

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PROPOSED REFORMULATION OF LOANS:**

**REGIONAL ROAD INTEGRATION PROGRAM II (3815/BL-HO),  
CIVIC COEXISTENCE AND NEIGHBORHOOD IMPROVEMENT PROGRAM (4518/BL-HO),  
AND IMPROVING EDUCATIONAL QUALITY TO DEVELOP SKILLS  
FOR EMPLOYMENT: PROJECT YOUTH (4449/BL-HO)**

**TO FINANCE AN IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND  
CONTROL CORONAVIRUS (COVID-19) AND MITIGATE  
ITS IMPACT ON SERVICE DELIVERY IN HONDURAS**

**REFORMULATION PROPOSAL**

This document was prepared by the project team consisting of: Hugo Godoy, Project Team Leader (SCL/SPH); Lesley O'Connell (SCL/SPH); Raquel Fernández (SCL/EDU); Sandra Bartels (CSD/HUD); Andrés Restrepo (IFD/ICS); Sergio Deambrosi (INE/TSP); Matilde Neret (SCL/SPH); Alexandre Bagolle (SCL/SPH); Ana Victoria de Obaldia Fierro (CID/CPN); Bessy Romero (CID/CHO); Maria Cecilia del Puerto, Nadia Rauschert, and Christian Contin (FMP/CHO); María Cristina Landázuri (LEG/SGO); Sebastian Martinez, Wladimir Zanon, and Edgar Salgado Chavez (SPD/SPD); Heidi Fishpaw (VPS/ESG); Alejandro Aguiluz and Amalia Guzmán (CID/CHO), Arturo Gutierrez, Michel Andino, and Mansi Guardiola (Consultants, SPH/CHO); and Martha Guerra (SCL/SPH).

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

## CONTENTS

I.	PROGRAM BACKGROUND AND PROGRESS .....	1
A.	Borrower's request and objective for the reformulation of programs 3815/BL-HO, 4518/BL-HO, and 4449/BL-HO .....	1
B.	Background, progress, and proposed changes to the programs .....	1
II.	REFORMULATION PROPOSAL AND RATIONALE .....	4
A.	Background, problem to be addressed, and rationale for the immediate public health response .....	4
B.	Objectives, components, and cost of the proposed immediate public health response .....	10
C.	Key results indicators .....	14
D.	Costs .....	15
E.	Environmental and social safeguard risks .....	16
F.	Fiduciary risks .....	16
G.	Other key risks and issues .....	17
H.	Implementation arrangements .....	17
III.	RECOMMENDATION .....	19

ANNEXES	
Annex I	Summary Development Effectiveness Matrix
Annex II	Immediate Public Health Response Matrix
Annex III	Fiduciary Agreements and Requirements
Annex IV	Safeguard policy filter and safeguard screening form

REQUIRED LINKS	
1.	<a href="#">Simplified monitoring and evaluation plan</a>
2.	<a href="#">Environmental and social management report</a>
3.	<a href="#">Procurement plan</a>

OPTIONAL LINKS	
1.	<a href="#">Economic viability rationale</a>
2.	<a href="#">COVID-19 Strategic Preparedness and Response Plan for Honduras</a>
3.	<a href="#">Plan for the Containment and Response of Coronavirus Cases in Honduras</a>
4.	<a href="#">List of WHO supplies for COVID-19 package</a>
5.	<a href="#">Nonexhaustive list of main supplies for COVID-19 package</a>
6.	<a href="#">Bibliography</a>
7.	<a href="#">Letter of request</a>
8.	<a href="#">Reformulation proposal for program 3815/BL-HO</a>
9.	<a href="#">Reformulation proposal for program 4518/BL-HO</a>
10.	<a href="#">Reformulation proposal for project 4449/BL-HO</a>
11.	<a href="#">Guidelines for commissioning managed care providers</a>
12.	<a href="#">Financing (with subcomponents and outputs)</a>
13.	<a href="#">Safeguard policy filter and safeguard screening form</a>
14.	<a href="#">Draft Operations Manual</a>

## **ABBREVIATIONS**

COVID-19	Coronavirus disease 2019
DHIS2	District Health Information System version 2
ESMP	Environmental and social management plan
GESALUD	IDB project execution unit
IPHR-HO	Immediate public health response to contain and control the coronavirus and mitigate its impact on service delivery in Honduras
MGD	Modelo de Gestión Decentralizado [Decentralized management model]
NGO	Nongovernmental organization
PAHO	Pan American Health Organization
PCR	Polymerase chain reaction
PPE	Personal protective equipment
SESAL	Ministry of Health
SINAGER	Sistema Nacional de Gestión de Riesgos [National Risk Management System]
SPRP	COVID-19 Strategic Preparedness and Response Plan
TSC	Tribunal Superior de Cuentas [Audit Office]
UNDP	United Nations Development Programme
WHO	World Health Organization

## I. PROGRAM BACKGROUND AND PROGRESS

### A. Borrower's request and objective for the reformulation of programs 3815/BL-HO, 4518/BL-HO, and 4449/BL-HO

- 1.1 The purpose of this document is to request approval from the IDB Board of Executive Directors to reformulate the Regional Road Integration Program II (loan 3815/BL-HO, program HO-L1121), the Civic Coexistence and Neighborhood Improvement Program (loan 4518/BL-HO, program HO-L1187), and Improving Educational Quality to Develop Skills for Employment: Project Youth (loan 4449/BL-HO, project HO-L1188), in order to use the available resources for the immediate public health response to contain and control coronavirus (COVID-19) and mitigate its impact on service delivery in Honduras (IPHR-HO).
- 1.2 **Request of the borrower.** The Government of Honduras, via Ministry of Finance official letter DGCP-FE-303/2020 dated 25 March 2020 ([optional link 7](#)), requested that the Bank redirect US\$50 million from the three operations identified in Table 1.1 to finance actions as part of the immediate public health response to contain the pandemic caused by the novel coronavirus (nCoV-2019) and coronavirus disease 2019 (COVID-19) and to mitigate its impact on health service delivery in Honduras.
- 1.3 **Description of the proposed changes.** Under this proposal, operation funds will be used as described in Table 1.1 below to finance actions as part of the IPHR-HO.

Table 1.1. Programs/projects to be reformulated to finance the IPHR-HO

Program/project name	Number	Original amount approved (US\$)	Amount to be used (US\$)
Regional Road Integration Program II	(3815/BL-HO)	75 million	20 million
Civic Coexistence and Neighborhood Improvement Program	(4518/BL-HO)	60 million	15 million
Improving Educational Quality to Develop Skills for Employment: Project Youth	(4449/BL-HO)	60 million	15 million
<b>Total</b>		<b>195 million</b>	<b>50 million</b>

### B. Background, progress, and proposed changes to the programs

- 1.4 This section describes the status of, and the proposed changes to: (i) program 3815/BL-HO; (ii) program 4518/BL-HO; and (iii) project 4449/BL-HO.
- 1.5 This reformulation entails: (i) changing planned activities and, as a result, investment categories; (ii) changing specific objectives; (iii) changing outcome and output indicators in the results matrix; and (iv) adding a new coexecuting agency so that the Ministry of Health can execute the immediate public health response.
- 1.6 **Background and status of the Regional Road Integration Program II (3815/BL-HO).** The program's general objective is to help raise productivity and increase national and regional integration in Honduras, by upgrading the quality of its road infrastructure. This loan, a multiple works operation for US\$75 million, was approved by the Board of Executive Directors on 23 November 2016. The date of the last disbursement is 4 March 2021. A total of US\$46.4 million (61.86%) has

been disbursed thus far, leaving an available balance of US\$28.6 million. This loan is at 69% physical progress. The widening and upgrade of the La Barca–Pimienta segment of the logistical corridor (Highway CA-5 North, 23 km) has been completed, and the rehabilitation of 18 kilometers of the Neteapa–Danlí segment of the eastern corridor (Highway CA-6, Tegucigalpa to Danlí) is in progress.

- 1.7 **Proposed changes.** To support the IPHR-HO, US\$20 million will be redirected, for a 26.7% reduction in the program's original budget. This will not alter the general objective, but will change the specific objectives and limit the program's impact. Funding for Component 1, Improvement of integration road segments, is to be reduced by US\$19.14 million (26.58%). The goal of the original operation was to rehabilitate and improve 23 kilometers of the La Barca–Pimienta segment of Logistics Corridor Highway CA-5 North (executed), as well as to rehabilitate and improve an additional 11 kilometers of the country's main road network, to be identified during program execution. Regarding that additional goal, the following segments of Highway CA-6 (Eastern Corridor), between Tegucigalpa and Danlí, were selected: (i) Neteapa–Danlí (18 km), which is currently in execution; and (ii) Las Mesas–Neteapa (17 km), the final designs for which are being prepared for tender. Owing to the redirection of resources, financing will no longer be provided for the latter segment (Las Mesas–Neteapa) of Highway CA-6. Even so, the initial target (7 km) was exceeded. The government is nevertheless committed to completing that segment with national funding. Component 3, Administrative expenses, is also to be reduced by US\$860,000 (see [optional link 8](#)).
- 1.8 **Background and status of the Civic Coexistence and Neighborhood Improvement Program (4518/BL-HO).** The program's objective is to improve civic coexistence in Honduras by improving the quality of life in vulnerable neighborhoods and reducing the incidence of violent crime. This global multiple works loan in the amount of US\$60 million was approved by the Board of Executive Directors on 4 April 2018: (i) Component 1, for US\$20 million, to improve the habitat in vulnerable urban neighborhoods, executed by the Ministry of Community Development, Water, and Sanitation;<sup>1</sup> (ii) Components 2 and 3, for US\$40 million, to improve violence prevention and victim assistance services and increase police effectiveness by expanding coverage, improving services, and supporting modernization of the police training system, executed by the Ministry of Security. The date of the last disbursement is 28 November 2023. To date, the program has disbursed US\$14.5 million, or 24% of the total program amount. Component 1 stands at 25% progress in urban development projects in four informal neighborhoods (water and sanitation systems, highway construction, social infrastructure, upgrading of public spaces, schools, and community centers) for 1,000 households. Components 2 and 3 have made progress in delivering outputs for improved police performance.
- 1.9 **Proposed changes.** To support the IPHR-HO, US\$15 million will be reallocated: US\$5 million from Component 1 and US\$10 million from Component 3, which together account for 25% of the program's original budget. This reallocation of funds to the public health response will not alter the general objective, but it will

---

<sup>1</sup> As announced in the Official Gazette of 12 September 2019, the Community Development, Water, and Sanitation Institute (IDECOAS), the Honduran Social Investment Fund (FHIS), and the Honduran Institute for Physical Infrastructure for Education (INHIFE) were combined and elevated to the rank of a Cabinet ministry named Secretaría de Desarrollo Comunitario, Agua y Saneamiento [Ministry of Community Development, Water, and Sanitation] (SEDECOAS).

change the specific objectives and limit impact. The proposed changes to Component 1 entail a reduction in the number of informal neighborhoods to be improved through the water supply, sewerage, public lighting, road paving, mitigation works, and public facilities. The affected neighborhoods are Nueva Jerusalén and Montes de los Olivos (1,300 households, or 46% of the initial target). For Components 2 and 3, the redirection of funds means that the National Police Academy will not be built as planned as part of the police modernization process in Honduras, particularly for the training of mid-level and senior officers of the National Police. With regard to program administration, the bidding process, which is currently under way, is to be suspended immediately (see [optional link 9](#)).

