016	0	0	0	30	45	45	National Police	Investigations meeting the crime scene processing checklist ¹⁰
Indicator 3.2. Ratio of homicide cases with a suspect identified by police, to total homicides investigated by the National Police in a given 12-month period	Percentage	34	2017	0	0	0	40	50	50	National Police	
Indicator 3.3. Ratio of homicide cases accepted by the Public Prosecutor, to total cases remitted by the National Police to the Public Prosecutor in a given 12-month period	Percentage	16	2017	0	0	0	25	40	40	National Police	
Indicator 3.4. Ratio of homicide cases rejected by the Public Prosecutor because of inappropriate application of evidence securing, collection, labeling and/or bagging methods, to the total homicides investigated with a police-identified suspect in a given 12-month period	Percentage	95	2017	0	0	0	85	60	60	National Police and the Public Prosecutor's Office	

¹⁰ Protecting the scene, observing the scene, search methods, methods for securing, collecting, marking, and bagging evidence, removal of the body, conclusion of the process, and releasing the scene. El Salvador crime scene processing manual.

OUTPUTS

Outputs	Unit of measure-ment	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ¹¹	Means of verification ¹²	Comments
Component 1: Improved habitat in vulnerable urban neighborhoods											
Output 1.1. Nine comprehensive neighborhood improvement projects (water, sewer networks, public lighting, and paving), completed and in use	Projects	0	2017	0	0	4	9	9	9		Technical assistance for preparing CNIPs
1.1.1. Number of households served by a water connection	Households	834	2017	0	0	0	0	2,800	2,800		
1.1.2. Number of households served by sewer network	Households	48	2017	0	0	0	0	2,800	2,800		
1.1.3. Number of households served by public lighting	Households	1,525	2017	0	0	0	0	2,800	2,800		Energy efficiency and risk mitigation elements will be included to address environmental vulnerabilities
1.1.4. Kilometers of paved roads that are passable at all times	Kilometers	0	2017	0	0	0	10	24	24		
Output 1.2. At-risk youth trained ¹³	Number	0	2017	0	0	0	0	9,600	9,600		
Output 1.3. At-risk women trained ¹⁴	Number	0	2017	0	150	150	250	700	700		

¹¹ The annual value is indicated as a cumulative sum.

¹² Program reports for all outputs.

¹³ In culture, sports, and values.

¹⁴ In job training for productive enterprises (individual and community) that contribute to psychosocial and economic improvement.

Outputs	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ¹¹	Means of verification ¹²	Comments
Component 2: Citizen attention and services for civic coexistence in municipios											
Output 2.1. Comprehensive Specialized Attention Module Services (MAIE) in use in participating National Police Metropolitan Units (UMEP)	Number	0	2017	0	0	0	0	4	4		
2.1.1. Multidisciplinary services team in the MAIEs, hired	Number	0	2017	0	0	0	4	4	4		
2.1.2. Service and referral protocols, written	Number	0	2017	0	0	0	1	1	1		
Output 2.2. Protocol with gender perspective, to standardize first responders' victim assistance, written	Protocol	0	2017	0	0	1	1	1	1		Pro-Gender Indicator
Output 2.3. Police implementing community-oriented policing ¹⁵ and hot spots in participating UMEPs	Number	0	2017	0	0	200	500	1,000	1,000		
2.3.1. Systematic police patrolling method, "hot spots," written	Number	0	2017	0	0	1	1	1	1		
2.3.2. Community-oriented policing intervention protocol, written	Number	0	2017	0	0	1	1	1	1		
2.3.3. Mobile community policing units, operating	Number	0	2017	0	0	0	0	4	4		
2.3.4. Police assigned to beneficiary UMEPs	Number	0	2017	0	500	1,000	1,500	2,500	2,500		
2.3.5. Policewomen assigned to beneficiary UMEPs	Percentage	0	2017	0	18	20	22	25	25		Pro-Gender Indicator

¹⁵ Includes training.

