



USAID
FROM THE AMERICAN PEOPLE

Bernardo E. Guillamon
Manager, Office of Outreach and Partnerships
Inter-American Development Bank
1300 New York Ave NW
Washington, DC 20577

Subject: Grant No. AID-OAA-IO-17-00006

Dear Mr. Guillamon:

Under the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby grants to the Inter-American Development Bank (IDB), the sum of \$2,982,720 to provide support for a program in Latin America and the Caribbean as described in Attachment 1 (the Program Contribution Agreement) of this grant and in Attachment 2 (the Program Description (PD), as may be amended in a revised PD to be approved by the IDB and USAID).

This grant is effective and obligation is made as of the date of this letter and will apply to expenditures made by the IDB in furtherance of program objectives during the period beginning with the effective date for a 28-month period.

This grant is made to the IDB on condition that the funds are administered in accordance with the terms and conditions as set forth in the Program Contribution Agreement and the PD (as may be amended in a revised PD to be approved by the IDB and USAID).

Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the grant, and return the original and all but one copy to me.

Sincerely yours,




Sarah-Ann Lynch, Acting Assistant Administrator
Bureau for Latin America and the Caribbean
As Grant Officer

Attachments:

1. Program Contribution Agreement
2. Program Description

ACKNOWLEDGED:

Inter-American Development Bank

BY: _____

TITLE: MANAGER OFFICE OF OUTREACH AND PARTNERSHIPS, IDB

DATE: SEPTEMBER 29, 2017

PROGRAM CONTRIBUTION AGREEMENT

Between

**the United States of America, acting through
the United States Agency for International Development (“USAID”)**

and

the Inter-American Development Bank or IDB (“Recipient”)

- 1. Activity Title:** Support Program for Strategic Actions of the Plan of the Alliance for the Prosperity of the Northern Triangle – RG-T3039 (the “Program”).
- 2. USAID Activity Number:** USAID-OAA-IO-17-00006
- 3. Purpose:** USAID and the IDB hereby agree to support the Plan of the Alliance for Prosperity in the Northern Triangle 2016-2020 (“the “Plan”). This Agreement (the “Agreement”) fulfills Congressional direction to advance the goals of the Plan by contributing to the IDB, whose support for Northern Triangle governments’ efforts will increase the transparency of the Plan’s funds and activities; attract private sector investment; and monitor and report on the impact of the Plan. In addition, the IDB will create spaces and opportunities for the engagement of partners from the private sector, civil society, multilateral organizations, and the international donor community in the implementation of the Plan.
- 4. USAID Program Contribution:** Pursuant to its authorities under the Foreign Assistance Act of 1961, as amended, USAID hereby grants to the IDB two million nine hundred and eighty-two thousand seven hundred and twenty United States Dollars (\$2,982,720) to be expended as described in this Agreement (the “Program Contribution”). The purpose of this Agreement is met upon disbursement by USAID to the IDB.
- 5. Estimated Completion Date:** This Agreement is effective as of the date of its signature and ends on the date which is twenty-eight (28) months after the date of the signature of this Agreement.
- 6. The Agreement:** This Agreement consists of (a) this Title Page; (b) Annex 1, the Program Description (as may be modified by mutual agreement of the parties as described herein); and (c) Annex 2, Indicative Budget for the Program. USAID understands that the IDB’s commitments as contemplated herein will be subject to the IDB’s formalization of all internal approvals necessary for the Program. Such internal approvals by the IDB include the approval of the Program Description. The Parties anticipate that the final IDB approval will not result in substantive changes to the Program Description, but in the event that any changes are proposed, the IDB will furnish a copy of any modified Program Description to USAID, which will then have the option to accept its incorporation herein as Annex 1. USAID accepts that the approved version of the Program Description may vary from the version attached herein. No amendment to

this Agreement will be required, but USAID must agree to the final approved Program Description in writing as a condition precedent to disbursement. The Parties understand that failure to obtain such internal approvals by the IDB and USAID agreement with the final revised Program Description will result in the termination of this Agreement and in the return of the Program Contribution to USAID.

7. Disbursement:

a. Within thirty (30) days of the USAID's written concurrence with the final Program Description as approved by IDB, USAID will disburse the Program Contribution to the IDB in United States Dollars by electronic funds transfer to the following account (the "Account"):

<u>Bank Name:</u>	Deutsche Bank Trust Company America
<u>Bank Address:</u>	60 Wall Street, Mail Stop NYC 602710 New York City, NY 10004 United States of America
<u>Bank Number:</u>	021001033
<u>Account Number:</u>	04404221
<u>Account ID:</u>	USD Cofinancing Account
<u>ABA:</u>	021001033
<u>SWIFT/BIC:</u>	BKTRUS33XXX

b. The Account is denominated in United States Dollars and includes resources provided by other donors for IDB programs.