- 1.10 **Background and status of Improving Educational Quality to Develop Skills for Employment: Project Youth (4449/BL-HO).** The project's objective is to contribute to the development of life and work skills for young Hondurans by improving middle school learning access and quality in municipios prioritized by the program. This specific investment loan in the amount of US\$60 million was approved by the Board of Executive Directors on 13 December 2017. The date of the last disbursement is 3 July 2023. To date, US\$7 million (11.7% of the total project amount) has been disbursed. The project stands at 23.7% physical progress in terms of expanding middle school coverage (providing educational opportunity to 11,250 students in western Honduras). In terms of improving educational quality, a US\$2 million agreement has been signed to train 2,708 middle school teachers in active learning pedagogies.
- 1.11 **Proposed changes.** To support the IPHR-HO, US\$15 million, or 25% of the original project budget, will be reallocated. This reallocation will not alter the general objective, but it will change the specific objectives and limit the impact. Specifically, Component 2 of the original loan operation, Improved quality and relevance of education services, will see its budget reduced by US\$9,841,644 (36.5%). Administration expenses will also be significantly scaled down, by 39.2%. The proposed changes will limit access to middle school education through alternative modalities, with a 23% decrease in the number of enrolled students and a 9% reduction in average gross enrollment of students in the third cycle in the targeted areas. This is expected to result in 25% fewer schools benefiting from interventions and 3,000 fewer students benefiting from training initiatives for employment and entrepreneurship (see [optional link 10](#)).
- 1.12 **Environmental and social risks of the reformulations.** All three operations will continue to apply their respective approved environmental and social management plans and frameworks. The transportation program (loan 3815/BL-HO) and the urban development and safety program (loan 4518/BL-HO) are classified as Category "B" operations. The Bank will continue its annual social and environmental oversight of both as planned. The education program (loan 4449/BL-HO), classified as Category "C," will have no social or environmental liabilities as a result of its reformulation; see optional links [8](#), [9](#), and [10](#).
- 1.13 With the reformulation of the Civic Coexistence and Neighborhood Improvement Program (loan 4518/BL-HO), a risk has been identified in terms of the impact it will have on the communities to withdraw financing for basic infrastructure upgrades in two of the targeted neighborhoods (see paragraph 1.9). This could lead to social discontent since communities were expecting the works to be completed in the short term. However, at the request of the Honduran government and in order to

mitigate this risk, the Bank is now preparing a water and sanitation program to include the works no longer being financed in these communities as a result of the reformulation of loan 4518/BL-HO. Pursuant to the environmental and social management framework for loan 4518/BL-HO, efforts should also be carried out to communicate and disseminate the changes to the original program's activities as well as inform the public that the interventions planned in the targeted neighborhoods may be included in a new program currently in preparation (see [environmental and social management report](#)). As a condition precedent to execution, the borrower will present to the Bank a report on the communication and dissemination activities within 30 days of the first disbursement of resources for the IPHR-HO.

- 1.14 No changes are being made to the implementation mechanisms of the three aforementioned operations. As a result, the structure of their respective execution units and the financial terms and conditions (including the maximum amortization periods) of the loan will remain unchanged.

## II. REFORMULATION PROPOSAL AND RATIONALE

### A. Background, problem to be addressed, and rationale for the immediate public health response

- 2.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared COVID-19, the disease caused by the virus, which affects the respiratory system, a pandemic. As of 12 June, WHO had reported 7,495,124 confirmed cases in 189 countries, resulting in more than 423,000 deaths.<sup>2</sup> The first cases in Latin America and the Caribbean were reported in late February. Since then, their number has been rising fast, with 1,518,260 confirmed cases of COVID-19 and 47,016 deaths, and a mortality rate of 4.9% or 11.8 per 100,000 population.<sup>3</sup> The number of cases and deaths are expected to continue increasing.
- 2.2 **Macroeconomic and/or social context.** The economic impacts of COVID-19 will be felt through different channels and at different times. The first, associated with the priority of saving lives in the very short term, is the direct costs of the health sector response. The second is the costs associated with the necessary changes in people's behavior to "flatten the curve" of COVID-19 progression, which will contribute to saving lives. These behaviors may be the result of government mandates (closing schools, canceling public events, etc.), decisions made by companies and other institutions (teleworking, cutting back production, etc.), and decisions made by consumers (reducing social contact). The COVID-19 crisis is taking a heavy toll on economic activity. The International Monetary Fund is projecting a 3.3% economic downturn for the region in 2020 followed by 4.7% growth in 2021, but these projections will hinge on how long social distancing measures remain in place and how long it takes key trading partners to resume economic activity.
- 2.3 **Health system.** The Honduran health system consists of: (i) the Ministry of Health (SESAL), the lead entity for health policy and provider of health services to 75% of the population, primarily the poor; (ii) the Honduran Social Security Institute, which

---

<sup>2</sup> See [WHO Coronavirus Disease \(COVID-19\) Dashboard](#) (accessed 26 March 2020).

<sup>3</sup> [PAHO. Coronavirus Disease \(COVID-19\)](#) (accessed 23 March 2020, 1:15 p.m.).



covers 18% of the population; and (iii) the private sector, covering 7% of the population.

- 2.4 **Problem to be addressed.** The rapid increase in the number of cases has been putting pressure on health care systems, potentially compromising their capacity to respond to the pandemic in a timely and efficient manner, as well as to maintain essential care for people with other conditions. A recent analysis conducted by WHO before the pandemic was declared found that most countries in Latin America and the Caribbean are unprepared to handle pandemics.<sup>4</sup> On a 5-level scale based on the capacity to manage a public health event of this magnitude (where 1 = low and 5 = high), seven Latin American and Caribbean countries are classified as level 2 (low capacity), 15 as level 3 (medium capacity), and only four were classified as level 4: Brazil, Chile, Costa Rica, and Mexico.<sup>5</sup> These gaps impact the entire pandemic management cycle: rapid identification; diagnosis; contact tracing and follow up; infection prevention and control; health measures for travelers; communication with the public about the illness, including overall knowledge, symptoms, risk factors, and prevention measures; and health care (medical personnel and supplies to care for those with COVID-19 and other vulnerable patients).
- 2.5 COVID-19 can be easily spread from person to person through respiratory secretions and direct contact.<sup>6</sup> For this reason, social distancing and isolation measures are essential features of the public health response with the goal of reducing the number of healthy people whom a patient can infect. These measures slow the spread of COVID-19, to delay a sudden spike in cases that would overwhelm the health system's capacity to care for patients.<sup>7, 8, 9, 10</sup> Specialized care is necessary for coronavirus patients.
- 2.6 **Challenges and progress.** As of 12 June 2020, Honduras had 7,669 confirmed cases of COVID-19 and a total of 294 deaths, for a mortality rate of 3.8%, just shy of the Latin American average. Out of all cases in Honduras, 64% have been in the department of Cortés, 19% in the department of Francisco Morazán, and 17% in other departments<sup>11</sup> (91% of all cases have been in the departments of Cortés,

---

<sup>4</sup> Operational capacity was evaluated based on the percentage of compliance with 13 areas of capacity for handling public health events established in the International Health Regulations (IHR 2005), an agreement between 196 countries to build their capacities to manage public health events in 13 areas: legislation and financing, coordination, zoonotic events, food safety, laboratory, surveillance, human resources, national health emergency, health service delivery, risk communication, points of entry, chemical events, and radiation emergencies.

<sup>5</sup> Countries classified as level 2 (low capacity) are: Bolivia, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Venezuela; level 3 (medium capacity): Argentina, Barbados, Belize, Colombia, Dominican Republic, Ecuador, El Salvador, Guyana, Jamaica, Panama, Peru, Suriname, Trinidad and Tobago, and Uruguay; and level 4: Brazil, Chile, Costa Rica, and Mexico.

<sup>6</sup> [WHO. Questions and answers on coronaviruses \(COVID-19\).](#)

<sup>7</sup> Hellewell, J., S. Abbott, A. Gimma, N.I. Bosse, C.I. Jarvis, T.W. Russell, et al. [Feasibility of Controlling COVID-19 Outbreaks by Isolation of Cases and Contacts.](#) Lancet 2020; 8(4): 488–496.

<sup>8</sup> Day, T., A. Park, N. Madras, A. Gumel, J. Wu. [When Is Quarantine a Useful Control Strategy for Emerging Infectious Diseases?](#) American Journal of Epidemiology 2006; 163(5): 479–485.

<sup>9</sup> Ferguson, N., D. Cummings, C. Fraser, J.C. Cajka, P.C. Cooley, D.S. Burke. [Strategies for Mitigating an Influenza Pandemic.](#) Nature 2006; 442: 448–452.

<sup>10</sup> Dénes, A. and A. Gumel. [Modeling the Impact of Quarantine during an Outbreak of Ebola Virus Disease.](#) Infectious Disease Modelling 2019; 4:12–27.

<sup>11</sup> National coronavirus/COVID-19 statistics. Health Surveillance Unit.

Francisco Morazán, Yoro, and Atlántida). Based on case trends in other countries and in Honduras under a scenario without social isolation, mitigation, and containment measures, at least 47,500 confirmed COVID-19 patients are expected, including some 2,300<sup>12</sup> requiring admission to an intensive care unit within six months.