Outputs	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ¹¹	Means of verification ¹²	Comments
Output 2.4. Improved UMEP infrastructure	Number	0	2017	0	0	0	0	4	4		
2.4.1. UMEPs designed	Number	0	2017	0	1	3	4	4	4		
2.4.2. UMEPs built	Number	0	2017	0	0	0	0	4	4		
2.4.3. UMEPs equipped	Number	0	2017	0	0	0	0	4	4		
Output 2.5. Youth social violence-prevention programs taught by police	Course	0	2017	0	0	10	20	30	30		
2.5.1. Prevention courses in education centers designed	Course	0	2017	0	1	1	1	1	1		
2.5.2. Community-level prevention courses designed	Course	0	2017	0	1	1	1	1	1		
Output 2.6. Local officials trained to support preparation of local violence prevention plans.	Officials	0	2017	0	0	0	45	90	90		
2.6.1. Training course for local authorities on citizen security to support preparation of local plans, designed	Course	0	2017	0	1	1	1	1	1		
Output 2.7. Local observatory officials trained in strategic analysis of crime	Officials	0	2017	0	0	0	100	195	195		
2.7.1. Training courses for strategic analysis of crime in local observatories, including femicide and domestic violence, designed	Course	0	2017	0	1	1	1	1	1		
2.7.2. Information system installed	System	0	2017	0	0	0	0	1	1		

Outputs	Unit of measurement	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ¹¹	Means of verification ¹²	Comments
Output 2.8. Social communication strategy to promote measures and values to prevent, respond to, and reduce violence, respecting legal, moral, and cultural norms, designed and in use	Strategy	0	2017	0	0	0	1	1	1		
Component 3: Police effectiveness											
Output 3.1. Police training and professionalization system, in use	System	0	2017	0	0	0	0	1	1		
3.1.1. Academic curriculum for mid-level and senior police officers, modernized and with gender perspective and competencies based, written	Number	0	2017	0	0	1	1	1	1		Pro-Gender Indicator
3.1.2. Teachers with strengthened pedagogical capacities.	Number	0	2017	0	0	0	10	20	20		
3.1.3. Students graduated from the National Police Academy with the new curriculum.	Number	0	2017	0	0	0	250	500	500		
3.1.4. Women officers graduated from the National Police Academy with the new curriculum.	Percentage	10	2017	10	12	14	16	18	18		Pro-Gender Indicator
Output 3.2. National Police Academy with modern physical and technological infrastructure, in use	Academy	0	2017	0	0	0	0	1	1		
3.2.1. Academy designed	Number	0	2017	0	0	1	1	1	1		
3.2.2. Academy built	Number	0	2017	0	0	0	0	1	1		

Outputs	Unit of measure-ment	Base-line	Base-line year	2018	2019	2020	2021	2022	Final target ¹¹	Means of verification ¹²	Comments
3.2.3. Academy equipped	Number	0	2017	0	0	0	0	1	1		
Output 3.3. Performance evaluation and accountability system, designed and in use	Number	0	2017	0	0	0	1	1	1		
Output 3.4. Criminal investigation training and continuous specialization program in coordination with the Public Prosecutor's Office, designed and in use	Program	0	2017	0	0	1	1	1	1		
Output 3.5. Technical training in use of criminal investigation technologies performed.	Number	0	2017	0	0	0	4	4	4		
3.5.1 Crime lab equipped.	Laboratory	0	2017	0	0	0	1	1	1		
3.5.2 Technical staff trained in use of equipment and information technologies for strategic analyses of criminal investigations.	Staff	0	2017	0	0	0	100	100	100		
Output 3.6 Comprehensive crime information system designed and in use	System	0	2017	0	0	0	1	1	1		To include gender statistics

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Honduras
Project number:	HO-L1187
Project name:	Civic Coexistence and Neighborhood Improvement Program
Executing agencies:	Office of the Secretary of State for Security (SEDS) and the Community Development, Water, and Sanitation Institute/Honduran Social Investment Fund (IDECOAS/FHIS)
Fiduciary team:	Nadia Rauschert (Financial Management, FMP/CHO); María Cecilia Del Puerto (Procurement, FMP/CHO)