8. Reports, Audits, and Financial Management:

a. The IDB agrees to furnish USAID an unaudited annual financial statement concerning the outputs of the account supported by this Agreement, in accordance with the IDB's usual accounting procedures and certified by the IDB Head of Accounting. These annual statements will be provided by March 31 of each year of the period covered by this contribution.

b. The IDB confirms that the Program Contribution funds will be administered according to the applicable IDB's policies and procedures, which follow the unified special purpose basis of accounting for funds under administration and will be subject to internal audit and inspection in accordance with the IDB's standard internal audit procedures. In addition, subject to availability of funds and USAID's written obligation of funds available for this purpose, USAID may request an "agreed upon procedures" report issued by an external auditor selected by the IDB on the use of the Program Contribution funds. The cost of such auditor's report will be borne by USAID and will not be deducted from the Program Contribution funds.

c. The IDB will exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of resources from other donors. The IDB will be responsible for performing the obligations that are set forth in this Agreement and will have no further liability to USAID in respect thereof.

d. The Program Contribution will be accounted for separately from the IDB's assets, and will be administered together with other contributions received by the IDB. The IDB may freely exchange the Program Contribution funds into other currencies as may facilitate their administration and disbursement. The IDB will not be responsible for foreign exchange risk in the receipt, conversion or administration of Program Contribution funds.

e. To assist in the defrayment of the administrative costs in relation to the Program Contribution, the IDB will charge and retain a fee in the amount of one hundred forty-nine thousand, one hundred thirty-six United States Dollars (U.S.\$149,136) at the time the Program Contribution is deposited by USAID into the Account.

9. Information and Marking: The IDB will give appropriate publicity to the Agreement as a program to which the United States contributes.

10. Termination

a. Either party may terminate this Agreement in its entirety by giving the other party 90 days written notice. In addition, USAID may terminate this Agreement in whole or in part, upon giving the IDB written notice, if the IDB substantially fails to comply with any provision of this Agreement, after efforts have been made by both parties to resolve the issues.

b. In the event of termination by USAID or in the event of termination by either party, the termination will not apply to funds irrevocably committed in good faith by the IDB, including those entered into with third parties, before the termination date indicated in the notice of termination, provided that the commitments were made in accordance with this Agreement. Any portion of this Agreement which is not terminated will remain in full force and effect. If, however, the IDB considers that the reduced funding makes the continuation of the Program, or any part of the Program impracticable, the IDB may terminate the Agreement in whole or in part.

11. Refunds: USAID, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the IDB to refund a proportionate amount granted under this Agreement if the cost of the Program is below the total Program Contribution. If the provided unspent balances attributed to USAID in connection with the Program, as of the estimated completion date, is two percent (2%) or less of the total amount contributed under this Agreement, then the IDB may apply these balances to the continuation and close-out of the Program of work beyond this date. The IDB agrees to report to USAID within two years on how the balances were used for the purposes of this Agreement. In all cases, the IDB must contact the USAID financial management representative listed below within 90 days of the estimated completion date, in the event of the availability of unspent and uncommitted funds.

12. Other Provisions.

a. **Terrorist Financing Clause (UN) (April 2011):** Consistent with numerous United

Nations Security Council resolutions, including **S/RES/1269 (1999)** ([http://www.undemocracy.com/S-RES-1269\(1999\).pdf](http://www.undemocracy.com/S-RES-1269(1999).pdf)), **S/RES/1368 (2001)** ([http://www.undemocracy.com/S-RES-1368\(2001\).pdf](http://www.undemocracy.com/S-RES-1368(2001).pdf)), and **S/RES/1373 (2001)** ([http://www.undemocracy.com/S-RES-1373\(2001\).pdf](http://www.undemocracy.com/S-RES-1373(2001).pdf)), both USAID and the IDB are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of USAID to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the IDB, undertakes to use reasonable efforts to ensure that none of the USAID funds provided under the award are used to provide support to individuals or entities associated with terrorism.

b. Prohibition on Assistance to Drug Traffickers: The IDB must make reasonable efforts, in accordance with the IDB's policies and procedures, as are necessary, to ensure that no funds or other support under the Program Contribution is diverted in support of drug trafficking.

