

PROGRAM TO SUPPORT INDIGENOUS AND BLACK COMMUNITIES (PAPIN)

(HO-0193)

EXECUTIVE SUMMARY

Borrower:	Republic of Honduras	
Executing agency:	Ministry of the Interior and Justice (SGJ)	
Amount and source:	IDB (FSO):	US\$ 1,550,000
	Austrian Trust Fund (grant):	US\$ 1,000,000
	Local contribution:	US\$ 230,000
	Total:	US\$ 2,780,000
Financial terms and conditions of the FSO loan:	Amortization period:	40 years
	Grace period:	10 years
	Execution period:	30 months
	Disbursement period:	36 months
	Interest rate:	1% for the first 10 years, 2% thereafter
	Inspection and supervision:	1%
	Credit fee:	0.50% annually on the undisbursed balance
The problem:	To include and address from a cultural perspective the various infrastructure needs of indigenous and black communities, the country must enhance its policy of intervention to conform to the cosmovision of those peoples. It must also coordinate mechanisms for dialogue between the government and indigenous and black communities that facilitate coordination between the two sides. For the purposes of this program, all the points mentioned come under a concept known as ethno-engineering (paragraph 1.17), which involves a series of principles and methodologies aimed at adapting and adjusting different infrastructure works to the specific cultural, social, and environmental characteristics of the beneficiary ethnic groups.	
Rationale for the innovation project:	This program was designed as an innovation loan based on the following considerations (see paragraph 1.16): (i) it uses a new ethno-engineering model that adapts or adjusts different infrastructure works and traditional engineering practices to the specific social and cultural characteristics of indigenous and black populations, which are able in	

turn to participate in all aspects (prioritization, selection, design, execution, and maintenance) of the works from which they are to benefit. Also, the program incorporates an evaluation and monitoring system adapted to the model itself so that the innovative experience can be monitored and studied comprehensively; (ii) it promotes dialogue between the government and indigenous organizations and includes participatory methodologies throughout the project cycle; (iii) it supports training for the beneficiaries based on gender equity, which makes it possible to determine their needs and subsequently to replicate the model on a larger scale; and (iv) the lessons learned could be used in the future in similar, more extensive programs.

Objectives: The general program objective is to improve the environment for developing infrastructure investments in indigenous and black communities in Honduras. The specific objectives are to build minor infrastructure works using the ethno-engineering model and to promote social and gender equity in government, civil society, and ethnic groups.

Description: The program consists of three components as described below:

Component 1: Validation and implementation of the ethno-engineering model in two pilot communities (Total: US\$1,661,000; IDB: US\$651,600; counterpart: US\$10,000; Austrian Trust Fund: US\$1,000,000)

This component will validate the ethno-engineering model in two indigenous communities (see paragraph 2.3) through the following activities: (i) workshops to adapt the model to the selected communities for members of the federations/pilot communities, the executing unit, and technical advisors for selecting which community works to execute and implementing them; (ii) conducting a preinvestment study for the selected works in accordance with the ethno-engineering plan; and (iii) the design and construction of the selected works and of maintenance plan.

Component 2: Strengthening ethnic ties and the national regulatory framework (Total: US\$219,624; IDB: US\$173,224; counterpart: US\$46,500)

The objective here is to forge stronger ethnic ties and strengthen the national indigenous regulatory framework to promote equity for indigenous and black populations in Honduras. Specifically, this component provides financing to train representatives of the federations and other government officials involved in indigenous and black affairs in order to achieve a better understanding on both sides and at all levels of activity (central, regional, and local). The component proposed by all ethnic groups in Honduras seeks to

achieve a better understanding of the issues affecting indigenous and black populations and to bring these populations nearer to the pertinent government institutions and vice versa. Under the program financing will be provided to draft indigenous and black populations legislation to support the adoption and ratification of the rights agreed on between the Honduran government and the country's ethnic groups.

Component 3: System for evaluating and measuring program performance (SEM) (Total: IDB US\$260,000)

This component seeks to closely evaluate and monitor the ethno-engineering methodology, while providing exhaustive program follow-up. The SEM is a key part of this pilot operation and will support the function of identifying, implementing, and evaluating the pilot experience and publishing the results, as well as the tools needed to gauge program performance, by examining the program results in terms of their sociocultural, environmental, and economic return.

Specifically, it provides financing for the following activities: (i) the design of a system for evaluating and measuring program performance and performance indicators and the pilot projects; (ii) compiling and storing data representative of the indicators established when the model was defined; (iii) exhaustive analysis and publication of data based on an evaluation scale that makes it possible to gauge fully the performance of the program and report on: its successes/failures to all the beneficiaries, the adaptability of the ethno-engineering guidelines, the involvement of indigenous and black federations, the design and execution of the two pilot projects, and the program's performance in the beneficiary communities; and (iv) the SEM will include a mechanism for ongoing self-correction to calibrate the program design and execution according to needs and problems that may arise.

Special aspects: The program will be financed from three main sources: (1) an IDB innovation loan of US\$1,550,000 to be drawn on the net income of the Fund for Special Operations to finance components 1, 2, and 3, including the validation of the ethno-engineering model and design and construction of small priority works in two pilot communities, activities for forging stronger ethnic links and preparing and implementing the program evaluation and monitoring system. The local counterpart will amount to US\$230,000; (2) grant funds from the cofinancing provided by Austrian Technical Cooperation Fund for Hurricane Mitch Disaster Assistance and Reconstruction for the countries of Central America (US\$1 million) will be used to supplement the FSO financing for component 1; the resources from the Fund may also be used to cofinance infrastructure works; and

(3) once the Board of Executive Directors approves this operation, Management will authorize the use of Canadian technical cooperation funding in the amount of Can\$225,000 (equivalent to US\$146,075) for activities to support cultural community groups of black and indigenous women. The present initiative was approved by the CAD and the plan of operations is attached to the present report (paragraph 3.14) as Annex III.

**The Bank's
country and
sector strategy:**

The Bank's country paper establishes support for the reconstruction and transformation of Honduras as a central objective. The National Master National Transformation and Reconstruction Plan sets the following priorities: (i) stepping up economic growth and the fight against poverty; (ii) promoting the development of human capital; (iii) encouraging sustainable management of natural resources; and (iv) strengthening government bodies and democracy building. This program covers these objectives, because it helps to establish a sound basis for economic growth in the beneficiary populations; to strengthen ethnic ties, training, and active involvement by the members of indigenous and black communities and by women; to strengthen regulatory capacity in government agencies, since it supports the preparation of draft legislation; and to incorporate the environmental and sociocultural dimension into the ethno-engineering model.

**Environmental
and social
review:**

This project report was approved without observations at the 10 August 2001 meeting of the Committee on Environment and Social Impact (CESI/TRG).

Benefits:

The program will produce extremely favorable socioeconomic benefits for a broad segment of the Honduran population, and help to reduce poverty, enhance equity between indigenous and black groups and the rest of the country, and foster social inclusion of communities that, until now, have received scant attention. The Program to Support Indigenous and Black Populations (PAPIN) will also contribute to the cultural development and enhancement of the participating communities since the aim of the ethno-engineering is to improve the efficiency of investment in infrastructure and make it sustainable. Also included are gender equity elements to promote the active involvement of women in identifying and selecting community needs, and to encourage the leadership capacity of representatives of the participating groups (see paragraphs 4.1 to 4.4).