I. EXECUTIVE SUMMARY

- 1.1 The latest diagnostic assessments of financial management in Honduras reflect important advances in good practices and international standards, in modernization of the institutional framework, and in integration of the government budget, treasury, and accounting systems in the Integrated Financial Administration System (SIAFI).
- 1.2 With respect to the public procurement system, the 2010 MAPS/OECD assessment identifies strengths relating to a legal framework that in line with the majority of international best practices. Nevertheless, there are still challenges involved in attaining the standards that would allow the Bank to use the country system in the operations it finances. In 2017, the Bank supported an update to the assessment, which has not yet been published. The report shows that progress has been made since the last assessment but not enough to support full use of the system.
- 1.3 The beneficiary of the US\$60 million loan is the Republic of Honduras via SEDS and IDECOAS/FHIS, as executing agencies.

II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT AND EXECUTION MECHANISMS

- 2.1 SEDS and IDECOAS/FHIS have experience, through project coordination units (PCUs), executing projects with the Bank, and a stable team trained in fiduciary matters. The Fiduciary Agreements and Requirements established for this program are based on the records of both institutions, which, through their respective PCUs, have administered funds from loans 1786/SF-HO, 2745/BL-HO, and 2895/BL-HO, which have closed. The risk analysis performed in September 2017 following the project risk management (PRM) methodology, and the corresponding update to the institutional capacity assessment were used as inputs.
- 2.2 Regarding the fiduciary execution mechanism, the government has requested fiduciary independence in executing the components corresponding to each institution (IDECOAS/FHIS for component 1 and SEDS for components 2 and 3).
- 2.3 Regarding the country systems for financial management, or their equivalents, that would be used in this operation, the following is established:

- a. Budget: budgetary resources for this operation will be considered in the General Budget Act and its general provisions.
 - b. Treasury: to manage program resources, two special accounts will be set up at the Central Bank of Honduras (BCH), which comprise the treasury single account.
 - c. Financial accounting and reports: both executing agencies use the SIAFI and the UEPEX module to register and issue reports on operations executed with external financing.
- 2.4 Based on the experience with Bank-financed operations, the mechanism for the execution of procurements will continue to be through the PCUs, which will hire personnel with extensive experience in applying IDB procurement policies.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 A risk management workshop was held using the PRM methodology, in which a single fiduciary risk was identified and classified as high, related to possible delays in the execution of works due to high levels of insecurity in the intervention areas. This risk will be mitigated by creating and disseminating a communications plan and agreements with the beneficiary communities and construction and supervisory companies.

