

HONDURAS

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS
(CCLIP) FOR THE INTEGRATED DISASTER RISK
MANAGEMENT PROGRAM
(HO-X1013)**

**INDIVIDUAL LOAN FOR A DISASTER RISK PREVENTION AND
MITIGATION PROJECT
(HO-L1031)**

LOAN PROPOSAL

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ELECTRONIC LINKS
<p>Required</p> <ol style="list-style-type: none"> 1. Multiyear Execution Plan (including activities prior to the first disbursement and the work plan for the first 18 months) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1916300 2. Monitoring and evaluation arrangements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1916313 3. Procurement plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1914126 4. Social and environmental strategy http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1917746 5. Environmental and Safeguards Classification http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1915862 <p>Optional</p> <ol style="list-style-type: none"> 1. Institutional capacity assessment (ICAS) of COPECO http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1916326 2. Draft Program Operating Regulations http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1916320 3. Instructions for preparation of mitigation and prevention works http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1934985 4. Design of structural works and nonstructural measures given priority in the NDMP http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1916339 <p>Technical documents available in the project files in IDBDOCS</p> <ul style="list-style-type: none"> - Disaster Risk Indicators and Risk Management Indicators. Publication INE-08-02 - Systematization of the Process for Institutionalizing Local Risk Management (NDMP/COPECO) - Procedural Manual for Formulating Action Plans for Implementing Municipal Land Use and Risk Management Plans (NDMP/COPECO) - Systematization of Land Classification and Planning Processes (NDMP/COPECO) - Technical Manuals for Land Classification and Planning (NDMP/COPECO) - Municipal Prevention and Emergency Planning Manual (NDMP/COPECO) - Methodological guide to risk management for first, second and third cycles of basic education (Ministry of Education) - Municipal Risk Management Plan for 55 municipios, prepared by NDMP/COPECO http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1954322

APPENDICES

Proposed resolution

ABBREVIATIONS

AWP	Annual work plan
CAPRA	Central American Probabilistic Risk Assessment
CCLIP	Conditional credit line for investment projects
CIDA	Canadian International Development Agency
COPECO	Comisión Permanente de Contingencias [Permanent Commission on Contingencies]
FSO	Fund for Special Operations
GTZ	German Agency for Technical Cooperation
ICAS	Institutional Capacity Assessment System
IOM	International Organization for Migration
IRM	Integrated risk management
JICA	Japan International Cooperation Agency
NDMP	Natural disaster mitigation project
OC	Ordinary Capital
OR	Operating Regulations
PCU	Project coordinating unit
RMI	Risk Management Index
SEFIN	Ministry of Finance
SINAGER	National Risk Management System
SDC	Swiss Agency for Development and Cooperation
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

PROJECT SUMMARY

HONDURAS

CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) FOR THE INTEGRATED DISASTER RISK MANAGEMENT PROGRAM (HO-X1013)

INDIVIDUAL LOAN FOR A DISASTER RISK PREVENTION AND MITIGATION PROJECT (HO-L1031)

Financial Terms and Conditions					
Borrower: Republic of Honduras			Source of financing:	Parallel financing, concessional framework	
Executing agency: Comisión Permanente de Contingencias [Permanent Commission on Contingencies] (COPECO) (for the first operation, HO-L1031)				OC	FSO
			Amortization period:	30 years	40 years
			Grace period:	5.5 years	40 years
	Amount		Disbursement period:	5 years	5 years
Source	Line of credit	HO-L1031	Interest rate:	Adjustable	0.25%
Ordinary Capital (OC)		US\$13,300,000	Inspection and supervision fee:	*	N/A
Fund for Special Operations (FSO)		US\$ 5,700,000	Credit fee:	*	N/A
Local					
Total	US\$75,000,000**	US\$19,000,000	Currency:	U.S. dollars	U.S. dollars
CCLIP and First Project at a glance					
Project objective: The general objective of the CCLIP is to help generate conditions for efficient, effective disaster risk management in order to reduce the potential adverse economic impacts of catastrophic events. The first specific operation will contribute to the general objective of the CCLIP by reducing the losses from natural disasters through investments in prevention and mitigation and by strengthening institutions and building capacity for disaster risk management. The specific objectives of this first operation are to: (i) adopt risk/vulnerability reduction measures in the municipalities that are most vulnerable to natural disasters, in particular through the participatory formulation of risk management plans and prevention and mitigation works; and (ii) strengthen capacity and interagency coordination for integrated disaster risk management.					
Special contractual conditions: Precedent to the first disbursement: (i) signature of a subsidiary agreement between the Ministry of Finance (SEFIN), as the representative of the borrower, and COPECO under terms agreed on with the Bank (paragraph 3.1); (ii) evidence that the general coordinator, the procurement specialist and the financial specialist have been hired for the management team (paragraph 3.2); and (iii) entry into force of the project Operating Regulations (paragraph 3.5). During project execution: prior to initiating procurement procedures for municipal investments, signature of a subsidiary participation agreement between COPECO and the respective municipios participating in the project (paragraph 3.4). Other special conditions: to facilitate fulfillment of the conditions precedent to the first disbursement, a partial advance may be made of up to US\$550,000, when certain of the conditions precedent have been fulfilled as stipulated in the General Conditions of the loan contract (paragraph 3.6).					
Exceptions to Bank policies: None.					
Project qualifies as: SEQ [<input type="checkbox"/>] PTI [<input type="checkbox"/>] Sector [<input type="checkbox"/>] Geographic [<input type="checkbox"/>] Headcount [<input type="checkbox"/>]					
Project consistent with country strategy: Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]					

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

** The funding source for subsequent individual operations will be determined based on the resources available for Honduras at the time each operation is approved.

I. FRAME OF REFERENCE

A. Introduction

- 1.1 The proposed conditional credit line for investment projects (CCLIP) will support implementation of an integrated strategy for managing the risk of natural disasters in Honduras. To achieve its objective, the CCLIP has been structured to include an initial individual loan operation aimed at reducing the losses occasioned by frequently recurring natural hazards, through a combination of prevention, mitigation and emergency response actions, as well as subsequent individual loan operations for reducing, avoiding, stopping, or transferring risks that arise with varying frequencies. The proposed CCLIP, in the amount of US\$75 million, would run for a period of 10 years. The executing agency for the first individual loan, for US\$19 million, would be the Permanent Commission on Contingencies (COPECO). The Bank will finance the entire line, under the terms and conditions in place at the time the respective individual operations are approved.