- 2.7 In response to the pandemic, the Honduran government declared a state of emergency on 10 February 2020<sup>13</sup> and a state of exception on 15 March 2020,<sup>14</sup> including an increasingly strict national curfew. Schools and business closed, and people may leave their homes only for essential activities outside of curfew hours (curfew is currently from 5:00 p.m. to 7:00 a.m.). Vehicles and individuals are allowed to circulate only one day per week during non-curfew hours.<sup>15</sup> People working in basic services, food operations, home delivery services, the petroleum industry, funeral services, and others are governed by the same curfew restrictions unless they secure a special permit. These social distancing measures aim to slow the exponential curve of contagion, spread out cases requiring hospitalization, and gain time to reorganize and prepare intensive care services, intermediate care units with isolation, and others. On the same day that a state of emergency was declared, the National Risk Management System (SINAGER),<sup>16</sup> an interagency entity responsible for coordinating and leading the pandemic emergency response, was activated.
- 2.8 WHO classifies Honduras as having low capacity to manage a public health event such as COVID-19. The main challenges in the Honduran health system for confronting this crisis have a strong impact on the pandemic management cycle. These challenges entail: (i) strengthening SESAL's capacity to lead and manage the health system as a member of SINAGER, especially in response planning, activity coordination, and timely availability of information for decision-making; and (ii) increasing the country's capacity to conduct diagnostic testing for COVID-19.<sup>17</sup> SESAL needs to strengthen its central laboratory with personnel, supplies, and virological lab equipment, and its regional laboratories need to be equipped<sup>18</sup> to have the capacity to process tests; (iii) strengthening SESAL's epidemiological

---

<sup>12</sup> Projection by WHO and the Pan American Health Organization (PAHO) for Honduras, 5 March 2020.

<sup>13</sup> Executive Decree PCM-005-2020 of 10 February 2020, amended by Decree PCM-016-2020.

<sup>14</sup> Executive Decree PCM-021-2020 of 15 March 2020, amended by Decree PCM-022-2020 of 21 March 2020.

<sup>15</sup> Based on the last digit of the personal identification number.

<sup>16</sup> [SINAGER](#) was created by Legislative Decree 01-2010 and includes 21 entities of the central government, decentralized government agencies, autonomous entities, representatives of private enterprise, worker and campesino organizations, development entities recognized in Honduras, and civil society organizations. SINAGER was activated by Executive Decree PCM-005-2020, approved by council of ministers.

<sup>17</sup> Only the central virological lab is currently equipped to conduct testing, with a capacity to process up to 300 tests per day. Although some private labs are equipped to conduct testing and the government is currently using them, their capacity is marginal. As a result, it takes up to seven days to process a test from the time a sample is taken.

<sup>18</sup> SESAL has regional laboratories in San Pedro Sula (in northern Honduras), Santa Rosa de Copán (western Honduras), Choluteca (southern Honduras), and La Ceiba (Atlantic coast region), all of which can be equipped to process COVID-19 tests. This will require the procurement of biological safety cabinets, centrifuges, autoclaves, an enzyme-linked immunosorbent assay (ELISA) reader, and a GeneXpert system for reverse transcription polymerase chain reaction (RT-PCR) real-time testing, as well as the hiring of personnel.

surveillance system, including the formation of rapid-response teams (epidemiologists, physicians, nurses, laboratory technicians, microbiologists, and health outreach workers) to identify suspected and confirmed cases of COVID-19 and implement containment measures in accordance with WHO and PAHO guidelines—e.g., establishing epidemiological barriers, isolating patients, and conducting contact tracing and case follow-up in the community; and (iv) implementing an effective communication program to encourage people to adopt prevention and treatment measures and make them aware of the nearest locations where they can receive care.

- 2.9 The challenges in health care are related to a lack of installed capacity at hospitals and in the health system overall. Honduras has 0.8 hospital beds per 1,000 population, trailing other countries in the region such as Costa Rica (1.2), El Salvador (1), and Panama (2.2).<sup>19</sup> Honduras has 10 physicians and 3.8 nurses per 10,000 population, also below the Latin American and Caribbean averages of 17.6 and 14.3, respectively.<sup>20</sup> Infrastructure in the public health care system is inadequate and in poor condition, and the number of beds has not increased in the past 25 years.<sup>21</sup> Honduras currently has only 132 of the roughly 900 ventilators that it is projected to need for the pandemic, although about 600 more are on the way. However, as there are very few intensive care specialists—and none outside the two largest cities—the ability to use these ventilators is limited. Honduras, therefore, needs to pursue aggressive initiatives to train doctors of internal medicine specialists, general practitioners, and nurses in how to use ventilators and care for patients on ventilators. Health care techniques should also be implemented to avoid the use of ventilators as much as possible.<sup>22</sup> Continuity of care for chronic conditions, childbirth, obstetric and neonatal complications, and other conditions must also be ensured. Lastly, inflexibility in public administration means that hospitals face many obstacles in their effort to quickly procure supplies and medications and hire personnel to care for COVID-19 patients, and therefore mechanisms are needed to strengthen hospitals' management capacity.
- 2.10 Amid measures taken to curb the spread of COVID-19, such as social distancing and restrictions on people's movement, incidents of violence against women have increased in all countries of the region. Honduras is no exception: a rise in incidents of domestic violence and sexual assault was reported in late March 2020.<sup>23</sup> Factors exacerbating such violence include stay-at-home orders that leave victims trapped at home with their abusers, anxiety and other mental health disorders, economic insecurity afflicting many households, poverty-related stress,<sup>24</sup> weakened social networks, and the scaling back of services for cases of violence against women due to the pandemic. Violence against women also increases the likelihood of child abuse, including corporal punishment and negligent or dysfunctional care.

---

<sup>19</sup> World health statistics. WHO, 2012.

<sup>20</sup> Basic health statistics. PAHO, 2017.

<sup>21</sup> SESAL statistical bulletin, 2019.

<sup>22</sup> These include high-flow oxygen therapy, face-down positioning of patients to improve lung airflow, noninvasive ventilation, and early treatments to prevent complications, based on evidence of success in other countries.

<sup>23</sup> United Nations Honduras. Consulted on 4 May 2020 in [HONDURAS: COVID-19 Informe de Situación No. 02 al 03 abril 2020](#).

<sup>24</sup> Schwab-Reese et al. (2016). [Associations of Financial Stressors and Physical Intimate Partner Violence Perpetration](#).

- 2.11 **Rationale.** As the number of cases of COVID-19 increases in Latin America and the Caribbean, Honduras and the other countries will need more investment to close gaps in their preparedness and response capacity, to be able to take key measures to contain transmission of the illness and mitigate the health and economic consequences of the pandemic. To respond to these challenges, WHO has prepared guidelines for drafting a COVID-19 Strategic Preparedness and Response Plan (SPRP) ([optional link 2](#)). The eight pillars proposed under the SPRP are: (i) coordination, planning, and monitoring; (ii) risk communication and community engagement; (iii) surveillance and case investigation; (iv) points of entry; (v) national laboratories; (vi) infection prevention and control; (vii) case management; and (viii) operational support and logistics. There is evidence of the effectiveness of the proposed interventions.
- 2.12 In addition, PAHO provided SESAL with technical support to prepare the SPRP in Honduras ([optional link 3](#)), which includes the priorities and actions for the containment and response to COVID-19.
- 2.13 **Bank experience and lessons learned.** Through multiple operations<sup>25</sup> and within the framework of the decentralized management model (MGD), the Bank has supported the Honduran government since 2011 in financing for the contracting of decentralized managed care providers, other than SESAL, for the provision of first-level health care<sup>26</sup> and hospital care. The MGD entails contracting leagues of municipal governments, associations, foundations, and private nonprofit entities known as decentralized managed health care providers, which receive a capitation payment for first-level care based on the size of the covered population and the fulfillment of quality, accessibility, coverage, and output indicators. Managed care providers for hospital services are paid per patient discharge and for the fulfillment of quality, management, organizational, and service output indicators. At both levels of care, managed care providers are responsible for providing and organizing services, managing and hiring personnel, and procuring supplies and medications. The MGD, as a mechanism for enhancing the capacity to manage health services, has been shown to improve service accessibility and quality, as well as to increase the availability of personnel, medications, and supplies.<sup>27</sup> This experience will be applied in Component 4 of this operation and, as part of the pandemic response, will facilitate the use of this mechanism in most targeted services, as it: (i) reduces inflexibility in public administration; (ii) provides for results-based payment, since payment is linked to the fulfillment of quality and performance indicators; (iii) encourages accountability; and (iv) has helped SESAL implement a monitoring and evaluation system that will be needed in this emergency operation to ensure that the interventions are effective and efficient.
- 2.14 **Complementarity with other Bank operations.** The IPHR-HO will compliment activities for the care of COVID-19 patients financed by loan 4619/BL-HO, "Project to Improve the Management and Quality of Maternal-neonatal Health Services,"

---

<sup>25</sup> Program to Strengthen Decentralized Management and Supply of Health Services in Honduras (2418/BL-HO); Program to Support the Social Inclusion Network with Priority in Western Honduras (3723/BL-HO); Program for Improved Accessibility and Quality of Health Services and Networks (2943/BL-HO); Project to Improve the Management and Quality of Maternal-Neonatal Health Services (4619/BL-HO).

<sup>26</sup> First-level health care is all ambulatory care that does not involve hospitalization.

<sup>27</sup> Evaluations by the World Bank (2007), the United States Agency for International Development (2009), and ANED Consultores (2009).