Upon completion of the program, the executing agency and the Bank will have drawn innovative experiences and lessons that may be applied in formulating subsequent operations in the sector. Depending on the outcomes, the country is expected to approach the Bank for support with another more comprehensive loan operation in sufficient

amount to produce a greater, more meaningful impact on other black and indigenous populations and communities in Honduras.

Risks:	The most significant risks identified are: (i) potential institutional weakness in the indigenous and black organizations for program coordination and monitoring and for the pilot projects; and (ii) lengthy execution periods for works and activities as a result of the participatory methodology used and the distance and remoteness of the beneficiary communities (see paragraphs 4.5 and 4.6).
Special contractual clauses:	<p>Special condition precedent to the first disbursement: the program executing unit (EU) must have been established and the general program coordinator hired in accordance with the terms of reference agreed on by the executing agency and the Bank (paragraph 3.3).</p> <p>A midterm evaluation will be performed in month 15 of the program and a final evaluation within 3 months after its completion (paragraphs 3.11 and 3.13). The consultant performing the evaluations will be hired within 3 months after commencement of the program (paragraph 3.23).</p>
Poverty-targeting and social sector classification:	This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (see paragraph 2.32).
Exceptions to Bank policy:	None.
Procurement:	<p>Works will be contracted, related goods and services procured, and consulting services hired in accordance with Bank policies and procedures. International competitive bidding will be required for: (i) works, when their estimated cost is equal to or greater than the equivalent of US\$1 million; and (ii) related goods and services, when their estimated cost is equal to or greater than the equivalent of US\$250,000. An international call for proposals will be required for contracting consulting services valued at more than the equivalent of US\$200,000. The contracting of works, procurement of related goods and services, and the hiring of consulting services in lesser amounts will be governed by the procedures established in Annex D, which will be an integral part of the loan contract.</p> <p>This program does not provide for the procurement of goods in amounts equal to or greater than US\$250,000 or the contracting of works in amounts equal to or greater than US\$1 million (see paragraphs 3.15 to 3.18).</p>

I. BACKGROUND

A. The problem

- 1.1 To include and address the various infrastructure needs of indigenous and black communities, the country must strengthen its intervention policy in accordance with the cosmovision (paragraph 1.4) of those peoples. Many of these communities: (i) are excluded by geography and programs and projects fail to adapt to their defining cultural and social characteristics; (ii) have insufficient basic infrastructure; (iii) represent a low return on works constructed; (iv) suffer from a low level of human capital development; and (v) have no regulatory framework and are adversely affected by the lack of understanding within the country of the legal aspects that concern these populations. In addition, these communities show a low level of community participation and decision-making in the works that are supposed to benefit them, which often results in inefficient public spending. That is why proper mechanisms are needed to coordinate intervention, and dialogue between the government and the indigenous and black communities must be encouraged to facilitate coordination between the two sides. For the purposes of this program, all the characteristics mentioned come under an innovative concept known as *ethno-engineering*, that involves a series of principles and methodologies aimed at adapting and adjusting different infrastructure works to the specific cultural, social, and environmental traits of the beneficiary ethnic groups.
- 1.2 The ethno-engineering model covers three major fields of work: (i) identifying and prioritizing demand; (ii) localizing and designing the works (including the make-up of the materials and teams to be used and the function of the works); and (iii) executing and maintaining the works (which includes their implementation). Ethno-engineering promotes participatory processes, seeks to ensure the sustainability of the projects to be executed and the efficiency of public spending, and is part of inclusion efforts that are culturally adapted to ethnic groups that have traditionally been excluded. It also seeks to establish parameters for evaluating and mitigating the cultural impact that complement the social and environmental parameters more commonly used in environmental management studies, evaluations, and plans.

B. The environment of the indigenous and black population

- 1.3 Honduras is a multicultural, multiethnic country with an indigenous and black population that, according to some sources, totals approximately 12.8% of the national population or 780,000 persons. The indigenous and black population is composed of nine ethnic groups: the Miskito, Tawahka, Pech, Garifuna (black), English-speaking islanders or *criollos*, Tolupan, Maya-Chorti, Lenca, and Nahua peoples. They are concentrated primarily in rural areas, in scattered settlements and villages with fewer than 2,000 inhabitants. They live in conditions of extreme poverty, with different degrees of loss of cultural identity and social well-being and high indices of malnutrition and early mortality, particularly among infants. These

groups are very vulnerable because of their socioeconomic conditions.¹ One additional characteristic common to all indigenous and black populations is the sense that ancestral lands must be preserved and protected from the ongoing competition to tap the natural resources in those lands.

- 1.4 Many indigenous and black communities have been excluded from national and local development programs due to the lack of specific actions that are based on indigenous sociocultural characteristics and that respect the customs and vision (cosmovision) of these peoples. Although the State legally recognizes these communities as part of the national heritage, it has significant difficulty serving them. In most cases, indigenous and black communities' cultural traits and customs are different from traditional ones of Western cultures, such as the use of participatory community methodologies for decision-making, designing and executing work, and reaching consensus in the communities on investment priorities or selecting criteria for awarding projects.

C. Relationship of the program to the Bank's country strategy

- 1.5 The Bank's country paper establishes support for the reconstruction and transformation of Honduras as a central objective. The National Master Transformation and Reconstruction Plan sets the following priorities: (i) stepping up economic growth and the fight against poverty; (ii) promoting the development of human capital; (iii) sustainable management of natural resources; and (iv) strengthening government bodies and democracy building. This program covers these objectives, because it helps to establish a sound basis for economic growth in the beneficiary populations; strengthen ethnic ties, training, and active involvement by indigenous and black persons and by women; strengthen regulatory capacity in government agencies, since it supports the preparation of draft legislation; and incorporate environmental and sociocultural variables into the ethno-engineering model.

D. Bank experience in the sector

- 1.6 The Bank has past experience with projects dealing with infrastructure and indigenous peoples in several countries in the region. Those experiences, particularly the most recent ones in Belize with the Environmental and Social Technical Assistance Project (ESTAP) and in Panama with the Program for the Sustainable Development of El Darién, have shown the critical importance of consultation and participation in prioritizing and planning investments, giving the communities involved the opportunity to identify their own priorities and to agree on community development plans with the responsible government agency in an interactive technical, economic, environmental, and sociocultural validation

¹ "Ethnic Poverty in Honduras" by Utta Von Gleich and Ernesto Gálvez, September 1999. SDS/IDB.

process. These experiences were very successful in terms of the methodology for identifying priorities and the sociocultural participatory planning adapted to each ethnic group. Nonetheless, in terms of designs and determining which works to execute, past programs have not adapted the works to the cultural aspects of each ethnicity through systematic ethno-engineering.

- 1.7 The Bank has been providing support to the Honduran Social Investment Fund (FHIS). This investment fund operates on a large scale and is essentially responsible for most investment in fixed assets to expand basic social services. With some differences and nuances, the FHIS promotes participatory selection of projects using mechanisms including convening communal assemblies where participation is open to all or by delegation until an investment plan is reached for a geographic area, usually within a municipal jurisdiction. Municipal budgets are allocated by population and relative poverty, and projects are selected from a rather narrow menu of options.
- 1.8 Social investment funds do not usually provide for two important aspects contained in this investment initiative. Firstly, the relatively broad nature of their intervention does not permit the provision of specialized goods and services, and the final menu tends to be rigid and incompatible with different needs. Secondly, the methods of participation traditionally used have been those of the dominant culture. Regarding the first aspect, one focal point of the ethno-engineering experiment is to pursue and test ethnically appropriate technological solutions. At the same time, for the second, it also aims to design and promote polling techniques to determine needs that are consistent with the decision-making process in the social organization of each community.