USAID reserves the right to terminate assistance to, or take other appropriate measures with respect to, any participant specifically designated by USAID who is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

As defined in 22 CFR Part 140

(http://edocket.access.gpo.gov/cfr_2002/aprqr/pdf/22cfr140.3.pdf), drug trafficking means "any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance or transport, or to assist, abet, conspire, or collude with others in illicit activities, including money laundering, relating to narcotic or psychotropic drugs, precursor chemicals, or other controlled substances."

c. Trafficking in Persons: To the extent the IDB uses USAID-provided funding under this Agreement to provide grants to, or enter into contracts with, third parties that are private entities, such third parties may not, during the period of time that the Agreement is in effect, engage in: (i) trafficking in persons, as defined in the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime; (ii) procurement of a commercial sex act; or (iii) use of forced labor. If USAID determines that there is a reasonable basis to believe that any subgrantee or contractor has violated a prohibition in this provision or that an employee of the subgrantee or contractor has violated such a prohibition where that employee's conduct is associated with the performance of this Agreement or may be imputed to the subgrantee or contractor, USAID may terminate this Agreement in accordance with the Termination Procedures provision set forth herein.

d. USAID Disability Policy and UN Convention on the Rights of Persons with Disabilities Assistance: The principles of the present UN Convention on the Rights of Persons with Disabilities include promoting: (1) respect for inherent dignity, individual autonomy including the freedom to make one's own choices, and independence of persons; (2) nondiscrimination; (3) full and effective participation and inclusion in society; (4) respect for difference and acceptance of persons with disabilities as part of human diversity and humanity;

(5) equality of opportunity; (6) accessibility; (7) equality between men and women; and (8) respect for the evolving capacities of children with disabilities. The full text of the Convention can be found at the following Web site:

<https://www.un.org/development/desa/disabilities/resources/general-assembly/convention-on-the-rights-of-persons-with-disabilities-ares61106.html>.

USAID requires that the IDB not discriminate against persons with disabilities in the implementation of USAID-funded programs and make every effort to respect the principles of the Convention on the Rights of Persons with Disabilities in performing the program under the award. One of the objectives of the USAID's Disability Policy is to engage other U.S. Government agencies, host country counterparts, governments, implementing organizations, and other donors in fostering a climate of nondiscrimination against people with disabilities. To that end, and to the extent it can accomplish this goal within the scope of the program objectives, the IDB should demonstrate a comprehensive and consistent approach for including men, women, and children with disabilities.

d. Reporting of Foreign Taxes (UN) (April 2011): The IDB is not subject to taxation of activities implemented under the Agreement based on its privileges and immunities as a public international organization (PIO). However, should it be obligated to pay value-added taxes or customs duties related to the Agreement, the IDB should notify the USAID Agreement Officer's Representative (AOR) as listed in subsection g.

e. Procurement Policies: USAID acknowledges that: (i) the resources of the Program Contribution will be completely untied; and (ii) the goods and services as well as the consultancy services financed with the Program Contribution may be provided and executed by companies, specialized institutions or individuals from any IDB member country, as deemed appropriate by the IDB.

f. Third-Party Liability: USAID will not be responsible for the activities of any person or third-party engaged by the IDB as a result of this Agreement, nor will USAID be liable for any costs incurred by the IDB in terminating the engagement of any such person.

g. Disclosure of Information: Subject to their respective policies and procedures with respect to the disclosure of information, the IDB and USAID may make this agreement publicly available.

h. Agency Relationship: Nothing in this Agreement may be construed as creating an agency relationship between the IDB and USAID.

i. Dispute Resolution: The Parties will seek to settle amicably any disputes that may arise from or relate to this Agreement.

j. Communications: Any notice, request, document, or other communication submitted by the Parties to each other in relation to this Agreement will be in writing or by telefax, cable or electronic mail ("E-mail") and will be deemed duly given or sent when delivered to such part at

the following addresses:

(1) USAID Mailing Addresses:

USAID's technical representative for this Agreement:
Douglas Pulse
Broad-based Economic Growth Team Lead
LAC/RSD/BBEG
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523-6802
dpulse@usaid.gov
Phone: 202-712-5871

USAID's financial management representative for this Agreement is:

Kathleen Omar
Program Officer
LAC/RSD
US. Agency for International Development
1300 Pennsylvania Ave, NW
Washington, DC 20523-6802
komar@usaid.gov
Phone: 202-712-1094

(2) IBD Mailing Address:

All communications pertaining to donor relations and resource mobilization will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, DC 20577
Attention: Manager, Office of Outreach and Partnerships (ORP)
Phone: 202-623-1583
Fax: 202-623-2543
partnerships@iadb.org

Day to Day Communications regarding the management of the Program Contribution and this Agreement will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, DC 20577
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships

Phone: 202-623-2018

Fax: 202-623-3489

orp-gcm@iadb.org

k. Non-waiver of Immunity.

Nothing in this Agreement shall operate to waive, limit or defeat any privileges and/or immunities granted to the IDB or USAID or their respective personnel under any treaty and/or laws.