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

- 4.1 The agreements and requirements to be considered in the special provisions of the loan contract are as follows:
- 4.2 **Exchange rate agreed upon by the executing agencies for accounting purposes.** The exchange rate to be used will be the rate in effect on the day on which respective payments are made to the contractor or supplier by the beneficiary, the executing agencies, or any other natural or legal person who has been authorized to incur expenses.
- 4.3 **Justification of expenses.** Based on the experience of both executing agencies with the execution of prior operations and the institutional capacity update, payment processes have been found to be long and complex. Among other issues, the administrative procedures that suppliers and contractors must follow are complex, which slows down the corresponding processes. It was therefore agreed that a lower percentage of 70% for each executing agency would be set for the justification of advances.
- 4.4 **Financial statements and other audited reports** Each executing agency will present annual audited financial statements for the components of the project for which they are responsible within a period of 120 days following the close of each fiscal year, and a final financial statement within 120 days following the date set for the final disbursement. Reports may be audited by an eligible firm for the Bank or by the Court of Auditors (TSC). Given the fiduciary independence of each executing agency, it was agreed that each would contract the auditing firm by competitive process or, if opting for the TSC, by an interinstitutional agreement.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The following provisions apply to the execution of all planned procurements.
- A. Procurement execution**
- 5.2 The executing agencies, through their PCUs, will carry out the selection, supervision, and receipt of project procurements, which will be done in accordance with the Bank's procurement policies set out in documents GN-2349-9 and GN-2350-9, and with the procurement plan for the operation, which describes: (i) contracts for the works, goods, and consulting services required to meet project objectives; (ii) the proposed methods for the procurement of goods and the selection of consultants; and (iii) the procedures applied by the Bank to examine each procurement process. To plan procurements, the executing agencies will update the procurement plan annually, or according to the needs of the project, using a Bank-determined procurement plan execution and monitoring system, to plan procurements and report progress. All modifications to the procurement plan will be presented to the Bank for approval. The executing agencies, acting through their PCUs, will agree to a procurement plan with the Bank for the first 18 months of execution.
- 5.3 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services¹ generated under the project and subject to international competitive bidding (ICB) will be executed using the standard bidding documents issued by the Bank. Contracts subject to national competitive bidding will be executed using national bidding documents agreed to with the Bank and will be published on the State Procurement Regulatory Office (www.honducmpras.hn).
- 5.4 **Selection and contracting of consultants.** Contracts for consulting services provided by firms that are generated under the project will be executed using the standard request for proposals issued by or agreed to with the Bank.
- 5.5 **Selection of individual consultants.** At the discretion of the executing agencies, individual consultant contracts may be requested via local or international announcements to create a short list of qualified individuals, when there no ideal candidates for the respective consulting assignment are known. Consultants hired to support the executing agencies during the execution period of the operation may be contracted for the period of execution, when a no objection is obtained for the competitive initial selection process, without need to require one for each annual budget execution period, regardless of whether more than one contract is signed for each period. However, a performance evaluation resulting in termination of the contract would require a new no objection request for the new process.
- 5.6 **Direct contracting.** Consultants hired to assist the executing agencies in implementing operations 1786/SF-HO, 2745/BL-HO, and 2895/BL-HO, may be directly rehired with program funds provided that they meet the eligibility requirements set out in the Policy for the selection and contracting of consultants financed by the IDB (paragraph 3.11 of document GN-2350-9), which establishes the possibility of continuity in the provision of services for purposes of preserving the technical approach, experience acquired, and professional liability. This applies to the entire execution period and requires a sole initial no objection, provided that the

¹ [Document GN-2349-9](#) (paragraph 1.1). Services other than consulting services are treated like goods.

original contract was awarded via competitive selection process and subject to evaluation of past performance.

- 5.7 **Retroactive financing.** The Bank may retroactively recognize, as a charge against the loan proceeds, up to US\$1,800,000 (3% of the loan amount) in eligible expenditures made by the borrower prior to the loan approval date for feasibility studies for construction, development of prevention programs, and PCU consultants, provided that these comply with requirements substantially similar to those established in the loan contract. These expenditures must have been incurred on or after 15 September 2017 (the approval date of the project profile), but in no case will include expenditures made more than 18 months prior to the date of loan approval.
- 5.8 **National preference.** Inclusion of national preference will not be considered.
- 5.9 **Others.** The Operating Manual will contain detailed information relating to the program execution mechanism and instruments, such as internal transaction flows and approval in SEDS and IDECOAS/FHIS, to lend clarity and certainty to the operation and timely monitoring of processes.
- 5.10 **Thresholds.** The thresholds to determine the use of the ICB and the creation of a short list of international consultants will be made available to the executing agencies on the webpage www.iadb.org/procurement. Under these thresholds, the selection method will be determined based on the complexity and characteristics of the procurement item, which will be reflected in the procurement plan approved by the Bank.

B. Main procurement items

- 5.11 The executing agencies will be responsible for preparing the procurement plan,² and the Bank's procurement specialist will provide assistance to ensure that the procedures are appropriate according to Bank policies.³ The main procurement items are listed below.

² Policies [GN-2349-9](#) (paragraph 1.16) and [GN-2350-9](#) (paragraph 1.23). Before the loan negotiations, the borrower will prepare and submit to the Bank for approval a procurement plan that is acceptable to the Bank for the initial period of at least 18 months.

³ See [Guide for preparing and applying the procurement plan](#).