B. The country's vulnerability to natural disasters

- 1.2 Of all the countries in the world, Honduras has the greatest relative vulnerability to natural disasters (Freeman and Arita, 2005). The United Nations ranks it among the 20 countries most vulnerable to flooding and the country most vulnerable to hurricanes ("Reducing Risk", 2004, UNDP). Honduras has suffered severe consequences from various types of disaster (drought, earthquakes, epidemics, flooding, landslides, hurricanes and forest fires) over the last century, which have affected approximately 4.7 million people. The most damaging events, however, have been the 19 hurricanes that occurred over that time, each of which killed on average nearly 1,300 people, affected around 155,000, and caused damages equivalent to US\$240 million. The most severe storms were Hurricane Mitch in 1998 and Hurricane Fifi in 1974, which affected 23% and 38% of the country's population, respectively. The damage wrought by Fifi and Mitch amounted to the equivalent of 52% and 72% of GDP, respectively.
- 1.3 The last natural disaster to strike the country arose from tropical depression 16 in October 2008, and it exacted a significant economic and social toll. The damages it caused are estimated at US\$125 million (*Plan de Rehabilitación y reconstrucción de daños causados por la depresión tropical No. 16 y fenómenos conexos*. Secretaria del Estado del Despacho Presidencial). At the request of Honduras, the Bank responded to the national emergency by reformulating US\$27 million in its loan portfolio.
- 1.4 The historic vulnerability of Honduras to natural disasters has increased dramatically in recent decades, with the number of hydrometeorological events rising from three over the period 1974-1978 to 10 between 1999 and 2003, and with nominal losses estimated at US\$4.7 billion, or nearly half the total losses for all Central America. That vulnerability has been accentuated by rapid urbanization and haphazard land occupation, in a setting where there is little land use planning and few environmental controls, and where construction standards are inadequately

designed and enforced. Climate change is expected to increase the country's vulnerability further, particularly along the northern and southern coasts.

C. Country actions in the sector

- 1.5 Spurred by the Hurricane Mitch catastrophe, the Government of Honduras undertook to expand the scope of its legal and institutional framework for emergency response and to introduce a more integrated approach to managing disaster risk. As one measure, it expanded the structure of COPECO, which was created in 1990 as a government agency reporting to the President of the Republic and responsible for the ongoing handling of disaster responses, to include the management of emergency prevention and preparedness activities. COPECO reports to the Office of the President and its executive body is the National Executive Council, comprising 19 entities including representatives of the central government, the national Congress, the private sector, civil society, and academia. At the management level, COPECO has a National Commissioner appointed by the President of the Republic. In addition to its central administrative areas and the prevention, preparedness and emergency response units, COPECO has seven regional offices. This organizational structure reflects the expansion of COPECO's responsibilities in the disaster risk management cycle.
- 1.6 In the wake of Hurricane Mitch, Honduras launched a process of consultations and awareness raising with a view to creating, by law, a National Risk Management System (SINAGER) which will allow the establishment of a framework for coordinating the country's efforts at integrated disaster risk management as well as a common strategy under the National Risk Management Plan. Under the law, COPECO will have greater autonomy and authority. The National Commissioner will be selected by open competition and will hold office for seven years, with the possibility of reappointment. The law also defines arrangements for financing the system. The CCLIP (HO-X1013) and the individual project (HO-L1031) are consistent with SINAGER. The draft law was formally submitted to the national Congress on 3 March 2009 for consideration, and approval is expected by August 2009.
- 1.7 Together with these changes to its legal and institutional framework, the government has made a series of investments since 1998, with support from the international community, in the areas of institution-strengthening and planning support (UNDP, US\$650,000), human resource training (Government of Switzerland, US\$500,000), and studies and construction of mitigation works (Government of Japan, US\$6 million). In 2000, backed by a World Bank loan for US\$10.8 million, the Government of Honduras launched the Natural Disaster Mitigation Project (NDMP) to enhance capacity for reducing the country's vulnerability to natural disasters at both the municipal and national levels. When completed in 2007, that project had yielded the following: (i) implementation of a national surveillance and warning system for floods and drought, and creation of the National Hydrological Forecasting Center; (ii) the design of methodological guides on risk management for the first, second and third cycles of basic education,

and a national awareness campaign; and (iii) vulnerability maps and risk reduction plans for 61 of the 128 municipios deemed high-risk, including preparation of designs for approximately 100 prevention and mitigation works, as well as a pilot plan for drought mitigation in five of the country's watersheds. Additional financing of US\$9 million was approved in 2007 for introducing landslide early-warning systems in 8 municipios and drought monitoring systems in 18 municipios; preparing emergency plans and establishing Disaster Emergency Committees in 75 municipios; and vulnerability maps and risk reduction plans for 20 additional municipios. That supplemental credit also covers construction of mitigation works in 53 municipios and the design of works in a total of 61 municipios. COPECO has been executing that loan in a satisfactory manner, and the last disbursement is expected to be made in September 2010.

- 1.8 A final evaluation has not yet been performed on the NDMP: this will be done at the conclusion of the additional scale-up financing. However, some lessons can already be drawn: (i) structural mitigation works must be identified through a broader risk management planning process and in the context of formal agreements negotiated with the municipios; (ii) structural works must be accompanied by nonstructural measures and by appropriate maintenance training; and (iii) local firms should be hired for the design and execution of works in order to foster greater understanding of risk management and to create jobs locally.
- 1.9 The government's efforts at natural disaster risk management have been supported by international donors through a Risk Management Board comprising United Nations agencies (UNDP, UNFPA, UNICEF, IOM), bilateral cooperation agencies (CIDA, JICA, GTZ, SDC, USAID and Italian cooperation), the World Bank and the IDB: it is intended to ensure close coordination, complementarity, and synergy among participants. During the preparatory work, the CCLIP and the individual project (HO-L1031) were submitted to the Risk Management Board for comments, and these have been incorporated into the proposed version.
- 1.10 Honduras has taken significant steps toward integrated risk management (IRM), but there remain some important challenges, including: (i) consolidating progress achieved with the NDMP in prevention and mitigation at the municipal and community levels and extending coverage to municipios identified as high- and medium-risk (of the country's 298 municipios, 128 have been classified as high-risk and 120 as medium-risk); (ii) conducting risk evaluations and vulnerability analyses for designing programs to transfer risk and to effectively handle the residual risk; and (iii) building institutional, legal and budgetary capacity for comprehensive intervention.