13. Signatures

For the U.S. Agency for International Development

Signature:

Name: Sarah-Ann Lynch

Title: Acting Assistant Administrator



Date: 9/28/2017

For the Inter-American Development Bank:

Signature:

Name: Bernardo E. Guillamon

Title: Manager, Office of Outreach and Partnerships



Date: 9/29/2017

USAID PROGRAM CONTRIBUTION FISCAL DATA

1. General Award: AID-OAA-IO-17-00006
2. Activity Title: Support for the Alliance for Prosperity Secretariat
3. GLAAS Action #: REQ-LAC-17-00038
4. Grant Agreement Ceiling: \$2,982,720
5. Total Obligated Amount prior to this obligation: \$0
6. Amount Obligated in this action: \$2,982,720
7. Total Amount Obligated including this action: \$2,982,720
8. Fund Accounts:

ELSALVADOR	2016/2017/DV-CEN	A08	598-W	A037	360,000
ELSALVADOR	2016/2017/DV-CEN	A10	598-W	A044	360,000
GUATEMALA	2016/2017/DV-CEN	A10	598-W	A044	1,122,720
HONDURAS	2016/2017/DV-CEN	A08	598-W	A037	920,000
G-CAP_REG	2016/2017/DV-CEN	A08	598-W	A038	220,000
9. USAID Project Office: LAC/RSD/DRG, USAID, Washington, DC 20523
10. Agreement Officer's Representative (AOR):

Doug Pulse
Team Lead Broad-based Economic Growth
LAC/RSD
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523-6802
dpulse@usaid.gov
Phone: 202-712-5871
11. Tax I.D. Number: 526040854
12. DUNS No.: 00-325-4513

Program Description

I. Basic Project Data

▪ Country/Region:	REGIONAL: Countries of the Northern Triangle of Central America (NTCA): El Salvador (ES), Guatemala (GU) and Honduras (HO)
▪ Program Name:	Support Program for Strategic Actions of the Plan of the Alliance for the Prosperity of the Northern Triangle
▪ Program Number:	DF-RG-T3039
▪ Team Leader/Members:	Irasema Infante, Juan Ricardo Ortega, Jordi Prat Cordero, Rhina Cabezas, Alejandro Carrión, Claudia Grayeb, Diana Herrera, Ayatima Hernández (CID/CID); María Fernanda García Rincón (ORP/PTR); Claudia Oglialoro (ORP/GCM); Mónica Lugo (LEG/SGO); Lidia Brianza (LEG/SGO)
▪ Program Nature:	Client Support, Research and Dissemination
▪ Request Reference: (IDBDOCS #)	
▪ Program Abstract Date:	August 2017
▪ Beneficiary:	El Salvador, Guatemala and Honduras
▪ Executing Agency and Contact Name	Inter-American Development Bank
▪ Donors Providing Funding	United States Agency for International Development (USAID)
▪ IDB Funding Requested	US\$2,982,720 ¹
▪ Disbursement Period	24 months
▪ Required Start Date:	2 nd semester 2017
▪ Consultants Types	Individual Consultants and Consulting Firms

¹ These funds will be administered by the IDB through a Project-Specific Grant (PSG). USAID will contribute with US\$2,982,720.

▪ Prepared by Unit:	CID/CID, CID/CHO, CID/CGU and CID/ES
▪ Unit of Disbursement Responsibility (UDR):	CID/CID
▪ Program Included in Country Strategy:	Yes (see paragraph 2.11)
▪ Program Included in CPD (y/n):	No
▪ Institutional Strategy Alignment 2010-2020:	Institutions for Growth and Social Welfare and Support for Small and Vulnerable Countries.

II. Objectives and Justification

- 2.1 In recent years, the lack of opportunities for social and economic development faced by a large part of the population in the Northern Triangle countries of Central America (NTCA) has led to an increase in the illegal migration flows towards various countries, particularly the United States.
- 2.2 The limited opportunities for economic development are the main cause of the migrant flows coming from the Northern Triangle countries. Poverty affects 61.2% of the population in all three countries, a figure that doubles the average of LAC. In addition, growth expectations are limited mainly due to high levels of informality and scant public and private investment. Informal economic activity employs 66% of the economically active population in El Salvador, 72% in Honduras and 77% in Guatemala.[1] The high levels of informality are a breeding ground for criminal activities, including illegal commerce. To cite an example of the impact that addressing these challenges would have in these countries, the International Monetary Fund has estimated that in the case of Guatemala a 1% of GDP sustained increase in public investment during the next five years would raise the GDP by 1.2% and would reduce extreme poverty from 23% to 18% of the population.
- 2.3 The NT countries also face important challenges in the areas of social development and citizen security. For example, average years of schooling are below the regional mean —Honduras (5.5 years), Guatemala (5.6 years), El Salvador (6.5 years) — and far below Costa Rica (8.4) or Dominican Republic (7.5). Secondary school retention levels are higher than those of the rest of the countries in Central America. In consequence, 30% of young men between 14 and 25 years old (1.7 million) are outside the education system and labor market. In regard to the health sector, the adolescent pregnancy index in the three countries (91 pregnancies per thousand girls between 15 and 19 years old) is above Central America average and it is among the highest in the world. Lastly, high levels of violence generated by organized crime and gangs have resulted in a crime rate of 57 homicides every 100,000 inhabitants which is four times the number registered in Latin America. Insecurity affects the poorest population acutely, with most violent homicides