- as part of the Bank's redirection of funds in the initial phase of the immediate response. The project will finance care for delivery and for managing obstetric and neonatal complications through decentralized management agreements with hospitals. A total of US\$4,584,744 will be redirected from the project by amending these agreements with eight hospitals. In addition to the services described above, the amended agreements will include care for COVID-19 patients to ensure that maternal and neonatal health care services at the beneficiary hospitals are not compromised. The IPHR-HO will also be complemented by IDB Lab technical-cooperation operation ATN/ME-17959-HO, "Telehealth to Mitigate the Coronavirus and Improve Access to Health Care in Honduras," which will fund the telehealth-based care for COVID-19 patients described in Component 4.
- 2.15 The Honduran government has also requested a budgetary support loan from the Bank under the Special Development Lending (SDL) category to confront macroeconomic crises, preserve social gains, and safeguard economic growth. The government requested an SDL loan in the amount of US\$76.2 million to support its policies aimed at confronting the COVID-19 pandemic, with a view to ensuring macroeconomic and fiscal sustainability. This operation and the SDL will provide complementary support to Honduras during the emergency. The reformulation of investment projects will help reduce the morbidity and mortality caused by COVID-19 and mitigate the indirect impacts on health, while the SDL will provide budgetary support to finance the additional expenditures associated with the pandemic.
- 2.16 **Coordination with other multilaterals and/or donor agencies.** PAHO provided support to SESAL for the development of its SPRP. As the Bank's response is consistent with the pillars of intervention proposed by WHO and PAHO, the activities financed by this IPHR-HO operation are included in the SPRP. The World Bank is supporting Honduras with a US\$20 million project for the procurement of medical equipment, which will complement the equipment to be procured with IDB resources as part of the IPHR-HO. The Bank is communicating and coordinating with the World Bank on a constant basis<sup>28</sup> to assess needs and prepare their respective COVID-19 operations, including the harmonization of technical specifications for equipment to ensure that procurement items are mutually aligned and complementary. The Honduran authorities and PAHO have discussed and agreed on the interventions to be implemented under the IPHR-HO within the framework of the SPRP. In operational terms, it has been agreed that communication and training efforts under the IPHR-HO will be carried out through PAHO, as will the preparation of standards and protocols. In addition, the procurement units of the IDB and World Bank are working closely together to seek out and secure providers for the list of supplies and equipment identified by WHO and PAHO for the COVID-19 response.<sup>29</sup>
- 2.17 **Strategic Alignment.** The operation is consistent with the second update to the Institutional Strategy (document AB-3190-2) and is aligned with the development challenge of social inclusion and equality by focusing on strengthening health care service delivery to suspected or confirmed COVID-19 patients. In addition, the project will contribute to the Corporate Results Framework 2020-2023 (document

---

<sup>28</sup> In the SPRP, the US\$24 million in procurement items under this IPHR-HO operation were aligned with the World Bank's US\$20 million COVID-19 operation to ensure that the two are complementary.

<sup>29</sup> This is a nonexhaustive list subject to frequent updates.

GN-2727-12) through the indicator on beneficiaries receiving health services. The program is also aligned with the crosscutting area of gender equality and diversity, and the Diversity Action Plan for Operations 2019-2021 (document GN-3001) through the use of differential approaches that ensure access to information for diverse populations and coordination mechanisms between indigenous authorities without health services and the decentralized managed care providers under the MGD, and the strengthening of prevention and care services for victims of violence against women during the health emergency in the form of outreach and training for health care workers. The project is consistent with the Health and Nutrition Sector Framework Document (document GN-2735-7) by strengthening: (i) communication and information actions to foster behavioral change; (ii) service delivery, including providing the necessary medical equipment and supplies as well as training health care providers; and (iii) cross-sector coordination to achieve the expected outcomes. This program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996).

- 2.18 **Innovation.** A crosscutting element of the program will be the use of digital tools<sup>30</sup> to improve access to health services and to timely, high-quality information for decision-makers during public health emergencies. This operation will promote remote care through telemedicine and the use of applications to manage beds, supplies, and data on institutional outputs, diagnostic testing, and numbers of confirmed and suspected cases, fatalities, and recovered patients, both for recordkeeping purposes and to generate indicators to support decision-making.

**B. Objectives, components, and cost of the proposed immediate public health response**

- 2.19 **Objectives.** The general objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. There are four specific objectives: (i) strengthening coordination of the response at the country level; (ii) improving case detection and monitoring; (iii) supporting initiatives to break the chain of transmission of the illness; and (iv) improving service delivery capacity.

- 2.20 **Component 1. Coordination of the response at the country level (US\$258,000).** To strengthen leadership of the health system, this component will support activities that will enable SESAL to coordinate and lead the execution of the SPRP. Epidemiologists, public health experts, and infectious disease specialists will be hired to assist SESAL's national response coordination team. To coordinate the use of digital solutions in executing the SPRP, the interdisciplinary team will include experts in digital health in order to design a strategy for the use of digital applications and for matters related to software, hardware, infrastructure, and the use of standards, processes, and training.

- 2.21 This component will also support the provisioning of a situation room for central epidemiological surveillance, and it will provide financing to strengthen the information system (District Health Information System version 2, or DHIS2) as part of the Integrated Health Information System currently used by SESAL, in order to support decision-making during the pandemic. This includes the design of a database for storing and processing data from multiple sources, generating

---

<sup>30</sup> In line with the [Principles for Digital Development](#) endorsed by the IDB in 2018.



epidemiological indicators using data analysis tools, and hiring personnel to analyze epidemiological data and trends.

- 2.22 **Component 2. Case detection and monitoring (US\$5,450,200).** This component will provide support for the timely detection of COVID-19 cases, as well as support for the laboratory and testing network, through the following subcomponents:
- 2.23 **Subcomponent 2.1. Surveillance, rapid-response teams, and case investigation (US\$4,049,200).** To strengthen the surveillance system and support timely case detection and contact tracing, this subcomponent will finance: (i) the strengthening of the alert-response system in accordance with the National Surveillance System, by hiring specialized personnel to help manage and control outbreaks in the health regions with the highest case counts; and (ii) the formation and operation of rapid-response teams for each health region. The role of these teams is to actively seek out and detect cases, ensure COVID-19 patients are isolated at home, and trace contacts and suspected cases. These rapid-response teams will need supplies to take samples, using differentiated strategies for rural and urban areas and for highly vulnerable populations. This subcomponent will also finance the procurement of personal protective equipment (PPE) for health care personnel in the community, at first-level care facilities, and at hospitals.
- 2.24 **Subcomponent 2.2. Laboratory network (US\$1,401,000).** To strengthen the laboratory network and support efforts to diagnose COVID-19, financing will be provided to: (i) procure diagnostic tests<sup>31</sup> and related equipment at the National Virological Laboratory and equip regional laboratories to process diagnostic tests; and (ii) hire specialists and procure equipment to develop, install, support, and maintain a software application to manage reports and findings from laboratory surveillance, based on the DHIS2 system already in use, in order to link laboratory data with key epidemiological data for timely analysis.
- 2.25 **Component 3. Interruption of the chain of transmission (US\$263,800).** This component will support interventions to contain the spread of the disease, including communication with the public and training of personnel on standards and protocols.
- 2.26 **Subcomponent 3.1. Communication with the public (US\$234,800).** To communicate effectively with the public and encourage people to adopt measures to prevent and contain COVID-19, and in coordination with PAHO, multichannel communication strategies will be used. Infographics and videos will be developed, and advertising will be placed in strategic outlets: print-based media; radio and television; and social media. The communication strategy will aim to inform the public about the virus, how it is transmitted, how people can protect themselves, and where they can go or call for help. It will also encourage them to comply with the social distancing guidelines issued by the government. The communication strategy will aim to ensure coordination and complementarity between communication channels, and it will tailor messages to different target populations. Differentiated approaches will be used to ensure that the information is accessible to diverse populations, including the socially and culturally appropriate translation

---

<sup>31</sup> Honduras is procuring 250,000 PCR tests through Strategic Investment Honduras (INVEST-H). The country also received a donation of 26,000 tests from the Central American Bank for Economic Integration, and another 62,000 tests will be procured through this operation.

- of informational materials into the main languages of indigenous peoples in Honduras, including Afro-descendant communities, in consultation with leaders of these communities. The communication strategy will also include messages to prevent violence against women during the pandemic.<sup>32</sup>
- 2.27 **Subcomponent 3.2. Training in protocols (US\$29,000).** With PAHO's support, this subcomponent will finance training on standards, protocols, and guidelines for personnel responsible for managing isolation measures, diagnostic testing, epidemiological surveillance, and care of suspected and confirmed COVID-19 patients. Personnel at health care facilities will also be trained in how to identify and care for victims of violence against women during the pandemic, including victims of domestic and sexual violence.
- 2.28 **Component 4. Improving the capacity of health care service delivery (US\$42,798,000).** This component will support health care services in order to strengthen the capacity of the public health system to care for COVID-19 patients, and thereby ensure the continuity of essential care for other illnesses and health conditions during the pandemic, through the following investment areas.
- 2.29 **Subcomponent 4.1. Health care delivery for COVID-19 patients (US\$40,458,000).** This subcomponent will finance the following activities:
- 2.30 **Strengthening primary health care services delivery for COVID-19 patients.** Financing will be provided (through management agreements with nongovernmental organizations, foundations, and associations known as decentralized managed care providers, in accordance with SESAL's decentralized health care management model)<sup>33</sup> for care in the home and at first-level care facilities<sup>34</sup> for suspected and confirmed COVID-19 patients with mild respiratory symptoms (including the taking of samples), and for transporting these patients to a hospital when warranted in accordance with the protocols issued by SESAL. This will be accomplished It is proposed that this operation use the same decentralized managed care providers that are already under contract with SESAL, amending their management contracts accordingly; in areas where the MGD is not in use, new managed care providers will be commissioned. Under the MGD, the decentralized managed care providers for first-level health care are responsible for hiring physicians, nurses, laboratory technicians, microbiologists, and health outreach workers and for procuring medications and supplies available in the domestic market for the ambulatory care of suspected and confirmed COVID-19 patients.
- 2.31 During the pandemic, the decentralized managed care providers for first-level health care will also be responsible for ensuring the continuity of care for susceptible and vulnerable populations, such as patients with chronic illnesses,

---

<sup>32</sup> These messages will be coordinated with the National Institute for Women's campaigns to prevent violence against women.

<sup>33</sup> This is a results-based financing model whereby a capitation payment based on the size of the covered population is paid in conjunction with the fulfillment of indicators. To this end, management contracts are signed with decentralized managed care providers to provide prenatal health care, Comprehensive Community-based Care for Children, Integrated Management of Childhood Illnesses, postpartum care, neonatal care, childbirth care, etc.

<sup>34</sup> First-level care is any care provided at health centers and ambulatory care units.



pregnant and postpartum women, victims of violence against women, newborn babies, and children under 5, as well as care for uncomplicated childbirth.