D. Rationale for the CCLIP (HO-X1013) and the first individual loan operation (HO-L1031)

- 1.11 In the course of efforts over the last decade to deal with natural disaster risks on both the institutional and public investment fronts, the government has become committed to an integrated approach to risk management that, over the long term,

will allow the country to reduce its exposure to such threats and to draw upon various financing instruments to cover it. A CCLIP is therefore the most suitable instrument for the Bank to support the actions that the government would like to take as part of that commitment.

- 1.12 The design of the CCLIP (HO-X1013) will include the menu of financing instruments that comprise the Integrated Disaster Risk Management Approach (OP-47), which the Bank developed in 2008 to help countries in the region manage natural disaster risks efficiently and effectively so as to reduce their vulnerability and to cover those risks to a greater extent through financial markets. The CCLIP offers flexibility, simultaneous implementation, and adaptation to the country's needs, as this approach demands. The menu of instruments included in HO-X1013 can cover the risk of events of varying probability and expected economic impact, namely: (i) investments to avoid or reduce probable losses from high-recurrence events, particularly through prevention and mitigation; (ii) the structuring and programming of fiscal provisions for financing responses to recurrent natural disasters of low impact; (iii) immediate coverage of emergency expenditures in cases of severe or catastrophic events; and (iv) the transfer to third parties of the risks associated with catastrophic events of very low recurrence.
- 1.13 The first individual loan under the proposed CCLIP, project HO-L1031, includes investments to avoid and reduce probable losses from events of frequent recurrence, recognizing the high economic return from such investments in comparison to other risk management instruments.¹ Its design reflects the lessons from the NDMP, in that it incorporates disaster prevention and mitigation actions, including measures to strengthen emergency response capacity, focused at the local level. The municipalities participating in the project will be selected using the criteria established in the NDMP.
- 1.14 The CCLIP (HO-X1013) is also consistent with various Bank initiatives to promote integrated risk management in Central American countries. First, it will use the risk management indicators system developed by the Bank in 2005 for monitoring progress and assessing the effectiveness of individual loan operations using its four indices: (i) the Disaster Deficit Index; (ii) the Local Disaster Index; (iii) the Prevalent Vulnerability Index; and (iv) the Risk Management Index. The Results Matrix indicators are based on these indices.
- 1.15 Second, the CCLIP will reflect the results of the risk assessment that the Bank is developing for Honduras under the Central American Probabilistic Risk Assessment (CAPRA) initiative. CAPRA is a joint initiative of the Central American Center for Natural Disaster Prevention (CEPREDENAC), the World Bank, the United Nations International Strategy for Disaster Reduction (ISDR) and the IDB, and will create an information platform to support integrated disaster risk

¹ The economic benefits from prevention and mitigation investments can be seen in reduced losses when a natural disaster strikes. Available studies for the Caribbean show that a 1% increase in initial construction and planning costs can cut infrastructure replacement costs following a disaster by 50%.

- management decision-making at the regional, national and local levels. The risk assessment will provide Honduras with estimates of maximum probable losses and economic impact, as well as vulnerability maps. When combined with indicators from the *Risk Management System*, that information will ensure continuous fine-tuning of the country's disaster risk management strategy.
- 1.16 Third, the CCLIP will include areas of intervention that will allow continuing responses at the country level to regional technical assistance requests from the Council of Secretaries and Ministers of Finance of Central America, Panama and the Dominican Republic (COSEFIM) for developing a regional insurance facility against natural disasters and designing mechanisms for better control of contingent fiscal liabilities for disaster risk management. Such assistance is being supported through three technical-cooperation projects: RG-T1541, RG-T1590, and RG-T1478.
- 1.17 The borrower meets the following requirements for access to a CCLIP (document GN-2246-4): (i) the executing agency has completed similar projects in the last five years, and its institutional and fiduciary management is adequate; (ii) execution of the NDMP and other externally financed operations has been satisfactory and the audited financial statements, presented on time and in the proper form, demonstrate that financial and operational management meet acceptable quality standards; and (iii) the intervention areas of the CCLIP are priorities in the Bank's 2007-2010 Country Strategy (document GN-2475). That strategy calls for the Bank to assist the Government of Honduras in implementing a global risk management strategy that includes: (i) disaster prevention at the national and municipal levels; (ii) mitigation of the physical risk in the territory and in priority sectors, strengthening the regulatory framework for disaster mitigation and response capacity; (iii) creation of a reserve fund for emergencies and to pay for rehabilitation and reconstruction work, thereby reducing the financial gap in the event of moderate disasters; and (iv) progress toward an effective regional financing framework in the event of catastrophic risk. The proposed operation falls within the targeted area, "Strengthen the institutional framework and risk management and prevention," which calls for supporting disaster prevention, mitigation and risk coverage.

E. Description of the CCLIP (HO-X1013)

1. Objective and description

- 1.18 The general objective of the CCLIP (HO-X1013) is to help generate conditions for efficient, effective disaster risk management in order to reduce the potential adverse economic impacts of catastrophic events. The CCLIP will include an initial individual loan operation (HO-L1031) that will support prevention and mitigation efforts at the local and national levels, as well as subsequent individual loans in one or more areas of intervention, which will be consistent with the menu of instruments included in the Integrated Risk Management Approach (document OP-47): (i) investments to avoid or reduce probable losses from high-recurrence

events, particularly through prevention and mitigation; (ii) the structuring and programming of fiscal provisions for financing responses to recurrent natural disasters of low impact; (iii) immediate coverage of emergency expenditures in cases of severe or catastrophic events, through the Contingent Credit Facility for Natural Disaster Emergencies (document GN-2502); and (iv) the transfer to third parties, via the insurance market, of the risks associated with catastrophic events of very low recurrence. Subsequent individual loans under the CCLIP may only be executed in parallel if they do not include disaster prevention and mitigation investments.

- 1.19 The CCLIP (HO-X1013) will have a term of 10 years, sufficient to allow the government to achieve measurable results in applying its IRM strategy for natural disasters. The Bank will finance the entirety of the CCLIP under the terms and conditions in effect at the time the individual loan operations are approved.