concentrated in marginal urban areas. San Pedro Sula tops the list of the most violent cities in the world with the third position, San Salvador is number 7 and Guatemala City is number 23.[2]

- 2.4 These economic and social factors have led to higher levels of migration, particularly to the United States. (Include more information on migratory flows and their evolution until the start of the PAPTN)
- 2.5 Aiming to find an answer to the illegal migration problem which was accentuated in the first years of the decade, the NProgramA presidents agreed to implement an Alliance for Prosperity Plan at the end of 2014. This Plan, focused on growth and security, has been implemented in 4 strategic pillars: (i) fostering the productive sector to create economic opportunities; (ii) development of human capital; (iii) improving citizen security and access to justice; and (iv) strengthening institutions to increase public trust in the state. Up to date, it is evident that the nations register significant results in: (i) strengthening judicial systems and the fight against corruption, (ii) reducing crime and citizen insecurity through the implementation of training programs, dismantling militarization and professionalization of the police and (iii) strengthening customs and tax administrations. Annex 1 presents a summary of the situation of the Plan in each country up to date.
- 2.6 In order to have a mechanism for strategic articulation and monitoring of projects and programs executed within the Plan's framework, each of the countries has created its own Advisory Council, a body headed by the corresponding Technical Secretary/Ministers of State, with the participation of representatives of civil society organizations and the private sector. Some of their functions are: i) advising the government about strategies and activities related to the Plan; ii) ensuring the alignment of programs and projects with the Plan objectives; iii) encouraging broad participation of representatives of civil society organizations, academia, private sector and local governments in the planning, implementation and evaluation of programs and projects of the Plan; iv) guaranteeing the transparency of the executed programs and projects; v) issuing recommendations on reports and evaluations; vi) encouraging the international community participation and vii) designing and launching a citizenship information and communication strategy on the Plan's progress.
- 2.7 The Bank, at the request of the governments of the three countries, has supported the activities of the Plan since its launching. This support is provided through the Country Department for Central America, Mexico, Panama, the Dominican Republic and Haiti (CID), which has a team of specialists dedicated to support the work of the Plan and promote coordination between the different sectors in the Bank and the different government agencies, in coordination and with the support of the Bank's country offices. In addition, the Bank is part of the Advisory Councils of the countries, which allows continuous monitoring of progress and results of the Plan and dialogue between the public sector and representatives of the private sector and civil society involved.
- 2.8 These initiatives have had an impact on the dynamic of illegal migration to the United States. During 2016 fiscal year (FY), the US Border Patrol detained 408,870 individuals throughout the

Southwest border versus the 331,333 apprehensions in FY15. Nevertheless, as a result of the US Government recent immigration policies and aggressive prevention campaigns carried out by the governments of the Northern Triangle countries of Central America and Mexico, the number of apprehensions on the US Southwest Border has experienced a decreasing trend during 2017. As of July 2017, a total of 259,107 apprehensions were registered, and as observed in Table 1, the cases of apprehensions for unaccompanied children and family units in the Northern Triangle countries and Mexico show decreasing numbers. To ensure that the implemented policies are successful and show declining trends consistently, which would mean fewer people being exposed to physical hazards and exploitation risks, aggression or abuse by criminal human trafficking organizations, it is necessary to continue addressing the structural causes of migration through initiatives such as the A4P.

Table 1. US Border Patrol Apprehension FY2016 and FY2017 YTD (October 1, 2016- July 31,2017)

Demographic	Country	FY 2016	FY 2017 YTD
Unaccompanied Alien Children	El Salvador	17,512	8,526
	Guatemala	18,913	12,274
	Honduras	10,468	6,887
	México	11,926	7,234
Family Units	El Salvador	27,114	22,510
	Guatemala	23,067	20,570
	Honduras	20,226	19,667
	México	3,481	1,998
Southwest Border Total Apprehensions		408,870	259,107

Source: U.S. Customs and Border Protection.