- 2.32 The decentralized managed care providers will serve COVID-19 patients at COVID-19 response centers already in place, which are strategically located ambulatory units for patient stabilization and observation. These centers will primarily serve suspected or confirmed COVID-19 patients with mild symptoms and/or risk factors (e.g. pregnant, age 60 or older, and underlying comorbidities). These centers will perform triage and refer patients to specific areas of care at the center, take samples from them, and/or refer them to an isolation center, send them home, or send them to the referral hospital in accordance with SESAL guidelines and protocols.
- 2.33 **Strengthening hospital services for COVID-19.** Financing will be provided to hire decentralized managed care providers to care for COVID-19 patients in at least 15 public hospitals,<sup>35</sup> eight of which have MGD contracts in place. This will be accomplished by amending the management contracts currently in effect with decentralized managed care providers for hospital services, as well as by commissioning new managed care providers for hospitals with no decentralized management mechanism in place. Managed care providers for hospital services will be responsible for establishing patient care flows and organizing, equipping, and operating hospital rooms for COVID-19 patients in serious or critical condition, including intensive care and assisted breathing with or without mechanical ventilation depending on the hospital's degree of complexity. They will also be responsible for hiring personnel (physicians, nurses, and support staff) and procuring supplies, oxygen, minor equipment, spare parts, procurement of medical and testing services, and medications available on the domestic market to treat such patients. Financing will be based on an estimated cost of the resources needed to organize, equip, and operate hospitals to care for COVID-19 patients, in conjunction with the fulfillment of targets and indicators of quality and output.
- 2.34 **Equipping health care facilities and hospitals to care for COVID-19 patients.** To improve the response capacity of first-level health care facilities and hospitals that will serve COVID-19 patients, this component will finance the procurement of medical equipment (ventilators, portable and stationary X-ray machines, monitors, beds, electrocardiogram machines, ultrasound equipment, etc.) and nonmedical equipment. Financing will also be provided to strengthen the referral and response system by implementing a specialized transportation network (ambulances) for COVID-19 patients.
- 2.35 **Using digital tools to improve COVID-19 patient access to health care services.** Financing will be provided to strengthen and implement the COVID-19 module (DHIS2), as part of the nationwide Integrated Health Information System, by developing the capacities of personnel in health care facilities, hospitals, laboratories, and health regions so that they can input primary and follow-up case data using mobile devices that SESAL has already secured, while connected to the database in SESAL's information system. This support includes the hiring of consultants and procurement of equipment, software, licenses, terminals, and

---

<sup>35</sup> Hospitals in the Sula Valley region: Mario Catarino Rivas, Leonardo Martínez, Puerto Cortes, El Progreso, and Yoro. Hospitals in the West region: Occidente, San Marcos de Ocotepeque, Gracias, and La Esperanza. Hospitals in the Southeast region: San Lorenzo, Del Sur, Gabriela Alvarado, and San Francisco. Hospitals in the Atlantic region: La Ceiba and Tela.

training to implement telemedicine at some hospitals and ambulatory care facilities that will be equipped to care for COVID-19 patients (COVID-19 response centers). Efforts related to the implementation of telemedicine are being coordinated with PAHO and complemented with IDB Lab actions through technical-cooperation operations (i.e. “Telehealth to Mitigate the Coronavirus and Improve Access to Health Care in Honduras” (ATN/ME-17959-HO) and “Institutional Strengthening of Social Safety Net Policies in Honduras (ATN/OC-17385-HO)) to finance activities to develop the telemedicine model, design processes and patient care flows, train personnel, manage change, and develop a proposed legal framework and governance plan.

- 2.36 **Subcomponent 4.2. Hospital waste management (US\$2,340,000).** To improve processes for managing hospital waste, this subcomponent will support the management and treatment of hospital waste through the procurement of equipment for this purpose.<sup>36</sup>
- 2.37 **Program administration (US\$1,230,000).** Financing for program administration covers the execution costs incurred by the executing agency and the fee charged by the United Nations Development Programme (UNDP) for managing the procurement of diagnostic tests and computational, medical, and laboratory equipment. It also covers the costs<sup>37</sup> incurred by the Audit Office (TSC) in auditing the resources used for the IPHR-HO. Furthermore, this financing will cover the hiring of a Bank-eligible audit firm to review procurement processes and payments to decentralized managed care providers. Lastly, it will cover program evaluation, the hiring of an environmental and social management specialist with expertise in medical and infectious waste management to monitor the environmental and social management plan (ESMP), and the costs of implementing the actions listed in the ESMP.
- 2.38 **Beneficiaries.** The use of resources for the immediate public health response will benefit the general public through preventive measures that will be communicated to the public. It will also benefit suspected and confirmed COVID-19 patients who seek medical care at first-level health care facilities and hospitals.

### **C. Key results indicators**

- 2.39 **Expected outcomes.** The objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The main outcomes will be to increase the percentage of laboratories with capacity to diagnose COVID-19, the percentage of health care facilities able to do triage and provide care to people with confirmed cases, and the percentage of health care facilities with isolation capacity, as well as to reduce the percentage of hospitalized confirmed cases receiving treatment according to country protocol.
- 2.40 **Economic viability.** A cost-benefit analysis was prepared for the measures recommended under WHO guidelines. The analysis took into account the impact of these interventions to reduce COVID-19 mortality and morbidity rates under a treatment scenario with implementation of a package of measures, versus a

---

<sup>36</sup> This subcomponent will also finance hospital and health facility waste sterilizers or compactors, portable plants, and reinforcement of traditional body disposal methods (such as cremation), controlled final disposal, and other alternatives such as mass graves and crematoriums.

<sup>37</sup> See paragraph 4.8 of the TSC-IDB strategic partnership agreement.

counterfactual scenario in the absence of countermeasures. Scenarios were simulated using a basic SIR model (Susceptible - Infectious - Recovered), with evidence-based conservative parameters and assumptions available in published articles on COVID-19 or similar epidemics. The costs associated with interventions are those estimated by WHO in its COVID-19 Strategic Preparedness and Response Plan. Under the base case scenario for treatment, the cost-benefit analysis showed a net present value of 6.34, suggesting that the proposed series of interventions are economically beneficial. Based on the analysis, the earlier the reproduction number is reduced, the higher the benefit/cost ratio—both because the costs of containing the outbreak are higher over time and because the benefits in terms of lives and work time saved are lower ([optional link 1](#)).

#### D. Costs

- 2.41 All three programs will continue to be classified as investment loans, and US\$50 million will be reallocated from them to finance activities for the IPHR-HO. The costs of the immediate public health response are shown in Table 2.1 below.<sup>38</sup>

**Table 2.1. Estimated program costs and source of financing<sup>39</sup> (US\$)**

Components	IDB	Total	%
<b>Component 1. Coordination of the response at the country level</b>	<b>258,000</b>	<b>258,000</b>	<b>0.52</b>
<b>Component 2. Case detection and monitoring</b>	<b>5,450,200</b>	<b>5,450,200</b>	<b>7.08</b>
Subcomponent 2.1. Surveillance, rapid-response teams, and case investigation	4,049,200	4,049,200	8.10
Subcomponent 2.2. Laboratory network	1,401,000	1,401,000	2.80
<b>Component 3. Interruption of the chain of transmission</b>	<b>263,800</b>	<b>263,800</b>	<b>0.53</b>
Subcomponent 3.1. Communication with the public	234,800	234,800	0.47
Subcomponent 3.2. Training in protocols	29,000	29,000	0.06
<b>Component 4. Improving the capacity of health care service delivery</b>	<b>42,798,000</b>	<b>42,798,000</b>	<b>89.41</b>
Subcomponent 4.1. Health care delivery for COVID-19 patients	40,458,000	40,458,000	80.92
Subcomponent 4.2. Hospital waste management	2,340,000	2,340,000	4.68
<b>Administration and other contingencies</b>	<b>1,230,000</b>	<b>1,230,000</b>	<b>2.46</b>
<b>Total (US\$)</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>100.00</b>

- 2.42 **Disbursement period.** The resources for the IPHR-HO should be disbursed within in a period of no more than 24 months based on the disbursement schedule presented in Table 2.2.

<sup>38</sup> For details on the reallocation of funds from loan 3815/BL-HO, see Table 2 at [optional link 8](#); from loan 4518/BL-HO, see Table 2 at [optional link 9](#); and from loan 4449/BL-HO, see Table 1 at [optional link 10](#).

<sup>39</sup> Breakdown of program costs by component ([optional link 12](#)).

**Table 2.2. Disbursement schedule (US\$)**

Program to support the COVID-19 pandemic containment and response plan	2020	2021	Total
	\$48,246,278.05	\$1,753,721.95	\$50,000,000.00
	96.49%	3.51%	100%

**E. Environmental and social safeguard risks**

- 2.43 The two Category “B” operations to be reformulated—the Civic Coexistence and Neighborhood Improvement Program (4518/BL-HO) and the Regional Road Integration Program II (3815/BL-HO)—will continue to implement their respective approved environmental and social management plans and frameworks. The Bank will continue its annual social and environmental oversight of these two operations as planned. The project Improving Educational Quality to Develop Skills for Employment: Project Youth (4449/BL-HO), classified as Category “C,” will have no social or environmental liabilities as a result of its reformulation.
- 2.44 The social and environmental impacts of the activities financed by the IPHR-HO operation are expected to have low. Thus, no consultations or social and environmental evaluations are required. Nonetheless, an ESMP will be implemented to ensure that activities and health services that may produce medical and/or infectious solid waste are appropriately managed and isolated and that effective systems are in place to do so; to ensure communication with communities near isolation centers or health care facilities for suspected or confirmed COVID-19 patients; and to ensure that socially and culturally appropriate communication is initiated and/or maintained with indigenous and Afro-descendant communities to ensure that these communities can access the services and activities of the IPHR-HO.

**F. Fiduciary risks**

- 2.45 Three medium-level fiduciary risks have been identified. The first involves the interruption of the global supply chain of key items needed to respond to the pandemic—including PPE for health care providers, such as surgical gloves, face masks and respirators, ventilators, and diagnostic kits. High worldwide demand has created shortages and price increases for these products, which could impact the timing and costs of supplies to be procured. The second risk is associated with border closings and disruption of global air transportation, which could also impact delivery times and costs of supplies for the country. The third risk identified was that procurement conducted by decentralized managed care providers to cover needs arising from the emergency may not meet quality and type requirements, and/or result in overinflated prices, which could impact the scope of the project and lead to ineligible expenditures. To mitigate the first two risks, the government decided to commission UNDP, through direct contracting, to conduct the procurement processes for the aforementioned items in order to ensure their availability, transportation, and timely and effective delivery, in view of UNDP’s experience in global supply logistics.
- 2.46 To mitigate the third risk, rules will be issued for the use of resources, and a private audit firm will be hired to review the procurement, payment, and accountability processes for the payments made to decentralized managed care providers.