2. Objectives, components, and cost of project HO-L1031

- 1.20 The individual project (HO-L1031) will contribute to the general objective of the CCLIP by reducing the losses from natural disasters through investments in prevention and mitigation and in institutional systems for disaster risk management at the local and national levels. The specific objectives of this first operation are to: (i) adopt risk/vulnerability reduction measures in the municipalities that are most vulnerable to natural disasters; and (ii) strengthen capacity and interagency coordination in the central government for integrated disaster risk management. To that end, this first operation has the following components:
- 1.21 **Component 1. Disaster prevention and mitigation at the municipal level (US\$11 million).** This component includes: (i) participatory preparation of plans for managing risks (including climate variability and change) in at least 20 high-risk municipios not served by the NDMP: by the end of the project, 101 of the 128 municipios classified as high-risk will have such plans; (ii) completion of 30 prevention and mitigation projects, including structural works (urban storm drainage, flood control, channeling and riverbank protection, sediment retention dams, box bridges, landslide control), and nonstructural measures (risk management education and training, zoning and land-use planning), which have been designed with NDMP funds (paragraph 1.7), identified in the respective municipal prevention and mitigation plans, and selected using criteria established in the project's Operating Regulations (OR); and (iii) design and construction of 25 structural works and nonstructural measures identified in the risk management plans cited under item (i) above.
- 1.22 **Component II. Strengthening integrated disaster risk management capacity at the community and municipal levels (US\$3.5 million).** This component includes: (i) integrated risk management measures in 20 municipios covered under Component 1, which may include early warning systems, pilot projects for adapting to climate change, creation of contingency committees, drafting of municipal ordinances, and upgrading of critical infrastructure (health centers, schools,

shelters); and (ii) for at least 10 of these municipios, community IRM plans will be prepared and priority measures financed, including the formation of emergency committees and the development of early warning systems, identification and upgrading of community shelters, and pilot projects for adapting to climate change.

- 1.23 **Component III. Institutional strengthening for the central government in integrated disaster risk management (US\$1.42 million).** This component will finance: (i) preparation of regulations and dissemination of the SINAGER law; (ii) development of a strategic plan for integrated disaster risk management in Honduras and implementation of priority aspects including: (a) updating of strategic plans for at least two economic activities (e.g. agriculture, tourism) to incorporate disaster risk management (taking into account the impacts of climate variability and change) on the basis of guidelines developed and disseminated by the project for integrating risk management into sectoral planning; (b) construction regulations and technical standards, using new information on disaster risks at the national level, such as the results from CAPRA; (c) strengthening the national IRM system's capacity to collect, process and manage disaster risk information, particularly in COPECO; and (d) implementing COPECO's institution-strengthening plan.
- 1.24 **Component IV. Education and information for integrated disaster risk management (US\$880,000).** This component will finance: (i) development and implementation of a strategy for publicizing and making use of risk information, based on the CAPRA results; (ii) support for including disaster risk management in the primary and secondary school curricula in municipios covered under Component 1, using the guides developed by the NDMP (paragraph 1.7); (iii) preparation of disaster risk management curricula for at least five university courses; and (iv) training workshops on updated construction regulations and technical standards in municipios covered by the project.
- 1.25 **Administration, supervision, monitoring, and audit (US\$1.695 million).** This component will pay the operating and equipment costs of project execution, including the expenses of the Project Management Team, travel and logistics, external financial audits, and evaluations.

F. Principal outcome indicators

- 1.26 The expected outcomes relate to the measures adopted in the most exposed municipios to reduce risk and vulnerability. Annex II outlines the project's expected outcomes.

Key indicators	Measurement	Rationale for selection
The Risk Management Index at the national level (RMI) is higher.	At project completion	The RMI is an index developed by the Bank. It represents a set of indicators for measuring risk management performance in terms of organization, capacity, development and institutional action to reduce vulnerability and losses, to prepare for crisis response and to recover from crises efficiently (Publication INE-08-002).
The Risk Management Index in the targeted municipios (RMIm) is higher	At project completion	As the project includes interventions at the municipal level, the RMI will be adapted to calculate risk management performance at that level.

II. FINANCING STRUCTURE AND PRINCIPAL RISKS (HO-L1031)

A. Financing instrument

- 2.1 The project will finance the investments and activities needed to achieve its objectives by means of an investment loan under the new concessional lending framework, for up to US\$19 million, of which US\$13.3 million (70%) will come from the Bank's Ordinary Capital and US\$5.7 million (30%) from the Fund for Special Operations. Table II-1 shows the itemized costs by type of component or activity

Table II-1 Cost and Financing of HO-L1031 (in US\$ thousands)

COMPONENT/ACTIVITY	Bank	Total	%
I. Administration, supervision, monitoring, and audit	1,695	1,695	8.9
II. Direct costs	16,800	16,800	88.4
1. Prevention and mitigation at the municipal level	11,000	11,000	57.9
2. Strengthening integrated disaster risk management capacity	3,500	3,500	18.4
3. Institutional strengthening in integrated disaster risk management	1,420	1,420	7.5
4. Education and information for integrated disaster risk management	880	880	4.6
III. Contingencies	505	505	2.7
TOTAL	19,000	19,000	100
Percentage	100	100	

- 2.2 The project execution period will be five years. For disbursement purposes a revolving fund will be established for up to the equivalent of 5% of the total loan amount. Project funds are expected to be disbursed according to the following schedule:

Table II-2. Disbursement schedule (in US\$ thousands)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total	%
Bank	3,366	4,286	5,006	3,976	2,366	19,000	100
Local	0.0	0.0	0.0	0.0	0.0	0.0	0
Total	3,366	4,286	5,006	3,976	2,366	19,000	100

B. Technical and economic feasibility

- 2.3 With Bank support through operation ATN/MD-11068-HO, COPECO has prepared the required technical studies for the project's components and activities, as well as the specific technical documents. The project team has reviewed the documents prepared by COPECO, including the prioritization of designs for mitigation and prevention works in vulnerable communities prepared under the NDMP and submitted by COPECO for financing under the proposed project. In light of that analysis, and the eligibility criteria agreed in the Operation Regulations (OR), 20 designs have been initially identified as eligible for financing, and they will be included in the project's first work plan. The team also assessed the quality of the methodology for classifying high-risk municipios, which is used in the selection of participating municipios, and drafts have been prepared of the OR, the instructions for preparing mitigation and prevention works, the technical specifications of the components and activities called for in the project, and the various manuals and guides prepared under the NDMP, which COPECO will use: Procedural Manual for Formulating Action Plans for Implementing Municipal Land Use and Risk Management Plans; Systematization of Land Classification and Planning; Technical Manuals on Land Classification and Planning; Municipal Prevention and Emergency Planning Manual; Methodological Guide to Risk Management for the first, second and third cycles of basic education (Ministry of Education); and Municipal Risk Management Plans prepared by NDMP/COPECO for 55 municipios (see electronic links). With this documentation, the technical feasibility of project activities is assured.
- 2.4 In terms of the specific economic feasibility of the project's mitigation works, the OR detail the requirements and the absolute cost and cost-benefit thresholds beyond which a pre-feasibility study will be required. Generally speaking, the planned works are small in scale and in most cases would not exceed US\$250,000. In the case of individual works over that amount, or where a set of individual works that mitigate the same risk have a total cost in excess of that amount, a cost-benefit analysis will be performed, which will calculate the present value using a discount rate of 12% and/or the internal rate of return for the flow of net benefits for a horizon of at least 10 years. Annual benefits will be calculated on the basis of average economic losses avoided, as a function of the distribution or frequency of the event to be mitigated by the works. The costs will include the investment outlay as well as annual maintenance costs for the works. Wherever possible, simulation exercises will be conducted. Only those works that show a positive net present value or an internal rate of return greater than 12% will be eligible.