- 2.9 After evaluating achievements and discussing potential opportunities with donor countries, the three governments have identified as the Plan's primary objectives for the 2017-2022 period: **the promotion of sustainable and inclusive economic growth and the generation of productive**

and employment opportunities. To this end, they have identified the following common strategic areas and have prioritized activities as illustrated below:

- a) **Economic growth, competitiveness and job creation:** (*) strengthening tax collection and customs administration; (*) promoting an attractive environment for private investment in strategic infrastructure identified within the regional integration framework, national development programs and the PAPTN which consider logistics infrastructure such as roads, ports, airports, power generation and customs; (*) developing an innovative plan in which public investment should be properly focused in areas of greatest need in an efficient way, considering potential innovative schemes for public - private participation and an agreed implementation agenda; (*) promoting economic integration within the region and with the world economy; (*) strengthening the regional energy market and regional production chains for export; (*) promoting coordinated, secure and efficient customs administration; (*) designing and launching new and innovative mechanisms that accelerate investment execution; (*) improving regulation of strategic economic and high impact activities, streamlining procedures and establishing incentives for financial inclusion, promotion of formal economic activities and mechanisms to curb illegality, and (*) mitigating macroeconomic risks associated with remittance flow decrease and facilitate the access to formal remittances channels.
- b) **Security and justice:** (*) strengthening police forces, prosecutors and criminal research institutions responsiveness, and (*) upgrade surveillance and control systems to monitor human, arms, and goods trafficking and its financial flows.²
- c) **Migration and remittances:** (*) ensuring programs and public services that address returning migrants needs, or strengthening or launching economic reintegration programs including: training for entrepreneurs and SMEs in communities of origin, financial literacy training for remittance senders and recipients and working abilities certification; (*) strengthening prevention and information campaigns; (*) improving the quality of the information and technology systems that support immigration statistics, databanks, computer-based tools and comprehensive regional consular protection systems and expanding its coverage; (*) strengthening consular protection systems and updating protocols for migrants assistance; (*) strengthening consular coordination through the development of a joint agenda on immigration matters, capacity building of border authorities and design of a repatriation fund.
- d) **Fight against corruption:** strengthening laws and regulations of activities such as campaign financing, public procurement, and infrastructure and services concessions.

² Although part of the broader strategy, this program contribution will not support activities in the security and justice sector.

- 2.10 To respond to these challenges effectively, the countries have requested the Bank's technical assistance to strengthen coordination mechanisms to facilitate consensus building on strategic matters and assure an efficient interaction; to strengthen the state's institutional capacity to ensure the effectiveness of results; and to design and launch a monitoring, reporting and evaluation system that reflects the progress, results and impacts of the Plan.
- 2.11 The objective of this Program is to support the efforts of the countries of the Northern Triangle of Central America (NTCA) to consolidate key achievements and progress during the implementation of the A4P and to strengthen the coordination, management, reporting, monitoring and evaluation capacities of the institutions in charge of the agreed strategic areas: economic growth, competitiveness and creation of job opportunities; security and justice; issues related to migration and remittances; and the fight against corruption.
- 2.12 Bank Institutional Strategy Alignment 2010-2020, national development plans and IDB country strategies. The operation is consistent with the update to the Bank's Institutional Strategy and is aligned with the development challenges of: lowering inequality and poverty, enhancing regional integration and increasing productivity and innovation. The objectives and activities of this operation -that are part of the Plan's pillars- address these challenges equally. In terms of social exclusion and inequality, this Program focuses on eradicating extreme poverty, creating a more distributive fiscal policy, strengthening the State's institutional capacity, providing banking services to all segments of the population, and generating inclusive infrastructure and services. Regarding limited regional economic integration, the Program promotes regional infrastructure improvement and regional value chains development, and encourages greater support for South-South cooperation. In terms of low productivity and innovation, the Program seeks human capital development, the reintegration of returning migrants, the improvement of the business environment and the consolidation of robust institutional frameworks. Furthermore, the Program is aligned with the three governments' development plans and contributes to the respective country strategies - El Salvador (2015-2019), Guatemala (2017-2020) and Honduras (2015-2018), where the Bank agrees to continue providing cooperation to complement the Plan's actions, support donors' coordination and, in general, contribute to tackle the challenge of unaccompanied minors' migration. Lastly, this Program complements previous Bank efforts to support governments with non-refundable resources for the PAPTN creation and implementation.

III. Activity and Results Description

- 3.1 The project will support activities organized under the following components (please find a more detailed Results Matrix in Annex 1).