## **G. Other key risks and issues**

- 2.47 **Development risks.** A high risk was identified, tied to the potential shortage of health care providers due to the considerable number of patients needing medical care and the disproportionate manner in which the disease affects the front-line staff of hospitals. To mitigate this risk, training will be provided to include intensive care, the use of ventilators, and care protocols for hospital professionals, primarily internal medicine specialists, general practitioners, licensed practical nurses, and others, as defined in the financing of Subcomponent 3.2.
- 2.48 **Sustainability.** The financed interventions follow WHO recommendations for the containment, management, and treatment of epidemics/pandemics due to infectious diseases such as COVID-19. Country capacities will be strengthened for the detection, treatment, and control of these diseases in the medium term. The preparedness of the health system to confront future outbreaks, epidemics, and pandemics will also be improved, including organizational capacity and knowledge, and staff experience to face future outbreaks. In addition, containing and overcoming health challenges is considered a prerequisite for sustainable economic and social recovery in the medium and long terms.

## **H. Implementation arrangements**

- 2.49 **Borrower and executing agency.** The Republic of Honduras remains the borrower and SESAL will execute the immediate health response, acting through the IDB project execution unit (GESALUD), which has procurement, administrative-financial, and monitoring specialists. An environmental and social management specialist with expertise in medical and infectious waste management will be hired to monitor the environmental and social management plan.<sup>40</sup>
- 2.50 **Execution and administration.** GESALUD has procurement, administrative-financial, and monitoring specialists. An environmental and social management specialist with expertise in medical and infectious waste management will be hired to monitor the environmental and social management plan.
- 2.51 **Interagency coordination.** To execute the IPHR-HO, SESAL will coordinate with other entities through SINAGER. Efforts will also be coordinated with PAHO to develop strategies and operational guidelines for COVID-19 containment and response as the pandemic progresses. In addition, the procurement of diagnostic tests; medical, nonmedical, and lab equipment; and PPE will be made through the UNDP.
- 2.52 **Procurement.** Through GESALUD, funds for the IPHR-HO will be used to commission UNDP through direct contracting as a procurement agent for the procurement of tests and the aforementioned equipment. In accordance with the special temporary measures pertaining to the Bank's procurement policies, approved by the Board of Executive Directors and set forth in paragraph 4.2 of document GN-2996 and paragraph 2 of Resolution DE-28/20, as described in Annex III, UNDP will use its own procurement procedures. As integrity safeguards, statements of integrity will be signed by the contractors.

---

<sup>40</sup> GESALUD has experience executing Bank projects, including operations 2418/BL-HO, 2743/BL-HO, 2943/BL-HO, and 4619/BL-HO.

- 2.53 The procurement plan ([required link 3](#)) lists the procurement processes for goods and supplies to be carried out by UNDP. For the hiring of personnel (e.g. paramedics and nurses), GESALUD will apply the procurement policies set forth in document GN-2350-9, paragraph 3.21 (“Service Delivery Contractors”), considering that large numbers of individuals who deliver services on a contract basis will need to be hired. The Bank will review the job descriptions, minimum qualifications, and terms of employment. The selection procedures will be included in the Bank-approved procurement plan. Medical personnel may be hired through direct contracting in accordance with paragraphs 5.4(c)(d) of the aforementioned policies. The Bank-approved guidelines for contracting managed health care providers ([optional link 11](#)) will be used to commission the decentralized health care providers.<sup>41</sup>
- 2.54 Medical and nonmedical equipment, lab equipment, diagnostic tests, and PPE will be procured through UNDP. SESAL, acting through GESALUD, will submit the corresponding lists and technical specifications to UNDP. SESAL’s Office of the Undersecretary for Integrated Health Service Networks will provide GESALUD the terms of reference for the hiring of personnel under this financing.
- 2.55 For execution of Component 4, SESAL’s decentralized management unit will prepare the managed care contracts and monitor them by preparing reports on the fulfillment of targets and indicators for the corresponding payments.
- 2.56 SESAL’s first- and second-level care departments will provide assistance and technical support to hospitals and first-level decentralized managed care providers in order to ensure quality, efficiency, and effectiveness in the interventions. Each of these departments, in coordination with the appropriate SESAL agencies and with support from WHO and PAHO, will be responsible for issuing guidelines and protocols for implementation at hospitals and health care facilities.
- 2.57 **Disbursements.** Resources reallocated from the Bank financing will be disbursed in accordance with the disbursement modalities specified in the respective loan contracts or in an amendatory contract, as applicable. It is proposed that funds be advanced separately for the immediate public health response and, in view of the urgent nature of these activities, that the percentage of advanced funds that must be accounted for in order to receive future advances be set at 50%. Disbursements will be subject to ex post review.
- 2.58 **Special contractual conditions precedent to the first disbursement of the reformulated funds. The conditions precedent to the first disbursement of the reformulated funds are: (i) commissioning of UNDP as a specialized procurement agent**, to ensure the transparency and efficiency of resources and obtain better prices and quality in international procurement; **(ii) designation of the IPHR-HO general coordinator**, to ensure that the program is appropriately executed and monitored; **(iii) approval and entry into force of the IPHR-RO Operations Manual<sup>42</sup> under the terms previously agreed upon with the Bank**, to regulate the operations and duties of the executing agency and SESAL’s

---

<sup>41</sup> This is justified because many of the previously commissioned decentralized managed care providers are leagues of municipal governments, community-based social organizations, and NGOs with a community presence. The contracts with the decentralized managed care providers will follow a format previously agreed upon with the Bank.

<sup>42</sup> The Operations Manual will be available by the time the Board of Executive Directors approves this reformulation.

- technical units involved in technical management and execution; **and (iv) approval by the decentralized management unit of rules for the use of COVID-19 funds by decentralized managed care providers**, to have in place an operational instrument to govern the administrative and procurement procedures of managed care providers.
- 2.59 The special environmental and social conditions of execution are set forth in Annex B of the environmental and social management report.
- 2.60 **Audits.** Under the strategic partnership agreement, dated 23 September 2014, between the TSC and the IDB for the auditing of IDB-financed operations, the TSC, acting through Department of Audits in Support of International Organizations, will perform consolidated financial auditing on the execution of reformulated operations as part of the immediate public health response. In addition, a Bank-eligible independent audit firm will be hired to audit the procurement, payment, and accountability processes of the decentralized managed care providers, as well as the internal controls associated with such processes.
- 2.61 **Monitoring.** SESAL will implement the monitoring and evaluation plan for resources allocated to the IPHR-HO. The main monitoring tools will be the results matrix and the procurement plan. The main sources of information for monitoring impact, outcome, and output indicators will be the service records of the Integrated Health Information System and the epidemiological data from SESAL's epidemiological surveillance system. To monitor the activities of the immediate public health response, SESAL will prepare an annual execution plan. The main reporting tool will be the progress monitoring report, for which the main sources of information will be the annual and semiannual reports on the immediate public health response.
- 2.62 **Evaluation.** Given the nature of this operation, the degree to which the activities and services financed by the IPHR-HO contribute to the corresponding objectives will be evaluated. The evaluation will also analyze the contributions to the final objectives of reducing the morbidity and mortality caused by COVID-19, as well as their social and economic repercussions. To that end, a "before and after" analysis will be performed, using information from available time series on results indicators. For the purpose of attributing the observed results to program interventions, the quantitative analysis will be supplemented with a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts. Wherever feasible and appropriate, the evaluation will also take into account epidemiological evidence and models, as well as qualitative evidence and impact analyses.

### III. RECOMMENDATION

- 3.1 In view of the foregoing information and analysis, it is recommended the IDB Board of Executive Directors approve via short procedure, in accordance with paragraph 6 of document CS-3953-4 (List of Matters to be Considered by the Board via Short Procedure. Update), the reformulation proposal under the terms and conditions described therein.

Development Effectiveness Matrix		
Summary HO-L1187; HO-L1188 & HO-L1121		
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries receiving health services (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		¶2.5 en adelante
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.0
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		1.4
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.0
5.1 Monitoring Mechanisms		1.8
5.2 Evaluation Plan		6.2
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Specify risk rate on risk tab
Identified risks have been rated for magnitude and likelihood		
Mitigation measures have been identified for major risks		
Mitigation measures have indicators for tracking their implementation		
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control.  Procurement: Information System, Price Comparison.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

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

**Evaluability Assessment Note:** This project proposes the reformulation of the programs: "Program for Citizen Coexistence and Improvement of Neighborhoods 4518 / BL-HO (HO-L1187)", "Program for Improving Educational Quality for the Development of Skills for Employment: Young Project 4449 / BL-HO (HO-L1188)" and "Regional Road Integration Program II 3815 / BL-HO (HO-L1121)" to finance the "Immediate Public Health Response (RISP-HO) to Contain and Control the Coronavirus and Mitigate its Effect on the Provision of Services in Honduras", for an amount of US\$50,000,000.

The loan proposal presents an adequate diagnosis of the problems, as well as a review of international evidence. The proposed solutions are appropriate to respond to the identified problems and their contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate indicators at the level of results and impacts. Not all result indicators are properly defined to measure the achievements of the program and the fulfillment of its specific objectives (it is suggested to define the baseline values for result indicators 4.1, 4.2 and 4.3). The impact indicators reflect the contribution to the objectives of reducing the number of cases and deaths from COVID-19 at the end of the operation. The reformulation of the three original projects affected goals of some of the results and expected impacts of these ongoing projects. The annexes to the POD adequately detail the changes to the vertical logic of each project that result from the reformulation. Such changes are summarized in a new result matrix for each of the projects impacted by the reformulation.

The economic evaluation shows that the operation is efficient with a benefit / cost ratio of 3.28. The analysis considers the benefits in employment and labor income derived from the reduction of mortality and morbidity rates from COVID-19, while the costs are those associated with the implementation of a standard intervention package proposed by the WHO.