C. Social and environmental safeguard risks

- 2.5 Under the Bank's Environment and Safeguards Compliance Policy (OP-703) CCLIP operations do not have to be classified. The project as a whole is expected to produce environmental benefits through better local planning and the prevention and mitigation of impacts from natural disasters (flooding, landslides and the associated erosion). The project will finance small-scale civil works and the upgrading of existing works: these are not expected to involve any involuntary resettlement, and they will need to have an environmental license, as required by national legislation, before they are put to tender. The project will pay for the required environmental and social impact assessments and environmental licensing procedures. In addition, the OR include specific eligibility criteria and procedures for works, including an exclusion list. During preparation of the operation, the team verified compliance with OP-703, with a particular focus on the handling of the potential impacts inherent in this type of small-scale works. According to Directive B.3 of OP-703, this operation is classified as category B.

D. Fiduciary risks

- 2.6 To measure the project's fiduciary risks, the project team evaluated COPECO's institutional capacity using the Institutional Capacity Assessment System (ICAS) method, with which it evaluated the executing agency's capacity in terms of programming and organization, management, and control. The risk levels resulting from the evaluation of these three systems were classified as high, substantial, and high, respectively. These high risk levels reflect the fact that the NDMP was managed by a group to support external management, established as an ad hoc administrative unit for the NDMP. Although this permitted relatively smooth execution of the operation, it did little to develop the capacity of COPECO's systems to guarantee sustainable administrative and fiduciary management of investments after conclusion of the operation.
- 2.7 Nevertheless, the ICAS produced a number of specific recommendations for strengthening COPECO's management systems, and these are part of the institutional strengthening plan to be financed by the project (paragraph 1.23). Those recommendations include the following, among others:
- a. Programming and organization: develop formal procedures for preparing, supervising and monitoring the annual work plan (AWP) and have it approved by the National Executive Council; update the Organization and Functions Manual, and include profiles for the necessary positions.
 - b. Financial, goods and personnel administration: develop a Manual of Financial, Budgeting and Accounting Procedures, a Goods and Services Administration Manual, and a Human Resources Administration Manual, and have them approved.
 - c. Internal control: develop an Internal Audit Manual, consistent with International Auditing Standards, and have it approved.

- 2.8 **Audits.** In observance of the applicable Bank requirements and rules for the selection and hiring of audit firms, COPECO will use project resources to hire the services of an external audit firm acceptable to the Bank to conduct semiannual operating and financial audits of the project (presenting the reports within 45 days after the end of the period), the scope of which will be established in terms of reference previously approved by the Bank. The audits will include the annual financial statements for the program, which will be presented within 120 days after the close of the fiscal year, and a final audit will be performed within 120 days after the last disbursement.

E. Other issues and risks

- 2.9 The National Congress is expected to have approved the SINAGER law before the loan contract comes into effect. That law will strengthen COPECO's coordination role and will formalize the country's integrated strategy for natural disaster risk management. While this step is considered important for the sector, possible delays in approving the law would not affect the proposed project's development objective or its execution: because it is consistent with the SINAGER, its design will help speed implementation of that system until it is legally formalized.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Project execution and administration

- 3.1 The project borrower will be the Republic of Honduras, and the executing agency will be the Permanent Commission on Contingencies (COPECO). To this end the borrower, through the Ministry of Finance (SEFIN), will transfer the loan proceeds on a nonreimbursable basis to the executing agency to carry out its activities under the project. **A subsidiary agreement will be signed between SEFIN, as the representative of the borrower, and COPECO, whereby SEFIN (i) formalizes the transfer of the loan proceeds to COPECO, (ii) transfers responsibility for executing the operation to COPECO, and (iii) undertakes to provide adequate budgetary resources to COPECO to ensure the project's financial sustainability. In that same agreement, COPECO will declare that it recognizes and accepts its obligations as executing agency, as established in the loan contract. Signature of that subsidiary agreement will be a condition precedent to the first disbursement.**
- 3.2 As executing agency, COPECO will be responsible for administrative and financial management, technical monitoring and project evaluation. Those responsibilities will fall to its National Commissioner, who will have the support of the management team. That team will comprise a general coordinator, a procurement specialist, a financial specialist, a monitoring and evaluation specialist, two technical staff and two operating assistants. Technical supervision of the studies, designs and works will be done by engineering, environmental and economic professionals hired on a part-time basis. The management team will work in close coordination with the COPECO operating units, in particular the Prevention Unit