Table 1. Main procurement items			
Activity	Type of procurement	Estimated date	Estimated amount US\$
Works			
Urban integration project in the 25 de Enero, Australia, Nueva España, Nueva Galilea, and La Huerta neighborhoods.	ICB	12/12/2018	4,924,500
Urban integration project in the Monte de los Olivos, Nueva Jerusalén, Brisas del Mogote neighborhoods.	ICB	01/06/2020	7,408,947
Construction of police headquarters	ICB	25/10/2018	12,952,704
Equipment for headquarters	ICB	04/06/19	1,056,961
Technology platform for academic-administrative and research activities at ANAPO	ICB	01/08/18	490,000
Renovation of academic and administrative spaces for the police education system	ICB	09/01/20	1,200,000
Consulting firms⁴			
Supervision of urban integration works in the 25 de Enero, Australia, Nueva España, Nueva Galilea, and La Huerta neighborhoods.	QCBS	25/01/2018	590,940
Supervision of works to renovate academic and administrative spaces for the police education system	QCBS	29/10/2019	891,941

*To see the procurement plan for the first 18 months, click [here](#).

C. Procurement supervision

- 5.12 According to the fiduciary risk analysis of procurements, the supervision method will be a combination of ex post and ex ante, as established in the procurement plan.
- 5.13 The direct selection of consulting services by firms or individuals and the procurement of works, goods, and nonconsulting services will be supervised ex ante by the Bank, regardless of the contract amount. Contract renewals or extensions of individual consultant contracts will not require a subsequent no objection in addition to the one obtained for the first contract resulting from a competitive process.

D. Special provisions

- 5.14 **Measures to prevent corruption:** the provisions set out in documents GN-2349-9 and GN-2350-9 on prohibited practices (lists of ineligible companies and individuals from multilateral entities) will be followed.
- 5.15 **Other special procedures:** The Bank may, at its discretion, change the procurement supervision plan, based on the experience of the execution and institutional capacity updates, or any fiduciary visits that are carried out.

E. Records and filekeeping

- 5.16 The PCUs and executing agencies will be responsible for maintaining files and original supporting documentation for the procurement processes that they carry out with project resources, and to keep records following established procedures. The Operating Manual will document internal workflows and delegation of duties.

⁴ In consulting services, this means creation of a short list of firms of different nationalities ([GN-2350-9](#), paragraph 2.6).

VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 6.1 **Programming and budget.** Budgetary allocation of program resources will be reviewed annually.
- 6.2 **Accounting and information systems.** The SIAFI/UEPEX module will be used for financial reports and accountability of Bank-financed projects. Honduras is in process of implementing the International Accounting Standards for the Public Sector, based on the provisions of Article 96, numeral 1, of the Budget Law, which establishes that accounting plans and manuals must align with said standards.
- 6.3 **Disbursements and cash flow.** Disbursements will be primarily based on advances of funds backed by financial programming no greater than six months. Considering the fiduciary independence required for program execution, two subloans will be opened in the WLMS system, where each institution will have an exclusive bank account for use of the resources (special BCH account in the project name, and funds executed by the treasury single account by account books in both dollars and local currency). Financial planning and reporting will be done separately.
- 6.4 **Internal control and internal auditing.** The Bank and the National Office for Internal Control of Public Institutions are coordinating efforts to improve internal control at entities responsible for Bank-financed operations in Honduras. In this case, the executing agencies will carry out their fiduciary functions with the support of the PCUs formed for this purpose, in the framework of Bank-financed operations in this sector and in accordance with the Operating Manual in effect for the executing agency.
- 6.5 **Financial supervision plan.** The Bank will supervise financial management of the program, following up on actions to be taken by each executing agency to remedy any observations or findings that may be identified as part of external audits. Visits and meetings will also be held to follow up on the implementation of external audit recommendations and monitor fiduciary risks.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/18

Honduras. Loan ____/BL-HO to the Republic of Honduras
Civic Coexistence and Neighborhood
Improvement 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 a civic coexistence and neighborhood improvement program. Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$24,000,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$36,000,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on __ _____ 2018)

LEG/SGO/CID/ EZSHARE-269233204-7424
HO-L1187