E. Key structural and institutional characteristics of the sector

- 1.9 ***International cooperation agencies.*** Under the National Transformation and Reconstruction Plan and as a result of the damage caused by Hurricane Mitch, the primary interventions and aid for the indigenous and black communities affected have come from civil society and bilateral aid—they have been modest and for specific sectors: Spanish cooperation (housing sector), Japan (awarding of land titles), Canada (productive activities: woodworking training), Germany (resettlement of Tawahka families), United Nations Development Program (small productive and infrastructure projects through the *Confederación Nacional de los Pueblos Autóctonos y Negros de Honduras* [National Federation of Indigenous and Black Populations of Honduras-CONPAH]), and the German organization CARITAS (rural housing, crafts). The World Bank is preparing a sustainable coastal tourism project geared towards ecotourism and protecting resources along the northern coast of the Garifuna area.
- 1.10 ***Government agencies.*** To date, no single government agency in Honduras coordinates all sectoral activities related to indigenous and black populations,

although by law the representative body in these matters is the Secretariat of Interior and Justice (SGJ). Recently, the SGJ prepared an executive agreement (currently in draft form) through which it seeks to establish a Technical Committee on Indigenous and Black Affairs (COTAINÉ)² responsible for coordinating government activities to benefit the development of indigenous peoples in Honduras. COTAINÉ is composed of the Secretariats of the Presidency, Finance, Agriculture and Livestock, Education, the INA, SOPTRAVI, the Secretariats of Public Health, Natural Resources, and the Environment, HSIF, and the *Corporación Hondureña de Desarrollo Forestal* [Honduran Forest Development Corporation]. In the past, they have all operated independently without a single coordinating body.

- 1.11 **Indigenous and black organizations and communities in Honduras.** The sociopolitical structures of the different ethnic groups in Honduras are complex. A summary table is presented below:

Table I-1: Sociopolitical organizations of the different ethnic groups³

Ethnic group/Federation	Subfederations/Organization
1. Lencas	<ul style="list-style-type: none"> Alcaldía de la Vara Alta de Yamaranguila Consejo Cívico de Organizaciones Populares e Indígenas de Intibucá (COPIN)
2. Garifunas	<ul style="list-style-type: none"> Organización Fraternal Negra de Honduras (OFRANEH) Organización de Desarrollo Comunal Étnico (ODECO) Enlace de Mujeres Negras de Honduras (ENMUNEH) Centro Independiente de Honduras (CIDH)
3. Miskitos	<ul style="list-style-type: none"> Mosquitia, Asla, Takanka Masta (MASTA) Participación de la Mujer Misquita en el Desarrollo Integral de la Comunidad (COMUDEIM) Organización Pro – Mejoramiento de Buzos de la Mosquitia (PROMEPUZ)
4. Tolupanes	<ul style="list-style-type: none"> Federación de Tribus Xicaques de Yoro (FETRIX)
5. Chortis	<ul style="list-style-type: none"> Consejo Nacional Indígena Maya- Chortí de Honduras (CONIMCHH)
6. Pech	<ul style="list-style-type: none"> Federación de Indígenas Pech de Honduras (PECH)
7. Tawahkas	<ul style="list-style-type: none"> Federación de Indígenas Tawahkas de Honduras (FITH) Fundación Raíces
8. English-speaking blacks	<ul style="list-style-type: none"> Asociación de Profesionales y Trabajadores Nativos Isleños (NABIPLA)
9. Other	<ul style="list-style-type: none"> Federación de Pueblos Autóctonos de Honduras (CONPAH) Consejo Asesor Para el Desarrollo de las Étnias de Honduras (CADEAH)

- 1.12 An important aspect of the ethnic groups is the role and participation of women in the communities, which varies from population to population according to their cultural patterns and cosmovision. For example, Miskito women are more present in development programs and activities than Maya-Chorti women. The program includes and incorporates indigenous and black gender considerations in all it

² For the purposes of this program, once it becomes law, the SGJ will report to COTAINÉ on program implementation, its orientation, and its partial and overall successes and/or failures.

³ Source: Table 6.2, page 103. Report on Human Development in Honduras. 1998.

activities, in accordance with the parameters in which each population views the issue.

- 1.13 Each of the indigenous and black populations has its own level of managerial capacity. The most skilled, based on other experiences with development programs financed by national and international funds, are the Lenca, Miskito, Garifuna, and Maya-Chorti communities and organizations.
- 1.14 Traditional socioeconomic and political structures in indigenous and black communities continue to exist, although their level of use and presence in the communities varies. Community spheres of competence have not been identified among traditional or modern organizations. However, according to the indigenous and black federations, nongovernmental organizations (NGOs), and other academic sources, traditional and contemporary organizations coexist and have even developed forms of cooperation in the context of development programs. In the last 10 years, the indigenous and black populations of Honduras and their organizations have made progress, albeit slow, in establishing ongoing coordination with national society. These ties seek respect for the cultural and sociopolitical rights of these peoples and promote their managerial capacity, informing them of their legal rights at the national level and under international agreements and conventions.
- 1.15 ***Nongovernmental organizations that support the ethnic groups.*** NGOs provide significant support and management for indigenous peoples. In this regard, approximately 15 NGOs have been identified that are interested in the program. Religious movements, such as the Moraba church, Catholic groups, and others also support indigenous communities in development programs.

F. Rationale for an innovation loan

- 1.16 This program was designed as an innovation loan based on the following considerations: (i) it tests and validates an innovative methodology (ethno-engineering) through construction of infrastructure works in two pilot communities to adapt and adjust different works to the particular characteristics of indigenous and black populations; (ii) it has an evaluation and monitoring system adapted to that model, making it possible to demonstrate the benefits of adopting culturally and socially relevant actions; (iii) it promotes dialogue between the government and indigenous organizations and includes participatory methodologies throughout the project cycle; (iv) it supports training for the beneficiaries that includes gender equity, which makes it possible to determine their needs and subsequently to replicate the model on a larger scale; and (v) the lessons learned could be used in the future in similar, larger programs.
- 1.17 ***Ethno-engineering model.*** The new ethno-engineering model to be applied in the program is innovative and was prepared by highly skilled engineering and indigenous anthropology experts. The indigenous and black federations of

Honduras were also involved and approved the model's design. This new participatory methodology will be used in the preparation, execution, and monitoring of the projects through the ethno-engineering sectoral guidelines.⁴ The program also adapts the model to all levels, contributing technical innovations for the prioritization, design, execution, maintenance, monitoring/evaluation, and institutional transformations needed to channel program experiences to other sectors.