- and the Emergency Preparedness and Response Unit, as stipulated in the OR. Management team personnel will be hired by competition, with the assistance of an independent firm, under performance-based contracts. Evidence that the management team's general coordinator, the procurement specialist and the financial specialist have been hired will be a condition precedent to the first disbursement.
- 3.3 For coordination purposes, the executing agency will rely on its National Executive Council. The annual work plans, monitoring reports and project evaluation will be presented by the National Commissioner to the Council for information. The National Executive Council will also be responsible for settling any disputes that may arise.
- 3.4 **The municipios participating** in the project will be responsible for demonstrating title to the land on which the works will be executed and delivering them free of occupants; cooperating in processing authorizations, permits and any other local formalities required for the investments; approving the terms of reference for goods and services and for the studies and final designs of the works under their jurisdiction; allowing free access to the construction zones for COPECO, contractors, external auditors and the Bank during program execution; and operating and maintaining the works under their jurisdiction, in accordance with generally accepted technical standards, and reporting annually to COPECO on the status of that work. Participating municipios must demonstrate that they have the financial capacity to assume the annual operating and maintenance costs for the works under their jurisdiction. As well, before issuing the first call for tenders for works under their jurisdiction, the municipios will submit evidence that they have begun implementation of their natural disaster risk management plan. These responsibilities will be formalized in subsidiary participation agreements with COPECO. **Entry into force of the subsidiary participation agreements between the executing agency and the municipios, under the terms agreed on with the Bank, will be a condition precedent to starting procurement procedures.**
- 3.5 **Project Operating Regulations.** Project administration will be governed by a set of OR. Those regulations will set out the standards and procedures that the executing agency will follow in the programming of activities, financial and accounting management, procurement, auditing, and monitoring and evaluation of the project. They will also detail the mechanisms for executing project components, including the eligibility criteria for participating municipios, the scope and content of land-use plans, risk management and response to municipal and community emergencies, as well as procedures for formulation, approval and technical supervision (including social and environmental aspects) for studies, final designs, and works. **Entry into force of the OR is a condition precedent to the first disbursement, and any substantial amendment to the OR must be agreed on with the Bank.**
- 3.6 **Partial eligibility.** To facilitate compliance with the conditions precedent to the first disbursement and to ensure timely contracting for the COPECO strengthening

plan, it is proposed that a partial advance of up to US\$550,000 be authorized against the first disbursement, once the conditions precedent to the first disbursement established in clause 4.01 (a), (b) and (c) of the General Conditions of the loan contract have been fulfilled.

B. Procurement

- 3.7 COPECO will procure the works, goods, and related services financed by the project, in accordance with Bank policies for the procurement of works and goods (document GN-2349-7), and it will select and hire consulting services in accordance with Bank policies for the selection and contracting of consultants financed by the IDB (document GN-2350-7). No exceptions to Bank policies are foreseen.
- 3.8 Procurement will be conducted within the limits described in the Procurement Plan. Consistent with Bank policies, COPECO has agreed with the Bank on a procurement plan for at least the first 18 months of execution (Annex III). The borrower will update the procurement plan annually, as required, or when there are substantial changes. Any proposed change to the plan must be agreed on with the Bank.
- 3.9 **Bank review of procurement decisions.** The first three contracts for works, goods, and consulting services will be subject to ex ante review, consistent with Appendix 1 of the policies for the procurement of works and goods and the selection of consultants financed by the Bank, respectively. For subsequent procurement transactions, review will be ex post, with the exception of international competitive bidding contracts with consulting firms for US\$200,000 or more, contracts with individual consultants for US\$25,000 or more, and the hiring of all management team members. At the Bank's option, ex post review of procurement may be reconsidered after the executing agency's capacity and performance are assessed.

C. Monitoring and evaluation arrangements

- 3.10 **Monitoring.** COPECO will monitor and evaluate compliance against the periodic targets for outcomes and impacts established in the Results Framework (Annex II). The Risk Management Index (RMI, paragraph 1.26) will be used to verify the achievement of project objectives at the national and municipal levels. In addition, to allow for an adequate economic evaluation of municipal investments at the end of the project, COPECO will maintain information on annual economic losses by type of natural threat in municipios participating in the project.
- 3.11 The executing agency will prepare a monitoring report on the progress of project activities and submit it to the Bank no later than 30 days after the end of each half year during program execution. To this end, the project management team will have a computerized monitoring system (project management system) that integrates financial and accounting management and the achievement of outputs. The reports will focus on the output indicators and progress against the outcomes spelled out in

the Results Matrix (Annex II), and will analyze any problems encountered and present the corrective measures taken. The report for the second half of each year will also include the AWP for the following calendar year, with a disbursement forecast and an updated procurement plan. Any adjustments to the project emerging from discussion of these reports will be agreed on with the Bank in the course of semiannual meetings with COPECO. Once accepted by the Bank, the monitoring reports will be posted on the program's page on COPECO's website.

- 3.12 **Evaluation.** The executing agency will send the Bank a midterm evaluation report for the program, 90 days after loan funds have been 50% committed, and a final evaluation report 90 days after the loan has been 90% disbursed. These reports will include: (i) financial execution results, by component; (ii) achievement of the project's impact and outcome targets, in keeping with the indicators established in the Results Framework; (iii) the degree of compliance with the technical and environmental requirements and specifications for works, as established in the Instructions for Preparation of Prevention and Mitigation Works; (iv) the degree of compliance in operating and maintaining completed works; (v) the degree of compliance with the OR, the subsidiary participation agreements, and the loan contract; and (vi) a summary of social and environmental impacts.
- 3.13 The evaluations will be conducted independently, and will preferably involve at least one disaster risk management specialist. The executing agency will hire consultants to produce those evaluations, to be financed from the loan. Once accepted by the Bank, each evaluation report will be posted on COPECO's website, on the page devoted to the program. The reports, including their supporting documentation and statistical information, will be kept available for an ex post evaluation if the Government of Honduras or the Bank decides that there should be one after conclusion of the program.

DISASTER RISK PREVENTION AND MITIGATION PROJECT

(HO-L1031)

PROJECT IMPACT AND OUTCOME INDICATORS

Objective: To help the country reduce losses from natural disasters through investments in prevention and mitigation, and to strengthen institutions and build capacity for disaster risk management.

Results	Baseline 2008	Target level	Observations
At the end of the project the Risk Management Index at the national level (IGR) is higher.	The RMI for Honduras will be calculated in 2009 as part of technical-cooperation operation ATN/MD-11068-HO, "Support for preparing an integrated disaster risk management program in Honduras."	Higher than the 2009 RMI.	The RMI is an index developed by the Bank. It represents a set of indicators for measuring risk management performance in terms of organization, capacity, development, and institutional action to reduce vulnerability and losses, to prepare to respond to crises and to recover from them efficiently (Publication INE-8-002).
At the end of the project the Risk Management Index in targeted municipios (RMIm) is higher.	The RMIm for targeted municipios will be calculated during preparation of the disaster prevention and mitigation plans.	Higher than the initial RMIm.	As the project includes interventions at the municipal level, the RMI will be adapted to calculate risk management performance at that level.