The monitoring and evaluation plan (PME) proposes to analyze the outcome and impact indicators included in the result matrix, complemented by a review of the theory of change, international evidence, and qualitative studies. In addition, for the outcome indicators with data that is recorded periodically, an analysis of interrupted time series will be implemented to empirically estimate the effects to which the program contributes. The monitoring and evaluation activities will be carried out by the executing agency in coordination with the Bank. It is suggested to include in the PME an evaluation implementation plan for the evaluation based on interrupted time series, as well as to unify the operations' budget to include the monitoring and evaluation costs explicitly as part of it.



## INDICATIVE RESULTS MATRIX

### EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations <sup>1</sup>
<b>GENERAL OBJECTIVE:</b> Help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect impacts of the pandemic on health							
Number of deaths from COVID-19 <sup>2</sup>	Number	8,370	2020	5,952	5,952	Ministry of Health (SESAL) mortality surveillance subsystem	Gender tracking. In a scenario without the program, 93,000 COVID-19 cases and 8,370 deaths would be expected.
Number of confirmed COVID-19 cases	Number	93,000	2020	74,400	74,400	SESAL surveillance system	Gender tracking. In a scenario without the program, 93,000 COVID-19 cases and 8,370 deaths would be expected.

### EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations <sup>2</sup>
<b>SPECIFIC OBJECTIVE 1:</b> Strengthening coordination of the response at the country level							
1.1 Central response coordination team at Ministry of Health formed	Number	0	2020	1	1	COVID-19 containment and response plan	The coordination team will prepare a central containment and response plan pursuant to World Health Organization /Pan American Health Organization (WHO/PAHO) guidelines.
1.2 Percentage of activities consistent with WHO/PAHO guidelines as part of the COVID-19 containment and response plan for Honduras under way	Percentage	20%	2020	80%	80%	Report on execution of COVID-19 containment and response plan	<b>Numerator:</b> Number of activities under way as part of the COVID-19 containment and response plan in Honduras, during the execution period.  <b>Denominator:</b> Total number of activities included in the COVID-19 containment and response plan for

<sup>1</sup> If the indicator (impact, outcome and/or output) favorably satisfies the gender considerations, please write "Pro-gender" in this column. If the indicator satisfies the gender monitoring criteria, please write "Gender monitoring" in this column. If the indicator satisfies the ethnicity tracking criteria, please write "Ethnicity tracking" in this column. These definitions are available in the [Development Effectiveness Matrix Toolkit](#).

<sup>2</sup> The program will support the generation of data to facilitate the tracking of indicators by ethnicity.

Indicators	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations <sup>2</sup>
							Honduras (activities under way + not yet under way).
<b>SPECIFIC OBJECTIVE 2: Improving case detection and monitoring</b>							
2.1 Percentage of public laboratories with capacity to diagnose COVID-19 implemented	Percentage	35%	2020	100%	100%	National Virological Laboratory	<p><b>Numerator:</b> Number of public, nationally accredited laboratories with capacity to diagnose COVID-19.</p> <p><b>Denominator:</b> Total number of public laboratories with capacity to conduct polymerase chain reaction (PCR) testing.</p>
2.2 Percentage of epidemiological bulletins with COVID-19 data published in all epidemiological weeks	Percentage	100%	2020	100%	100%	Health Surveillance Unit	<p>The percentage for these bulletins is expected to remain at 100% with the investments from the reformulations.</p> <p><b>Numerator:</b> Number of epidemiological bulletins with COVID-19 data published.</p> <p><b>Denominator:</b> Total number of epidemiological weeks with COVID-19 during the year.</p>
<b>SPECIFIC OBJECTIVE 3: Supporting initiatives to break the chain of transmission of the illness<sup>3</sup></b>							
3.1 Percentage execution of communication plan designed to change social behaviors and communicate risks, including prevention of violence against women	Percentage	0%	2020	70%	70%	SESAL report on plan execution	<p>Ethnicity tracking.</p> <p><b>Numerator:</b> Number of activities in the communication plan designed to change social behaviors and communicate risks in execution during the measurement period.</p> <p><b>Denominator:</b> Total number of activities included in the communication plan designed to change social behaviors and communicate risks.</p>
<b>SPECIFIC OBJECTIVE 4: Improving service delivery capacity</b>							

<sup>3</sup> An outcome indicator associated with outputs that measure the provision of PPE and training should be included under this specific objective.

Indicators	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations <sup>2</sup>
4.1 Percentage of first-level health care facilities <sup>4</sup> with triage capacity caring for patients with suspected and/or confirmed mild cases of COVID-19	Percentage	TBD	2020	100%	100%	Dirección General de Redes de Servicios [Bureau of Integrated Health Service Networks]	<p><b>Numerator:</b> Number of first-level health care facilities with triage capacity<sup>5</sup> in targeted areas that care for patients with suspected and/or confirmed mild cases of COVID-19.</p> <p><b>Denominator:</b> Total number of health care facilities with capacity to care for patients with suspected and/or confirmed mild cases of COVID-19</p>
4.2 Number of health care facilities treating patients with suspected and/or confirmed mild cases of COVID-19, with isolation capacity	Percentage	TBD	2020	100%	100%	Bureau of Integrated Health Service Networks	<p><b>Numerator:</b> Number of health care facilities treating suspected and/or confirmed mild cases of COVID-19, with isolation capacity<sup>6</sup></p> <p><b>Denominator:</b> Total number of health care facilities with capacity to treat patients with suspected and/or confirmed mild cases of COVID-19</p>
4.3 Percentage of patients with confirmed COVID-19 cases receiving treatment pursuant to the country protocol	Percentage	TBD	2020	60%	60%	Clinical records	<p><b>Numerator:</b> Number of hospitalized COVID-19 patients receiving treatment pursuant to protocol</p> <p><b>Denominator:</b> Total number of patients hospitalized with COVID-19</p>

<sup>4</sup> These are clinics and health centers that provide nonhospital ambulatory care, which in Honduras would be: (i) primary health care centers; (ii) comprehensive health care centers; and (iii) polyclinics.

<sup>5</sup> "Triage," as used here, means that: (i) suspected COVID-19 cases and contacts are identified and tested accordingly; (ii) the facility has a separate care flow for suspected or confirmed COVID-19 patients; (iii) protocol is used to identify patients needing care at another health care facility with a higher degree of complexity or greater care capacity; and (iv) the facility is able to transport patients while taking appropriate biosafety measures.

<sup>6</sup> This means that the facility has specific locations for the care of suspected and/or confirmed COVID-19 patients, both for outpatient consultation and in observation beds, with a patient care flow and areas that are completely separate from, and never combined with, other care flows and areas at the facility. It also means that patients and personnel follow recommended protective measures.

## OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations
<b>COMPONENT 1: Coordination of the response at the country level</b>							
1.1. COVID-19 containment and response plan for Honduras, strengthened	Plan document	0	2020	1	1	Published COVID-19 containment and response plan	Including mitigation of environmental and social impacts
1.2. Strategy for use of digital solutions as part of the national COVID-19 response plan, approved	Strategy document	0	2020	1	1	Ministerial agreement approving the strategy for the national COVID-19 response plan	
1.3. Situation room for coordinating and leading the COVID-19 containment and response plan, up and running	Room	0	2020	1	1	Report by SESAL Health Surveillance Unit	A situation room is a management tool to compile data, use maps, and analyze information to guide decision-making for pandemic-related outreach, care, monitoring, and containment efforts.
1.4. Information system to support decision-making, implemented	System	0	2020	1	1	Report by Information Management Unit	"Implemented" means that case data is being generated and a dashboard is being used by the SESAL leadership team.
<b>COMPONENT 2: Case detection and monitoring</b>							
2.1. Epidemiological surveillance system, strengthened with specialists	Number	0	2020	4	4	Personnel contracts	A surveillance system consists of units, processes, procedures, and personnel such as epidemiologists, public health specialists, mathematicians, whose duty is to monitor new and suspected COVID-19 cases and contacts, order containment and prevention measures, and analyze trends and projections of the disease to inform decision-making. "Strengthened" means that epidemiologists have been hired for the Health Surveillance Unit at the central level and in the hardest-hit health regions.
2.2. Number of rapid-response teams to actively seek out and detect cases, operating in the field	Number	0	2020	10	40	Reports from each health region	These teams consist of a physician and an outreach worker, assistant, or environmental management specialist. Their duty is to detect, verify, and rapidly

Outputs	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations
							respond to suspected or confirmed COVID-19 cases and public health risks associated with COVID-19 transmission.
2.3. Number of health care facilities that have personal protective equipment (PPE) for health care workers		TBD	2020	27	27	Report by the Office of the Undersecretary for Integrated Health Service Networks	Health care facilities include the ambulatory care centers located in targeted areas and 16 hospitals in the public network that benefit from the reformulation.
2.4. Number of laboratories receiving equipment and supplies for diagnostic testing		0	2020	3	3	Procurement contracts for equipment and supplies	Public laboratories selected to conduct COVID-19 testing
2.5. Software applications for managing public health reports and lab surveillance findings and for monitoring cases, installed		0	2020	1	1	Reports by the Health Surveillance Unit with findings from lab surveillance	The applications are information systems for recording public health data and managing reports and findings from lab surveillance, based on the DHIS2 system already in use in Honduras.
<b>COMPONENT 3: Interruption of the chain of transmission</b>							
3.1. Communication plan for changing social behavior and communicating risks, executed	Plan	0	2020	2	2	Report on execution of communication plan submitted by PAHO	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	End of program	Means of verification	Observations
3.2 Training plan for identifying and preventing, and assisting victims of, violence against women during the pandemic, including domestic and sexual violence, executed				1	1	Report on execution of communication plan, submitted by PAHO	
<b>Component 4: Improvement of the capacity for service delivery</b>							
4.1. Number of health care facilities available to care for COVID-19 patients, financed through the management agreements for first-level health care	Number	0	2020	12	12	Decentralized management unit	
4.2. Number of hospitals treating COVID-19 patients with decentralized management agreements				15	15	Report by the decentralized management unit	
4.3. Number of first- and second-level health care units equipped to care for COVID-19 patients				27	27	Report by the Office of the Undersecretary for Health Service Networks	Includes procurement and installation of medical equipment.
4.4. Number of health care providers using telemedicine to monitor and care for patients				10	10	Report by the Office of the Undersecretary for Health Service Networks	Includes equipment, software, licenses, and training
4.5. Supplies and equipment to manage waste associated with health units caring for COVID-19 patients, equipped				8	8	Report by the Office of the Undersecretary for Health Service Networks	