- 1.18 ***Demand-based program.*** This program is fueled by demand in indigenous and black organizations and communities. To that end, program preparation and execution includes broad, ongoing consultation with the beneficiaries, ensuring that most demand of the beneficiaries/communities is tapped and that the design of the work(s) to be performed is demand driven.
- 1.19 ***Multi-level training.*** One important element is training the beneficiaries according to the type of activities selected, which will make it easier to later replicate the model on a larger scale among similar vulnerable groups. The program methodology coordinates several elements present in all the activities, merging participatory methodologies with designs for works in a sphere of ethnic understanding.
- 1.20 ***Fostering dialogue.*** The program activities through component 2 specifically promote dialogue and cooperation between the government and indigenous and black organizations by: (i) having representatives from both sides participate in the execution plan; (ii) translating and circulating in native languages the draft laws aimed at consensus-building; (iii) promoting the formation of community nucleuses to help to promote program activities; and (iv) strengthening the national regulatory framework for indigenous and black affairs and promoting dialogue within and among ethnic groups, as well as coordination and cooperation between indigenous and black organizations and government institutions.
- 1.21 ***Program monitoring and evaluation system.*** The other element exclusive to the program is that an Evaluation and Measurement System (SEM) will be designed that is adapted to the ethno-engineering model to facilitate feedback from all the groups involved and from the sector. The SEM is an essential component for monitoring the model that will permeate all other program components and activities. The lessons learned through the SEM could later be used in other similar programs. The project team has decided to outsource the SEM, financing it as an independent component, since it is a new, exclusive evaluation and monitoring system for tracking the ethno-engineering methodology. The SEM is an important

⁴ The ethno-engineering guidelines are divided into three chapters: (i) identification and prioritization; (ii) design; and (iii) execution and maintenance. The design chapter has incorporated guidelines for the following sectors: highways, bridges, ports, rural housing, urban housing, basic sanitation, water supply systems, irrigation and drainage works, schools, health centers and hospitals, and community centers.

part of the pilot experiment in this program and will help to enhance and adjust the progress of the ethno-engineering methodology/guidelines.

- 1.22 ***Lessons learned.*** Upon completion of the program, the executing agency will have gained experience and learned new lessons that could be used to draw up additional operations in the sector. To this end, and based on the results of this experience, the country is expected to approach the Bank for support for another more comprehensive loan operation that is large enough to have a more significant and more meaningful impact on other indigenous and black populations and communities in Honduras.

II. DESCRIPTION

A. Objectives

- 2.1 The general program objective is to improve the environment for developing infrastructure investments in indigenous and black communities in Honduras. The specific objectives are to build infrastructure works, testing and validating the ethno-engineering model, and to promote social and gender equity.

B. Components

- 2.2 This operation is proposed as an innovative pilot initiative with the three main components described below:

1. Component 1: Validation and implementation of the ethno-engineering model in two pilot communities (Total: US\$1,661,600; IDB: US\$651,600; local contribution: US\$10,000; Austrian Trust Fund: US\$1,000,000)

- 2.3 This component tests the ethno-engineering model in two indigenous communities (see paragraph 1.2). The model was widely discussed with the program beneficiaries while it was being prepared; two pilot communities and federations were selected by consensus where the model will be tested and validated. The preselected communities are⁵ the community of *Belén (Masta-Moskitia Federation, municipality of Brus Laguna, department of Gracias a Dios)* and *Aldea Nueva Esperanza (Lenca Federation, municipality of Campa, department of Lempira)*. Based on the proposed model, these two communities selected the priority works to be financed under the program.
- 2.4 During program preparation, using technical cooperation funds, a team of external consultants and the Bank prepared the sectoral ethno-engineering guidelines that will be the basis for implementation of this component.

a. Workshop to adapt the ethno-engineering model to the pilot communities

- 2.5 The objective of this activity is to identify and prepare, bearing in mind the specific social, cultural, and environmental characteristics of the two beneficiary

⁵ The ethnic groups selected two pilot communities that are quite different from one another (in terms of geological/geographic situation, culture/customs, economic status) to validate/test the model in the two situations. Projects were selected based on a series of eligibility criteria including impact, the organizational experience and projects, managerial capacity and community cooperation, cost/benefits, land ownership situation, and environmental, social, and cultural vulnerability.

communities, the selection and design of infrastructure works of top priority to the community, within its life plan and long-term objectives.⁶

- 2.6 To this end, an initial workshop is planned in which the program executing unit (EU), which is fully responsible for holding the workshop, will convene experts on infrastructure (architects and engineers), sociocultural, and environmental areas, leaders and experts from the beneficiary communities, and representatives of the respective federations. In this workshop, the EU, with support from the experts, will prepare four documents determining: (i) the menu of infrastructure projects preselected by the beneficiary communities; (ii) the development plan for the beneficiary communities; (iii) the ethno-engineering guidelines adapted to the communities; and (iv) an initial draft of the terms of reference for predesigning the works.
- 2.7 The infrastructure needs of each community will be evaluated and prioritized based on their current situation and the development plan they are promoting. Given the large number of works needed in the communities, the works will be limited to the budget allocated for this component. The costs and benefits of the different options, the characteristics/technical specifications (including environmental ones) of the works, and the communities' capacity to move forward with their implementation based on the expected results of the pilot project will be examined. This exercise will permit the communities to take ownership of and responsibility for the pilot project, thereby ensuring its sustainability and continuation.
- 2.8 Following the workshop, the infrastructure work(s) will have been identified and adapted to the ethno-engineering guidelines for each community, the terms of reference prepared for their predesign, and the current situation of the communities (benchmarks) and long-term goals identified (development plan). This reflection will in turn help to train the communities (and their experts) to identify and prioritize community needs and ideal technical specifications for implementing successful infrastructure works and to manage projects to serve those needs.

b. Predesign of the works

- 2.9 This activity seeks to have the two communities participate in and approve the predesign of the infrastructure works to be executed. This will be achieved through a community feedback mechanism on the predesign, exploring important elements that define the nature of the works.

⁶ Development plans: this concept deals with the plans to develop the indigenous and black communities, conceived from a long-term perspective for several future generations, based on reflection on how the group understands the concept of development, from a cultural standpoint, and how it defines its future options vis-à-vis its ethnic and cultural integrity and reproduction. These plans, the result of reflection by the communities on their options for survival, involve whether or not to envision themselves as culturally cohesive groups in the future.

- 2.10 For the predesign of works, the EU will hire a firm, based on the terms of reference prepared during the workshop mentioned above. This will require the approval of the two beneficiary communities. The selected firm, together with each community, will prepare a draft predesign for the works, to be presented to the EU and the Advisory Board (AB) for their information and for comment before the final version of the predesign document is prepared.
- 2.11 This activity will result in a predesign study for the selected works in each beneficiary community. A technical sheet must be included (that contains technical specifications and environmental and sociocultural vulnerabilities) for the bidding on the design and the execution of the selected infrastructure works. It is essential for the two communities to be involved in and to approve the final predesign of the infrastructure works to be executed. The EU must receive the final comments and contributions from the two communities before proceeding with the next phase.

c. Design and execution of the works

- 2.12 For the final design and execution of the work, the EU will hire one firm/consortium based on the terms of reference in the predesign documents. The selected contractor will be responsible for preparing the final design and executing the works selected by the communities. The approval of the two beneficiary communities is required for hiring the contractor.
- 2.13 A community involvement component will be incorporated into the design to promote the sustainability and continuation of the project and training for the communities. The two beneficiary communities will be responsible for identifying and selecting community members to participate in designing the works.
- 2.14 Participation will be achieved through town meetings at which, once 75% of the work's design is complete, the contracted firm will present the most important aspects of the design to the beneficiary communities (architecture, engineering, environment and sociocultural aspects, materials, equipment, labor, costs, schedule, maintenance plan), and there will be an extensive Q & A session. This will help to familiarize the beneficiary communities with the design of the works and the contractor, in order to incorporate possible design changes, provided they better serve the purposes of the ethno-engineering model.
- 2.15 To execute the work, the contractor must include a community involvement component that incorporates local manpower and materials, as prescribed in the ethno-engineering guidelines. This component does not seek to include unskilled labor as a way to cut costs, but rather to train labor to carry out the works and to foster the autonomous development of the communities based on this participatory experience.