RESULTS FRAMEWORK

Results Matrix for the Disaster Risk Prevention and Mitigation Project

Component/expected final outcomes by activity	Baseline	End year 1	End year 2	End year 3	End year 4	End year 5	Total at end of program	Observations
Component 1. Disaster prevention and mitigation at the municipal level								
1. 55 risk mitigation structural works/nonstructural measures completed at the municipal level	In the first year of execution there are 20 designs ready for tendering.	10	20	35	45	55	55	The Natural Disaster Mitigation Project (NDMP) has delivered 74 designs that were analyzed to verify their technical and economic feasibility and their relevance for the project and to confirm that they are located in highly vulnerable municipios. Priority has been given to 20 of those designs, and the 35 other works will be identified in the context of the prevention and mitigation plans (see indicator 2 below).
2. 20 municipal risk management plans prepared in a participatory manner, including identification of structural works/nonstructural measures to deal with the impact of climate variability and change	The NDMP has prepared 61 municipal prevention and mitigation plans.		5	10	15	20	20	A risk assessment will be used to select the 20 most vulnerable municipios not covered by the NDMP.
RESULTS								
At least 50% of targeted municipios (additional to the NDMP) have incorporated integrated disaster risk management into their Municipal Development Plan	0					50	50	This indicator measures success in raising awareness of the importance of integrated risk management through participatory preparation of plans and the identification and implementation of structural works/nonstructural measures.

Results Matrix for the Disaster Risk Prevention and Mitigation Project

Component/expected final outcomes by activity	Baseline	End year 1	End year 2	End year 3	End year 4	End year 5	Total at end of program	Observations
Component 2. Strengthening integrated disaster risk management capacity at the community and municipal levels								
3. At least 50% of targeted municipios under Component 1 are implementing new measures for integrated disaster risk management	0					50	50	The appropriate measures will vary among municipios according to their needs and may include one or more of the following measures: early warning systems, pilot projects for adapting to climate change, the establishment of contingency committees, issuance of municipal ordinances and upgrading of critical infrastructure (hospitals, health centers, schools, shelters)
4. At least 50% of municipios (additional to the NDMP) targeted under Component 1 are preparing integrated risk management plans at the community level and are implementing priority measures.	0			10	30	50	50	In the context of preparing municipal prevention and mitigation plans, the most vulnerable communities will be identified, and specific plans and priority measures will be identified and implemented for them.
RESULT								
At least 50% of municipios targeted under Component 1 have passed at least one municipal ordinance in response to their integrated risk management plan (i.e. zoning, maintenance of critical infrastructure).						50	50	This indicator measures awareness of the importance of gearing investments to reducing vulnerability.

Results Matrix for the Disaster Risk Prevention and Mitigation Project

Component/expected final outcomes by activity	Baseline	End year 1	End year 2	End year 3	End year 4	End year 5	Total at end of program	Observations
Component 3. Institutional strengthening for integrated disaster risk management								
6. National strategic plan for integrated disaster risk management.	No plan exists					1	1	This plan is an important input for building national disaster risk management capacity, and is not dependent on approval of the National Risk Management System (SINAGER) law.
7. Updating of strategic plans for at least two sectors to incorporate integrated disaster risk management (taking into account the impacts of climate variability and change) on the basis of guidelines developed and disseminated by the project for integrating disaster risk management into sectoral planning.	Sectoral strategic plans do not currently include disaster risk management	0			1	2	2	These plans would focus on the sectors that are of greatest importance to the national economy (i.e. tourism, road and energy infrastructure, agriculture) and that are vulnerable to extreme climatic events.
8. Strengthen COPECO's capacity to collect, process and manage information on integrated disaster risk management	Information is scattered, preliminary, and of limited availability			10%	30%	50%	50%	
9. Implementation of the institutional strengthening plan for COPECO.	0%	30%	100%				100%	The institutional strengthening plan derives from the Institutional Capacity Assessment (ICAS) conducted during project preparation.

Results Matrix for the Disaster Risk Prevention and Mitigation Project

Component/expected final outcomes by activity	Baseline	End year 1	End year 2	End year 3	End year 4	End year 5	Total at end of program	Observations
RESULTS								
At least two sectors have updated their strategic plans to incorporate disaster risk management (taking into account the impacts of climate variability and change).	Strategic sectoral plans do not currently include disaster risk management	0			1	2	2	These plans would focus on the sectors that are of greatest importance to the national economy (i.e. tourism, road and energy infrastructure, agriculture) and that are vulnerable to extreme climatic events.
COPECO has institutional management capacities.	42%	45%	50%	55%	60%	70%	70%	This work will be based on the institutional strengthening plan derived from the Institutional Capacity Assessment (ICAS) conducted during project preparation.
Component 4. Education and information for integrated disaster risk management								
10. Development and implementation of a strategy for disseminating risk information and using it on the basis of CAPRA results.	n/a		Strategy developed	50%	100%		100%	The awareness strategy will be based on CAPRA results, and will be implemented over 18 months in 2009-2010 with financing from ATN/MD-11068-HO.
11. Municipios targeted under Component 1 introduce integrated disaster risk management into the primary and secondary school curricula.	The Ministry of Education has approved a methodological guide on risk management			10	15	20	20	

Results Matrix for the Disaster Risk Prevention and Mitigation Project

Component/expected final outcomes by activity	Baseline	End year 1	End year 2	End year 3	End year 4	End year 5	Total at end of program	Observations
12. Integrated disaster risk management curricula have been prepared for at least five university programs.	n/a					5	5	The National Autonomous University of Honduras (UNAH) offers a Master's degree in risk management, but this topic is not sufficiently articulated in other university courses and disciplines.
13. 75% of targeted municipios have held at least one training event on updated construction regulations and technical standards	0					75%	75%	The training will be targeted at civil construction associations at the municipal level and will be implemented through an agreement with INFOP.
RESULT								
Integrated disaster risk management is part of the curriculum at the primary, secondary, and tertiary levels	n/a							
Project administration								
14. COPECO is applying technical, administrative, financial, and accounting standards and procedures for proper execution of the project.		100%	100%	100%	100%	100%	100%	The PCU will be responsible for preparing them in accordance with COPECO and IDB policies
15. Project monitoring and evaluation system		100%	100%	100%	100%	100%	100%	The COPECO system will be strengthened.