**Country:** Honduras      **Sector:** Health      **Project number:** HO-L1121, HO-L1188, HO L1187      **Year:** 2020  
**Cofinancing:** Not applicable      **Coexecution:** Not applicable

## Fiduciary Agreements and Requirements

**Executing agency:** Ministry of Health (SESAL)

**Name:** Proposed Reformulation of Loans for the Regional Road Integration Program II (3815/BL-HO), Civic Coexistence and Neighborhood Improvement Program (4518/BL-HO), and Improving Educational Quality to Develop Skills for Employment: Project Youth (4449/BL-HO) to Finance an Immediate Public Health Response to Contain and Control Coronavirus and Mitigate its Impact on Service Delivery in Honduras

Operation number and name	US\$ millions
HO-L1121 – Regional Road Integration Program II (loan 3815/BL-HO)	20.0
HO-L1188 – Improving Educational Quality to Develop Skills for Employment: Project Youth (loan 4449/BL-HO)	15.0
HO-L1187 – Civic Coexistence and Neighborhood Improvement Program (loan 4518/BL-HO-1)	5.0
HO-L1187 – Civic Coexistence and Neighborhood Improvement Program (loan 4518/BL-HO-2)	10.0

## I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

### 1. Use of country systems in program<sup>1</sup>

Budget <input checked="" type="checkbox"/>	Reports <input checked="" type="checkbox"/>	Information system <input checked="" type="checkbox"/>	NCB <input type="checkbox"/>
Treasury <input checked="" type="checkbox"/>	Internal audit <input type="checkbox"/>	Shopping <input checked="" type="checkbox"/>	Advanced NCB <input type="checkbox"/>
Accounting <input checked="" type="checkbox"/>	External control <input checked="" type="checkbox"/>	Individual consultants <input type="checkbox"/>	Consulting firm <input type="checkbox"/>

Applicable laws/regulations: Public Procurement Act and its regulations, for the dissemination of processes and procurement by e-catalogue/framework agreement, and Budget Act.

### 2. Fiduciary capacity of the executing agency

SESAL, through its fiduciary execution unit GESALUD, has a medium level of fiduciary capacity for procurement and financial management. This determination is based on its current and previous

<sup>1</sup> Any system or subsystem subsequently approved may be applicable to the operation, in accordance with the terms of the Bank's validation thereof.

experience executing loans 3723/BL-HO-2 and 4619/BL-HO, both of which are in execution, and operation GRT/HE-16838-HO, among others.

### 3. Fiduciary risks and mitigation measures

**Fiduciary risk:** High ☐ ; Medium ☒ ; Low ☐

Risk	Level of risk (medium/high)	Mitigation plan
Interruption of the global supply chain of key items needed to respond to the pandemic—including personal protective equipment (PPE) for health care providers, such as surgical gloves, face masks and respirators, ventilators, and diagnostic kits. High worldwide demand has led to shortages of and price increases for these products, which could impact the timing and costs of supplies to be procured under the project.	Medium	To mitigate these risks, the Honduran government decided, during the preparation of these reformulations, to commission the United Nations Development Programme (UNDP) to conduct the procurement processes for medical equipment and supplies, in order to ensure their availability, transportation, and effective and timely delivery, in view of UNDP's experience in global supply logistics, which have become particularly challenging, both locally and internationally, during the pandemic.
The second risk is associated with border closings and disruption of global air transportation, which could also impact delivery times and costs of supplies for the country.	Medium	
Procurement conducted by managed care providers to cover needs arising from the emergency may not meet quality and type requirements, and/or may result in overinflated prices, which could impact the scope of the program and lead to ineligible expenditures.	Medium	Rules will be needed for the use of resources, and a private audit firm will be hired to review the corresponding procurement, payment, and accountability processes.

## II. **CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT**

**Conditions precedent to the first disbursement.** Rules for the use of resources by the managed care providers will be submitted.

**Exchange rate:** The exchange rate for rendering up to four accounts will be the one in effect on the day that the beneficiary, executing agency, or any other individual or entity authorized to incur expenditures makes the corresponding payments.



**External audit.** A single financial audit covering all reformulated components will be performed within 120 days after the date of the last disbursement of resources executed for the immediate public health response. In view of the nature of the emergency and the government's request for strict monitoring of execution, an audit firm will be hired to prepare two reasonable assurance reports on procurement and payment processes, and the rendering of up to four accounts for program execution carried out by the managed care providers, as well as on the internal controls associated with such processes. These reports will be presented together with the disbursement requests and will cover the second and third payments to decentralized managed care providers.

### III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

Exceptions to policies and guidelines:

**No exceptions to the Bank's policies have been identified.** The special temporary measures pertaining to the Bank's procurement policies, approved by the Board of Executive Directors and set forth in paragraph 4.2 of document GN-2996 and paragraph 2 of Resolution DE-28/20, may apply as appropriate. These measures are as follows:

1. Goods originating from nonmember countries may be eligible for procurement activities, and suppliers, contractors, consultants, and service providers from nonmember countries of the Bank are eligible to participate in procurement activities;
2. Procurement agents and specialized agencies, when contracted by the borrower or executing agency, as applicable, may apply their procurement policies; and
3. International consolidated contracting and adherence to the borrower's existing procurement contracts may be used as procurement methods in addition to the methods described in the Bank's procurement policies.

<b>Additional procurement support</b>	<ul style="list-style-type: none"> <li>No</li> </ul>
<b>Projects with financial intermediaries</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Procurement agents</b>	<ul style="list-style-type: none"> <li>UNDP, using its own procurement policies</li> </ul>

<b>Operating expenses will be financed:</b> <input type="checkbox"/>	<b>Domestic preference:</b> <input type="checkbox"/>
Not applicable	Not applicable

<b>Category</b>	<b>Amount in US\$</b>
Agreements with managed care providers for at least 10 hospitals and six first-level health care facilities	16,387,812
Contract with United Nations procurement agency	847,000
<b>General project procurement supervision method:</b> Not applicable	
<b>Supervision method:</b> Ex ante	<b>For:</b> Direct contracting.

Country thresholds: [www.iadb.org/procurement](http://www.iadb.org/procurement)

#### IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<b>Programming and budget</b>	<ul style="list-style-type: none"> <li>For budgetary allocation to SESAL, adjustments in the Integrated Financial Management System (SIAFI) are needed in terms of the structure of the reformulated operations, along with budget reallocations for the transfer of financial execution capacity as well as modifications to the budget.</li> </ul>
<b>Cash and disbursement management</b>	<ul style="list-style-type: none"> <li>Disbursements will be made electronically, through the e-disbursement system.</li> <li><b>Treasury:</b> Four special accounts opened at the Central Bank of Honduras will be used for the execution of each operation with reformulated resources.</li> <li>Advances of funds will be used for each reformulated operation pursuant to a financial plan for up to six months.</li> <li><b>Percentage for accountability:</b> 50%, due to the urgent nature of the operation and because execution is partly decentralized through the managed care providers.</li> <li><b>Program resource flow for execution through managed care providers:</b> SESAL will disburse three payments to each managed care provider: a 20% advance once a work plan has been submitted; and the remaining two payments (each for 40%) once the health regions' monitoring report has been presented and validated by SESAL's decentralized management unit and 100% of the disbursed funds are accounted for. In the event of a surplus, the managed care provider will also submit an investment plan for the use of this surplus before it can receive the final payment.</li> </ul>
<b>Accounting, information systems, and reporting</b>	<ul style="list-style-type: none"> <li><b>Specific accounting standards:</b> International Public Sector Accounting Standards.</li> <li><b>Accountability:</b> SIAFI, through the UEPEX module.</li> <li><b>Accounting method and currency:</b> Cash basis in U.S. dollars.</li> </ul>
<b>External control</b>	<ul style="list-style-type: none"> <li>The executing agency will be supported by the Audit Office for the financial auditing of reformulated components.</li> </ul>
<b>Project financial supervision</b>	<ul style="list-style-type: none"> <li>Additional controls will be performed during execution via managed care providers, through oversight of contracted services by an eligible audit firm, in accordance with the previously agreed upon terms of reference, for the audit services described in Section II.</li> </ul>

## V. RELEVANT INFORMATION FOR THE OPERATION

### Policies and guidelines applicable to the operation

Financial management	Procurement
<ul style="list-style-type: none"><li>• <u>Document GN-2811 [OP-273-12]</u></li></ul>	<ul style="list-style-type: none"><li>• <u>GN-2349-9 [ES] [POR] [FRE]</u></li><li>• <u>GN-2350-9 [ES] [POR] [FRE]</u></li></ul>

### Records and files

SESAL has digital and physical files, as well as procedures and instructions allowing appropriate records and files to be kept.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/20

Honduras. Reformulation of the Loan Contracts  
3815/BL-HO, 4449/BL-HO y 4518/BL-HO  
(for the financing of the Immediate Public Health Response to Contain and Control the  
Coronavirus and Mitigate its Impact on Service Delivery in Honduras)

The Board of Executive Directors

RESOLVES:

1. To approve the reformulation of the programs listed below to use the available resources in the amount indicated to finance the Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in Honduras, according with the terms and conditions described in Document PR -\_\_\_\_:

(i) Regional Road Integration Program II, Loan Contract No. 3815/BL-HO authorized by Resolutions DE-105/16 and DE-106/16, up to an amount of US\$20,000,000;

(ii) Improving Educational Quality to Develop Skills for Employment: Project Youth, Loan Contract No. 4449/BL-HO authorized by Resolution DE-124/17, up to an amount of US\$15,000,000; and

(iii) Civic Coexistence and Neighborhood Improvement Program, Loan Contract No. 4518/BL-HO authorized by Resolution DE-13/18 modified by Resolution DE-149/19, up to an amount of US\$15,000,000.

2. To authorize the President of the Bank, or such representative as he shall designates, 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, to amend the Loan Contracts 3815/BL-HO, 4449/BL-HO and 4518/BL-HO for the purposes described in this Resolution.

(Adopted on \_\_\_\_ 2020)