- 2.16 In addition to physical works, this component will produce plans, a maintenance manual, and an inventory of the basic tools needed for the works to enable the community to maintain them in the future.

2. Component 2. Strengthening of ethnic ties and the national regulatory framework (Total: US\$219,624; IDB: US\$173,224; counterpart: US\$46,400)

- 2.17 The objective here is to forge stronger ethnic ties and strengthen the national indigenous regulatory framework to promote equity and the gender dimension for indigenous and black populations in Honduras. Specifically, this component provides financing for training to strengthen ethnic ties at all levels of activity (central, regional, and local) and provides for the preparation of draft indigenous and black legislation in consultation with indigenous and black populations, government institutions, and civil society.
- 2.18 At the same time, once the Board has approved this operation, Management will authorize Canadian technical-cooperation funding in the amount of CAD\$225,000 (US\$146,075) for activities to strengthen cultural community groups for black and indigenous women. This initiative, which has already been approved by CAD, is an integral part of this program and is described in the technical-cooperation profile (TC-00-10-00-0) attached as Annex III.

a. Training Honduran ethnic groups

- 2.19 The program plans to help standardize basic cultural and legal concepts and legal terms that support the rights of Honduras' indigenous and black populations. This includes the *OAS Draft Declaration on the Rights of Indigenous Peoples*, the *Declaration on the Rights of Indigenous Peoples of the Working Group on Indigenous Peoples* (under the UN Sub-Commission on the Promotion and Protection of Human Rights), legal provisions at the national level, and ILO Convention 169.
- 2.20 To achieve this objective, the activities to be financed include training for all federations representing a Honduran indigenous or black population by a group of experts hired from universities and other institutions of higher learning. Financing will also be provided for per diems for the indigenous and black representatives to be trained, to ensure that they perform their program functions; the program also hopes to train representatives from key departmental institutions (i.e. municipalities) in close proximity to indigenous and black territories. These activities will have a multiplier, catalytic effect, drawing the two parties closer together, by strengthening ethnic, intraethnic, and interethnic ties and ties with local/regional authorities on indigenous and black affairs.

- 2.21 To achieve this objective, there will be a main team of trainers who will train nine teams of regional trainers. They in turn will train 50 to 60 teams of local (community) trainers.
- 2.22 Specifically, the program will fund the hiring of experts to: (i) train a team of indigenous and black representatives from each of the nine federations for four days, with a total of 18 persons to be trained; to the extent possible, all the federations will select representatives of both genders. This training will result in a main team of trainers from each ethnicity; (ii) the main team of trainers will travel to the region where each of the nine federations operates and will implement two to three training plans on the topics listed above, based on the number of inhabitants, among both indigenous and black communities and organizations and representatives of government institutions at the regional level, including high school teachers, persons in justice circles, public defenders, and the national police. At a minimum, nine departmental groups are expected to be trained in each of the nine federations in Honduras; (iii) the nine teams of regional trainers will train a team of local trainers in up to a maximum of 10 local communities, based on the number of inhabitants. This is expected to produce 50 to 60 local training teams.
- 2.23 This training activity plan is directed at all local and departmental levels of indigenous and black populations in Honduras at the central, regional, and community level. It expects to forge stronger ethnic ties that will benefit the exchange of information and experiences and consultation and dialogue mechanisms in the future. This is also expected to ease the conflicts and disputes between authorities and different ethnic groups that currently exist in some parts of the country.
- 2.24 The training activities will result in: (i) a qualitative increase in indigenous and black human resources in their communities, organizations, and federations as well as staff from local governmental agencies; (ii) better preparedness of those human resources trained to discuss matters dealing with indigenous and black rights in national and international forums on regulatory frameworks, conventions, and agreements, as well as in meetings and assemblies with government institutions and civil society; and (iii) protection of indigenous and black rights by the program's direct beneficiaries.

b. Preparation of draft proposed indigenous and black legislation

- 2.25 The objective here is to prepare draft proposed indigenous and black legislation, agreed to at the national level through participation by representatives of the nine indigenous and black federations, government institutions, and civil society on panels and in assemblies.
- 2.26 This operation will provide financing in two main areas: (i) consultation processes at the local, regional, inter-regional, and national level to draw up an initial draft;

and (ii) consulting expenses for international and national legal experts on the rights of indigenous and black peoples. There is the political resolve in Honduras to prepare such a draft, both in the government and in the different ethnic groups and civil society. Honduras is one of the few countries in Latin America that does not have indigenous and black legislation.

- 2.27 For the proposed activities and to ensure strong participation in the activities described above, the following will be held: (i) nine local consultation panels, one per federation, in which the federations with the help of specialized technical personnel will present basic guidelines for the preparation of the draft indigenous and black legislation; (ii) four regional consultation panels organized geographically among the federations. They will standardize environmental and social concepts of mutual interest to the federations; (iii) an inter-regional consultation panel for all the indigenous and black federations to prepare an initial consensus draft; and (iv) three national consultation panels, with participation by representatives from all the federations, government institutions, and NGOs; these three panels will permit all the groups involved to review the draft proposed indigenous and black legislation. Through this process of cross-cutting participation, the final draft proposed indigenous and black legislation agreed to at all levels and by all groups involved will be prepared, to be presented to the legislature.

3. Component 3. System for evaluating and measuring program performance (SEM) (Total: IDB US\$260,000)

- 2.28 This key component of the pilot operation was specifically designed to evaluate the ethno-engineering methodology. The SEM will support program evaluation to identify and implement the necessary tools for measuring the performance of the program and of the pilot projects in terms of their sociocultural, environmental, and economic return. Program funds will be used to hire a specialized firm to develop and execute the SEM, which will be a condition for execution that must be fulfilled within three months of the program being declared eligible for disbursements. The terms of reference for this are in the program's technical files. The relationship between the SEM and the EU will be established and specified in the program Operating Regulations. The performance targets and indicators to be used to monitor the program must have the no objection of the Bank.
- 2.29 Specifically, the component provides financing for the following key activities: (i) the design of a system to evaluate and measure the performance of the program and of the pilot projects, according to the terms of reference, with a focus on the effectiveness of the ethno-engineering methodology; (ii) the compilation and storage of data representative of the indicators defined when the model was designed; (iii) the analysis and publication of data based on an evaluation scale that can gauge and report on: program success to all the beneficiaries, the adaptability of the ethno-engineering guidelines, the participation of the federations, the design and

execution of the two pilot projects, and the program's performance in the beneficiary communities; and (iv) a self-correction mechanism for the SEM that makes it possible to gear the design to the needs and problems that arise during implementation of the system.

- 2.30 Upon completion of the program, the SEM must be able to show that the demand for works is driven by community satisfaction with the two pilot projects, establishing that they were carried out in an appropriate sociocultural context that meets the cultural and environmental needs or concerns of the beneficiary communities. The SEM must also be able to report that the methodology applied resulted in greater demand for infrastructure investments and indicate how the Bank could support or expand programs of this type that benefit all ethnic groups in Honduras, by providing extensive additional resources. The lessons learned through the SEM could be used later in other similar sector programs.