DISASTER RISK PREVENTION AND MITIGATION PROJECT

HO-L1031

18-MONTH SUMMARY PROCUREMENT PLAN

Ref. No.	Description of contract	Estimated cost in US\$	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (yes/ no)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
					IDB	Local		Publication of specific procurement notice	Completion of contract		
	Works										
1	Structural works and nonstructural measures given priority on the basis of NDMP designs										Amount to be determined
1.1	15 nonstructural measures given priority on the basis of NDMP designs	3,000,000.00	NCB	ex ante	100%		No	Q1 2010		Pending	Various
	TOTAL WORKS	3,000,000.00								Pending	
2	Goods										
2.1	Computer equipment for the Management Team (includes purchase of six laptop computers, photocopier/printer, and digital camera).	11,000.00	PC	ex ante	100%		No	Q4 2009		Pending	

Ref. No.	Description of contract	Estimated cost in US\$	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (yes/ no)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
					IDB	Local		Publication of specific procurement notice	Completion of contract		
2.2	Furnishings for the Management Team's office (includes purchase of desks, desk chairs, fax, waiting room chairs, files and whiteboards for the PCU)	5,000.00	PC	ex ante	100%		No	Q4 2009		Pending	
2.3	Vehicle for the Management Team (1)	24,000.00	PC	ex ante	100%		No	Q4 2009		Pending	
	TOTAL GOODS	40,000.00									
3	Consulting services										
3.1	Consulting firms										
3.1.2	Supervision of structural works/nonstructural measures	300,000.00	QCBS	ex ante	100%		No	Q1 2010		Pending	Various
3.1.3	Preparation of risk management plans for at least 10 additional municipios	400,000.00	QCBS	ex ante	100%		No	Q4 2010		Pending	Various
3.1.4	Education on integrated disaster risk management in primary and secondary schools	150,000.00	QCBS	ex ante	100%		No	Q4 2010		Pending	
3.1.5	Mainstreaming of integrated disaster risk management in the country's university courses and disciplines	50,000	QCBS	ex ante	100%		No	Q4 2010		Pending	

Ref. No.	Description of contract	Estimated cost in US\$	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (yes/ no)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
					IDB	Local		Publication of specific procurement notice	Completion of contract		
3.1.6	Implementation of integrated disaster risk management projects (including adaptation to climate change and variability)	1,400,000.00	QCBS	ex ante	100%		No	Q2 2010		Pending	Various
3.1.7	Preparation of the National Strategic Plan for Integrated Disaster Risk Management	200,000.00	QCBS	ex ante	100%		No	Q4 2010		Pending	International publication
3.1.8	Construction regulations and technical standards incorporating new information on disaster risks	80,000.00	QCBS	ex ante	100%		No	Q4 2010		Pending	
3.1.9	Building COPECO's institutional capacity	500,000.00	QCBS	ex ante	100%		No	Q1 2010		Pending	International publication
3.1.10	Baseline survey	20,000.00	QCBS	ex ante	100%		No	Q1 2010		Pending	
3.1.11	Financial and operating audit year 1	50,000.00	QCBS	ex ante	100%		No	Q3 2010		Pending	
	TOTAL CONSULTING FIRMS	3,150,000.00									
3.2	Individual consultants										
3.2.1	Preparation of environmental impact studies	40,000.00	NICQ	ex ante	100%		No	Q1 2010		Pending	Various
3.2.2	Computer specialist to design the system for collecting, processing and managing information on integrated disaster risk management	30,000.00	NICQ	ex ante	100%		No	Q1 2010		Pending	

Ref. No.	Description of contract	Estimated cost in US\$	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (yes/ no)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
					IDB	Local		Publication of specific procurement notice	Completion of contract		
3.2.3	General Coordinator	54,000.00	NICQ	ex ante	100%		No	Q3 2009		Pending	18 monthly payments and 1.5 months performance bonus
3.2.4	Head of procurement	45,000.00	NICQ	ex ante	100%		No	Q3 2009		Pending	18 monthly payments and 1.5 months performance bonus
3.2.5	Financial manager	45,000.00	NICQ	ex ante	100%		No	Q3 2009		Pending	18 monthly payments and 1.5 months performance bonus
3.2.6	Monitoring and evaluation expert	45,000.00	NICQ	ex ante	100%		No	Q4 2009		Pending	18 monthly payments and 1.5 months performance bonus
3.2.7	Technical managers	90,000.00	NICQ	ex ante	100%		No	Q4 2009		Pending	18 monthly payments and 1.5 months performance bonus
3.2.8	Operating assistant	27,000.00	NICQ	ex ante	100%		No	Q3 2009		Pending	18 monthly payments and 1.5 months performance bonus

Ref. No.	Description of contract	Estimated cost in US\$	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (yes/ no)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
					IDB	Local		Publication of specific procurement notice	Completion of contract		
3.2.9	Procurement assistant	36,000.00	NICQ	ex ante	100%		No	Q3 2009		Pending	18 monthly payments and 1.5 months performance bonus
	TOTAL INDIVIDUAL CONSULTANT COSTS	412,000.00									
	TOTAL PROCUREMENT PLAN	6,602,000.00									

Goods and works: ICB: International competitive bidding; NCB: National competitive bidding

Consulting firms: QCBS: Quality- and cost-based selection

Individual consultants: NICQ: National individual consultant selection based on qualifications

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/_

Honduras. HO-X1013. Conditional Credit Line for Investment Projects (CCLIP)
Integrated Natural Disaster Risk Management Program

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank to enter into such agreement or agreements as may be necessary with the Republic of Honduras, as Borrower, to establish a Conditional Credit Line for Investment Projects (CCLIP) for the Integrated Natural Disaster Risk Management Program ("Credit Line") for up to the sum of US\$75,000,000, corresponding to parallel loans within the framework of the multilateral debt relief and concessional finance reform of the Bank.

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

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

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

(Adopted on _____)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Honduras. Loan ____/BL-HO to the Republic of Honduras
Individual Loan for a Project to Prevent and
Mitigate Natural Disaster Risk

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 an individual loan for a project to prevent and mitigate natural disaster risk, under the Conditional Credit Line for Investment Projects (CCLIP) for the Integrated Natural Disaster Risk Management Program, approved by Resolution DE-___/___ . Such financing will be for the amount of up to US\$13,300,000 from the resources of the Single Currency Facility of the Bank's Ordinary Capital, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ _____)

LEG/SGO/CID/IDBDOCS#1932442
HO-L1031

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Honduras. Loan ____/BL-HO to the Republic of Honduras
Individual Loan for a Project to Prevent and
Mitigate Natural Disaster Risk

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 an individual loan for a project to prevent and mitigate natural disaster risk, under the Conditional Credit Line for Investment Projects (CCLIP) for the Integrated Natural Disaster Risk Management Program, approved by Resolution DE-___/___ . Such financing will be for the amount of up to US\$5,700,000 from the resources of the Bank's Fund for Special Operations, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ _____)

LEG/SGO/CID/IDBDOCS#1937203
HO-L1031