- 3.2 **Component 1: Strengthening of coordination mechanisms and consolidation of strategic partnerships (US\$596,544):** The purpose of this component is i) to strengthen the three government teams' capacity in order to better coordinate among each other as well as with other bilateral and multilateral donors, the private sector and civil society on the strategic noted subjects and ii) to ensure that donors, private sector and civil society are able to engage effectively in the implementation of the Plan.
- 3.3 **Component 2: Effective management and implementation of private sector and civil society engagement (US\$1,193,088).** The purpose of this component is to strengthen the government teams' management capabilities in order to comply with the following: (*) planning reforms and strategic investments; (*) designing proper financial mechanisms to direct investments; (*) identifying information systems, technological tools and modern human resources management systems; (*) improving governance structures and ensuring transparency and efficient use of resources during the planning and implementation stages of the investment cycle; and (*) promoting the use of strict regulations and solid mechanisms of accountability and investment control.
- 3.4 **Component 3: Monitoring, reporting and evaluation system (US\$1,043,952).** The purpose of this component is to design and launch the following elements:
- a) **Monitoring:** The IDB will support, through technical assistance, the Northern Triangle countries in establishing a monitoring system hosted by the A4P counterparts in each country (or other designee). This system will support the overseeing process of programmatic and financial implementation of Alliance for Prosperity projects, and will include an early warning system to detect implementation bottlenecks.[3] As part of the monitoring system, the IDB will support the design and implementation of the A4P MAP, a geo-referenced platform that will consolidate relevant information of projects undertaken under the A4P, including its location, type, source of funding and degree of implementation.
 - b) **Reporting:** Data from the Monitoring System will be used to support the development of a reporting mechanism for the A4P team in each of the three countries. Reports will include achievements under the plan, updates of program results matrices, and national and local level statistics. The reporting scheme expects to generate regular reports, at least every semester and most of the information generated by the scheme will be made public.
 - c) **Evaluation:** the IDB will design and support the implementation of a rigorous impact evaluation plan for the A4P activities. It will encompass a baseline assessment and at least one follow up survey at household and firm level. Additional evaluations will be implemented focused on assessing specific A4P activities.
- 3.5 **Indicative Budget:** USAID expects to commit US\$ 2,982,720 to this Program with no local contribution. Table 2 shows the total amount of funding required for each component. This contribution is a program support of USAID to the work plan of the IDB as Technical Secretariat of the Plan of the Alliance for Prosperity in the Northern Triangle. The IDB, as Executing

Agency, will contribute with its staff members' and associated consultant's time for the coordination and to support activities of the Plan in the three countries (estimated cost of IDB in-kind contribution: US\$3,000,000).

Table 2. Indicative Budget

Component	US\$
Component 1: Strengthening of coordination mechanisms and consolidation of strategic partnerships	\$ 596,544.00
Component 2: Technical assistance for effective management and implementation of strategic initiatives	\$ 1,193,088.00
Component 3: Monitoring, reporting and evaluation system	\$ 1,043,952.00
Administration fee	\$ 149,136.00
Total Requested Funding	US\$ 2,982,720.00

- 2.6 Resources of this project will be received from USAID through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, the commitment by USAID will be established through a separate Administration Agreement. Under such agreement, the resources for this project will be administered by the Bank and the Bank will charge a non-refundable administration fee, which is identified in the budget of this project. The administration fee will be charged upon the Bank's receipt of the contribution.

IV. Executing Agency and Execution Structure

- 4.1 By request of the NTCA governments, the present Program will be carried out by IDB in its capacity as Technical Secretariat of the Plan. The Bank has been a neutral partner during the Plan's design and implementation process and it has the ability of adding value as Executing

Agency through: (*) its knowledge about regional challenges; (*) its experience as Development Bank in the NTCA; (*) its coordination ability promoting unified positions and fluent interaction between the countries and cooperating nations and partners; (*) its territorial presence in the NTCA; (*) its proximity to cooperating nations and agencies; (*) its analytical knowledge and experience on the main subjects addressed in the Program (migration, civil society, and communication); (*) its ability to provide continuity to the Plan; (*) its presence in WDC that provides smoother interaction with the authorities of the three countries in the USA.

4.2 During the Program execution process, the IDB will work with government officials and consultants designated as counterparts of the NTCA governments. IDB will implement the components in coordination with the ministries and agencies in charge of Finance, Economy, Foreign Affairs, Labor, Health and Education, among other sectors. It will continue working closely with US government agencies and with the governments of Mexico, Canada, Chile and Colombia, among others. Furthermore, it will consolidate its relations with multilateral and donor agencies, and periodically report the progress in the three Advisory Councils of the Plan. With the aim of monitoring the execution of this Program, a working plan will be established with monthly follow-up meetings. The team of the Technical Secretariat of the Plan shall present quarterly progress reports to CID's management team within eight days after each quarter ends and a final report on the execution of the Program no later than fifteen days after the disbursement period due date.