C. Program cost

- 2.31 The total program cost will be US\$2.78 million, which will be financed as follows: (i) US\$1.55 million from the Bank's Fund for Special Operations (FSO); (ii) US\$1 million from a cofinancing grant from the Austrian Trust Fund for Hurricane Mitch Disaster Assistance and Reconstruction for component 1; and (iii) US\$230,000 in local counterpart funds from the Government of Honduras, through budget allocations to the SGJ.

Table II-1. Costs per component and expenditure category (in US\$)

EXPENDITURE CATEGORY	IDB (FSO)	Local contribution	Austrian Trust Fund	TOTAL
1. ADMINISTRATION	217,210	98,990		316,200
1.1 Executing unit	125,000	43,900		168,900
1.2 Advisory Board expenditures	92,210	55,090		147,300
2. DIRECT COSTS	1,084,824	56,400	1,000,000	2,141,224
Component 1. Testing/adaptation of the ethno-engineering model				
2.1 Workshops to adapt the ethno-engineering model	11,600	10,000		21,600
2.2 Preinvestment study for selected works	60,000			60,000
2.3 Selection of works	280,000			280,000
2.4 Design, construction, and maintenance of works	300,000		1,000,000	1,300,000
Subtotal component 1	651,600	10,000	1,000,000	1,661,600
Component 2. Ethnic ties and regulatory framework				
2.5 Training of ethnic nucleuses	87,524	39,200		126,724
2.6 Preparation of proposed indigenous and black legislation	65,500			65,500
2.7 Consultation panels and process	20,200	7,200		27,400
Subtotal component 2	173,224	46,400		219,624
Component 3: SEM				
2.8 Design of the SEM	50,000			50,000
2.9 Data compilation and storage	60,000			60,000
2.10 Data analysis and adaptation of the SEM	150,000			150,000
Subtotal component 3	260,000			260,000
3. EXTERNAL EVALUATIONS	190,000			190,000
3.1 Midterm and final evaluations	85,000			85,000
3.2 Annual financial audits	105,000			105,000
4. CONTINGENCIES	42,466	10,000		52,466
5. FINANCIAL COSTS	15,500	64,610		80,110
5.1 Interest		39,220		
5.2 Credit fee		25,390		
5.3 Inspection and supervision	15,500			
TOTAL	1,550,000	230,000	1,000,000	2,780,000
Percentage	56%	8%	36%	100%

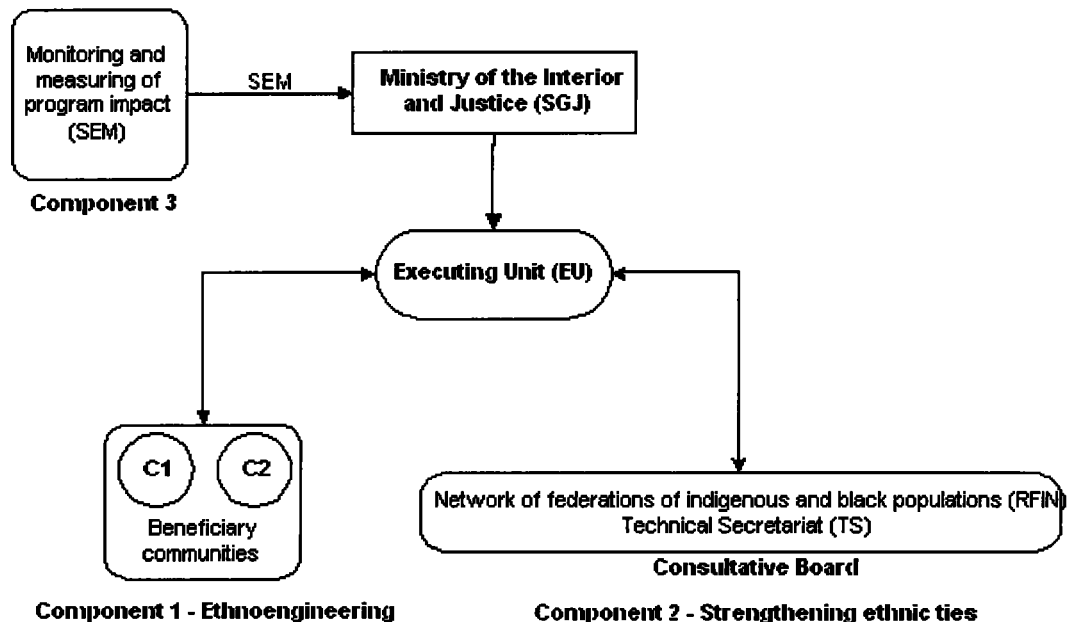
D. Social sector and poverty classification

2.32 This operation qualifies as a poverty-targeted investment (PTI), since it is aimed at improving living conditions in rural indigenous and black areas. The project does not specify performance indicators to measure poverty reduction and social equity enhancement; however, according to the Poverty Map of Honduras, over 75% of that population is living below the poverty line in conditions of extreme poverty in municipalities with low human development indices. The operation's investment component is focused in those areas, and the incidence of poverty is expected to exceed even 75%. Also, the program qualifies as a social equity-enhancing project insofar as it is intended to improve the condition of individuals in indigenous populations, particularly women, who are a crucial part of the family and social nucleus of indigenous and black communities. The program is therefore expected to produce better opportunities for the inhabitants of indigenous territories, by improving their welfare.

III. EXECUTION PLAN

A. Execution mechanism

- 3.1 By mandate of the Secretariat of the Presidency and based on the law (*Ley de Conformidad*) established in the amended Article 29 of Decree 115-98, the Secretariat of Interior and Justice (SGJ) has full legal power to act as the regulatory, enabling, and coordinating entity for cultural minorities in the country. Therefore, the SGJ, through the Executing Unit (EU), will be the program executing agency. The following is a diagram of the execution plan:



- 3.2 An Advisory Board (AB) will be formed, composed of the Network of indigenous and black federations—nine federations—and the Technical Secretariat (RFIN/ST). The Board will channel information, promote participation by the communities in program activities, and will have access to information on the use of the funds. Its general framework of action is set forth in the program Operating Regulations, together with the substantive standards that it will adhere to for implementation of the components, as well as the commitments and responsibilities of the SGJ, the EU, the AB, and the beneficiary communities. The draft Operating Regulations are in the program technical files. The terms of program participation, commitments, and the responsibilities of and relationship between the AB/beneficiary communities and the EU have been established in a letter of agreement of participation which is available in the program technical files.

1. Functions and activities of the EU

- 3.3 For program administration/execution, the SGJ will have an EU composed of: a general program coordinator, a technical/administrative assistant, a financial accountant, an expert on indigenous affairs, and an administrative accountant. The general coordinator will be hired by the SGJ through a public invitation to submit statements of qualification, in accordance with Bank procedures. Evidence that the EU has been set up and the general coordinator hired will be conditions precedent to the first disbursement of program funds. The EU will be responsible for the preparatory activities for procurements, evaluation, pre-awarding and management of contracts, general finances, and lending technical and general assistance to the program. Its specific responsibilities include preparatory activities for procurements, evaluation and pre-awarding of contracts, management of contracts and general finances, and lending technical and general assistance.

2. Financial management and reporting by the SGJ

- 3.4 The SGJ will keep separate accounts exclusively for loan proceeds in internal program accounts in the EU; accounting data will be provided in local currency with the equivalent in US dollars. The accounting system will be organized to provide the necessary documents, allow for the auditing of transactions, and facilitate the timely preparation of program financial statements and reports.

3. Functions and activities of the AB, composed of the Network of indigenous and black federations/Technical Secretariat (RFIN/ST)

- 3.5 An Advisory Board (AB) will be formed in support of and parallel to the EU. It will be composed of the Network of Federations of Indigenous and Black Populations (RFIN), which will be the political representation of the nine indigenous and black federations, and the Technical Secretariat, which will perform technical functions exclusively.
- 3.6 One function of the Board is to issue its opinion on the selection of individual consultants, consulting firms, and other program procurements.
- 3.7 The AB (RFIN/ST) will meet periodically, and the program will finance the travel, per diems, and stay of delegates during meetings. In addition, the AB must be informed of the central decisions on resource allocation and contracts and will be a main protagonist in the eligibility and selection of beneficiaries and bidders in the activities in component 2. Other responsibilities include coordination and acting as a facilitator and consensus-builder between the communities and the government, ensuring program progress. The Board must recommend the approval of the letter of agreement to be signed by the AB and EU, hear and consider the progress reports, and promote the activities suggested by the beneficiary federations. The AB will meet at least once a month and when deemed necessary, at the request of one

of the parties. The AB is expected to institutionally fulfill the function of social auditor of the program. The RFIN will ensure the representation of federation presidents (Council of elders) and of the leaders of beneficiary communities in the program.

- 3.8 The SGJ, through the EU, will be responsible for preparing: (i) as an integral part of the initial report on the general standards of the loan contract, the annual work plan for the first year, with the corresponding disbursement schedule, prepared in accordance with Bank guidelines, that will serve as the basis for preparing and evaluating the progress reports; and (ii) semiannual progress reports documenting activities over the last six months; and a work plan and disbursement schedule for the next period, in accordance with the indicators in the program's logical framework. These reports will be presented to the Bank for approval within 30 days of the conclusion of each six-month period.
- 3.9 The SGJ, through the EU, will procure the goods and services needed to execute the program, in accordance with Bank procurement policies and procedures. Goods and services for component 1 will be procured in direct consultation with the beneficiaries of the two target communities.

B. Monitoring and evaluation

- 3.10 Primary monitoring of the program will be performed through component 3—the evaluation and measurement system (SEM) (see paragraphs 1.21 and 2.28 to 2.30).
- 3.11 Program funds will be used to hire external consultants to perform a midterm and a final evaluation. The Bank will prepare the terms of reference for conducting those evaluations, in collaboration with the SGJ. A midterm evaluation is planned 15 months into the program or when 50% of the proceeds have been disbursed, whichever occurs first. The midterm mission will be preceded by activities in component 3, so that the data are properly collected and systematized. For program monitoring the indicators in the logical framework will be calculated periodically (see Annex I).
- 3.12 The firm selected to design and execute component 3 will collaborate on all evaluation activities and will give special attention to follow-up on recommendations and adjustments. The EU, through the external consultants, will keep the Bank, EU, AB, and beneficiary communities informed on an ongoing basis. The evaluation will address adjustments to procedures to satisfy the beneficiaries, regarding cultural identity and proper implementation of the principles of ethno-engineering.
- 3.13 The final evaluation will be performed three months after program completion. The external consultants will report on the performance of indigenous and black communities and women and on the possibility of replicating or extending this

experience through other Bank programs. They will also consider the lessons learned through the SEM and the findings of the final performance report.

C. Administration of donor resources

- 3.14 The program strategy is to provide comprehensive financing for two major components: (1) infrastructure works that include testing an ethno-engineering model and building priority works in two pilot communities. This will be financed through a US\$1 million grant in cofinancing from the Austrian Trust Fund for Hurricane Mitch Disaster Assistance and Reconstruction, a Bank innovation loan payable out of the net income of the Fund for Special Operations in the amount of US\$1.55 million and a local contribution of US\$230,000; and (2) technical-cooperation funding to forge stronger ethnic ties, with gender equity, with financing from the Canadian Technical Cooperation Program in the amount of CAD\$225,000 (US\$146,075), which Management will authorize once the Board of Executive Directors has approved the loan and local counterpart funding specified above in point (1).

D. Procedures for hiring and for procuring goods and services

- 3.15 Works will be contracted, related goods and services procured, and consulting services hired in accordance with Bank policies and procedures. International competitive bidding will be required for: (i) works, when their estimated cost is equal to or greater than the equivalent of US\$1 million; and (ii) related goods and services, when their estimated cost is equal to or greater than the equivalent of US\$250,000. An international competitive selection process will be required for contracting consulting services of more than the equivalent of US\$200,000. The contracting of works, procurement of related goods and services, and the hiring of consulting services for lesser amounts will be governed by the procedures established in Annex D, which will be an integral part of the loan contract.
- 3.16 This program does not provide for the procurement of goods equal to or greater than US\$250,000, or the contracting of works equal to or greater than US\$1 million.
- 3.17 The lesser amounts established in Annex D are as follows:
1. Invitation to submit statements of qualification or unlimited local competitive bidding:
 - Related goods and services: for amounts less than US\$250,000 and equal to or greater than US\$25,000
 - Works/installation: for amounts less than US\$1 million and equal to or greater than US\$50,000

- Consulting services: for amounts less than US\$200,000 and equal to or greater than US\$25,000.
- 2. Invitation to submit statements of qualification or limited local competitive bidding:
 - Related goods and services: for amounts less than US\$25,000
 - Works/installation: for amounts less than US\$50,000
 - Consulting services: for amounts less than US\$25,000.
- 3. Direct contracting:
 - Goods and related services and consulting services in amounts less than US\$1,000.
- 3.18 Funds to allow for participation by the representatives/delegates from the federations at Advisory Board meetings will be allocated based on a list of participants that has received the no objection of the Bank, as well as the schedule of regular and special meetings that are planned and that will be reflected in the Operating Regulations.

E. Disbursement schedule

- 3.19 The execution period will be 30 months and the disbursement period, 36 months. The tentative schedule for program disbursements is as follows:

**Table III-1: Disbursement schedule
(in thousands of US\$)**

Source	Year 1	Year 2	Year 3	Total
IDB	475	775	300	1,550
Austrian Fund	280	490	230	1,000
Local contribution	30	100	100	230
Total	785	1,365	630	2,780
Percentage	28%	49%	22%	100%

F. Auditing

- 3.20 The SGJ, through the EU, will present to the Bank the program's annual financial statements audited by a firm of independent public accountants acceptable to the Bank, within 120 days of the close of each fiscal year. Auditing costs will be financed with Bank loan proceeds.

G. Revolving fund

- 3.21 Based on the activities to be executed and the planned pace of execution of the program in the first year, it is recommended that a revolving fund be formed with up to the equivalent of 5% of the Bank's financing.

H. Contractual conditions

- 3.22 A special condition precedent to the first disbursement is that the program executing unit (EU) has been established and the general program coordinator hired in accordance with the terms of reference previously agreed to by the executing agency and the Bank.
- 3.23 As a condition for execution, within three months of the program having been declared eligible for disbursements, the SGJ must have hired the consultant for program follow-up, evaluation, and monitoring.