4.3 Acquisitions. Program resources will finance fees and travels of local and international consultants, as well as organizational and logistic expenses for trainings and workshops and periodic national and international meetings. Eligible activities in the operation are: contracting individual consultants and consulting firms, development of workshops, plan-related events involvement and logistical support for meetings organizations. The Program will follow IDB governing policies for Selection and Contracting of Consulting Services for the Bank-Executed Operational Work (GN-2765-1) and its corresponding Operational Policies (OP-1155-4).

V. Important risks

5.1 The implementation risks for the present Program are: (*) the selected consultant's technical and operational capabilities and the way in which they coordinate with each country's institutional apparatus; (*) the government's lack of agility to perform Program activities; and (*) the governments' lack of support due to results of electoral cycles. The results matrix that will be agreed upon with the countries' government teams shall provide the basis for an ongoing follow-up of the Program execution as well as to reassure that the noted risks are being properly mitigated. As an operational mechanism for this matrix, the three governments together with the Bank will constitute a follow-up team that will have the subsequent functions: (*) reviewing consultants' profiles, assuring that they have the required training and experience; (*) assuring that the countries' welcome and adopt the recommendations emanated from the consultancies; (*) assessing the compliance with implementation schedules; and (*) ensuring that dialogues are held

during political transitions, so that the execution stays focused and does not suffer delays. Furthermore, the Bank is part of the countries' Advisory Councils, and its involvement in these bodies will provide a space for ongoing verification of progress and results.

VI. Exceptions to Bank policy

6.1 No exceptions to Bank's policy are foreseen.

VII. Environmental and Social Classification

7.1 No adverse social or environmental impact is expected from this Program. This operation has been classified as category "C".

[1] "*La economía informal en Centroamérica y República Dominicana: desarrollo subregional y estudios de caso*" (OIT, 2013), mentioned in "*Quinto Informe Estado de la Región*" (PEN CONARE, 2016)

[2] "List of the 50 most violent cities in the world in 2016", published by the Consejo Ciudadano para la Seguridad Pública y Justicia Penal A.C., April 1, 2017 in Mexico City.

<http://www.seguridadjusticiapaz.org.mx/biblioteca/prensa/send/6-prensa/239-las-50-ciudades-mas-violentas-del-mundo-2016-metodologia>

[3] In the process of developing the monitoring and evaluation system, the team will take into consideration the Central America Engagement Strategy results' architecture and standardized indicators developed by the USG as appropriate.

Annex 1: Results Matrix

Component	Output Description	Output indicator	Results	Results indicator
Component 1: Strengthening of coordination mechanisms and consolidation of strategic partnerships	Donor coordination meetings at country and regional level	# of meetings (country and regional level)	Effective coordination among donors and cooperating governments	# of projects that have more than one donor/cooperating government participating
	Private sector and civil society participatory mechanisms developed and/or strengthened at national and regional level	# of meetings (national and regional) # of engagement/ collaboration framework documents approved	PS and CS networks strengthened at the country level and a regional participatory mechanism established	# of meetings at country level and regional level to discuss progress of the Plan % of satisfaction with the reporting of progress/results
	Design and implementation of communication strategies for the NT governments	# of communication strategies	Effective channels of communication developed to disseminate the main messages of the progress and activities of Plan	% of awareness from stakeholders involved about the progress/results of the Plan # of communication strategies' indicators achieved
Component 2: Effective management and implementation of private sector and civil society engagement	Diagnostics and assessments on regulatory frameworks, financial mechanisms, governance models for strategic investments	# of (multi-sector) diagnostic and assessments # of technical notes # of workshops/ courses designed and implemented # trained officials	NT governments equipped to design and plan reforms and strategic investments. Transparency and good administration structures are ensured	# of regulatory frameworks designed # of action plans for strategic investments # of officials trained
	Management information systems	# of information systems designed and implemented	Technological tools and modern systems are provided for the NT countries	# of officials using new systems

Component 3: Monitoring, reporting and evaluation system	Reporting mechanism	# of mechanism in place	M&E scheme developed for national and local achievements, that includes financial and sectoral execution and statistics	# of reports
	Geo-referencing process for investment projects	# of platforms	Platform that displays territorial information about investments is developed	% of public investment for current fiscal year geo-referenced
	Impact evaluation system designed	# impact evaluation system # baseline # of follow up survey at the household and/or company level	An impact evaluation system of the most relevant activities is designed	# of reports % of perception regarding the increase of social roots and economic opportunities