IV. BENEFITS AND RISKS

A. Benefits

- 4.1 The program will produce positive socioeconomic benefits and will help to reduce poverty, enhance equity between indigenous and black groups and the rest of the country, foster social inclusion of communities that, until now, have received scant attention, and contribute to the cultural development and enhancement of the participating communities. It also includes gender equity elements, by promoting the active involvement of women in identifying and selecting community needs, and will promote the leadership capacity of representatives of the participating groups.
- 4.2 The component to validate the ethno-engineering model will help to improve the efficiency of public spending on indigenous and black communities. In addition, the program will help establish a sound basis for economic growth in these communities by increasing the productive capacity of existing resources (land and labor) and adding works that will be financed with program funds. The information available does not permit a calculation of the cost/benefit ratios of these investments, however they are expected to be very positive, since the works will be executed under a participatory scheme with low labor costs, and they will be selected by ranking the most urgent needs of the populations to be served.
- 4.3 The component to strengthen ethnic ties and the regulatory framework contains activities directed at members of the communities, and women in particular, for more effective representation of the interests of those groups. This component will also include support for preparing draft legislation to enhance the protection and defense of the interests of the indigenous communities. Both the training and the legislation will favor the economic, social, and cultural development of these groups and will improve the potential for obtaining additional budget resources.
- 4.4 The component to develop and establish a system to evaluate the performance of programs in indigenous and black communities will provide information to enhance selection of the investment works, control the costs of the inputs procured, and mitigate the environmental impact, by increasing the efficiency of the financial resources allocated.

B. Risks

- 4.5 The main program risk is the institutional weakness of the indigenous organizations for coordinating and monitoring the program and pilot projects; the program itself mitigates this risk through component 2 on strengthening ethnic ties and establishing the regulatory framework to strengthen the managerial capacity of the federations and the Technical Secretariat and through the training of the regional,

local, and community teams. The program will maintain close coordination with other programs; with support from the international community, it will join efforts on implementing the participatory work methodology and consultation activities.

- 4.6 This other potential risk relates to the long periods for executing the works and activities, due to the participatory methodology being applied and the distance and remoteness of the beneficiary communities. During program preparation, mechanisms were identified for the federations to take ownership of the program, autonomy has been granted, and it has been ensured that decision-making is decentralized down to the level of the beneficiary communities. At the same time, there is an operating mechanism for inter-agency coordination to facilitate dialogue among the communities, local authorities (municipalities), and national entities.

C. Environmental feasibility

- 4.7 The pilot projects that will test the ethno-engineering model in two communities will include small infrastructure works for which environmental impact assessments are not considered necessary. Nonetheless, environmental feasibility will be incorporated into the project cycle.
- 4.8 The ethno-engineering guidelines that will be tested through the pilot experiments have incorporated environmental and sociocultural variables as follows: (i) throughout the project cycle, technical advisors will analyze direct and indirect environmental and sociocultural impact variables, with a view to introducing considerations and/or alternatives to mitigate the impact when selecting options; the actual identification of works will be contingent on environmental feasibility and the incorporation of the relevant risk prevention and occupational health elements; (ii) for the predesign and design phase of the works, the ethno-engineering model includes environmental and socio-cultural adjustments to the works' designs, so that they can adapt to climate and environmental conditions and cultural considerations regarding the location, management, and function of the works; (iii) to ensure the continuation of the works to be executed, their environmental and sociocultural sustainability variables will be taken into account when selecting alternatives and the final design; and (iv) the methodology includes technical support and training for the communities that seek to stress environmental and sociocultural variables in all phases of the pilot project cycle. None of the small works to be executed are expected to require resettlements.
- 4.9 The project addresses the issue of gender by: (i) devoting one specific activity to gender, "Strengthening key nucleuses of women in ethnic groups in Honduras," as part of the technical cooperation operation parallel to this program; and (ii) incorporating women into the consultation process for the identification and prioritization, design, execution and project maintenance phases. To that end, the ethno-engineering guidelines will contain specific gender methodologies to ensure

participation by women and different age groups (or generations), as well as equity between these segments.

- 4.10 The terms of reference for executing component 3 will incorporate the implementation of environmental and sociocultural indicators to ensure monitoring of the environmental and sociocultural variable throughout the program.
- 4.11 The terms of reference for the execution of the activity on preparing draft proposed indigenous and black legislation will include elements on managing the environmental variable in regulatory and institutional scenarios, following criteria on participation, environmental management, land use planning, and institutional structure.

LOGICAL FRAMEWORK
HO-0193 – PROGRAM TO SUPPORT INDIGENOUS AND BLACK POPULATIONS (PAPIN)

Objective Summary	Verifiable Indicators	Means of Verification	Assumptions
<p>the environment for investments in indigenous and black communities</p>	<p>Increase of X% in investment in infrastructure works in indigenous and black communities.</p> <p>A works delivery model is finalized, executed, and replicable.</p>	<p>Progress reports on the poverty-reduction strategy</p>	
<p>infrastructure works using engineering model and social and gender</p>	<p>Use of appropriate methodologies in the design, execution, and maintenance of the works in the pilot projects.</p> <p>The nine federations and two pilot communities are trained on legal, institutional, technical, environmental, and cultural matters by month 30 of the program.</p>	<p>SEM evaluation reports</p> <p>Semiannual reports of the EU</p> <p>Audit reports</p>	<p>The political commitment to ethnicity in the country is upheld.</p> <p>International cooperation is available.</p> <p>Awareness is raised among the non-indigenous and non-black population about basic cultural and legal concepts and rights for these ethnic groups.</p>
<p>on of the ethno-model in indigenous</p>	<p>Technical team from the federations is trained and capable of advising the communities and monitoring the works by the end of year one of program execution.</p> <p>Communities are consulted and are participating in all phases of the works in the two pilot projects by the end of month 30.</p> <p>Degree of satisfaction expressed by the communities exceeds X% by the end of month 30.</p>	<p>Semiannual project reports</p> <p>SEM evaluation reports</p> <p>Evaluation of the impact of the infrastructure works and training in the communities</p> <p>The builder has given the communities plans, manuals, and tools developed using the program methodology for executing additional works</p>	<p>Builders are interested in participating in the program.</p> <p>Labor is available for executing the works.</p>

ative Summary	Verifiable Indicators	Means of Verification	Assumptions
<p>2</p> <p>ethnic ties and the regulatory framework</p>	<p>Training persons, with gender equity, on indigenous affairs at all levels of execution: central (COTAINÉ), regional (federations), and community (interest groups) by month 30 of the program.</p> <p>Draft indigenous legislation 30 months into the program to develop draft indigenous and black legislation in the existing national regulatory framework.</p> <p>Network of indigenous and black federations is installed by ministerial agreement six months into the program.</p>	<p>Periodic meetings are scheduled and approved by the Multisectoral Technical Committee and the program execution unit.</p> <p>Cultural nucleuses of women are organized in the communities and a proposed government agenda prepared, in agreement with the federations.</p>	<p>The federations adopt the equity-d methodology.</p> <p>Traditional spheres are opened for participation and leadership by women indigenous persons, and blacks.</p> <p>Advocacy is institutionalized by the official post of Commissioner Groups.</p> <p>There is mutual willingness to engage in ongoing dialogue.</p>
<p>3</p> <p>t of a system to measure program (SEM)</p>	<p>A specialized firm is hired within three months of the start of the program to design the SEM.</p> <p>Indicators to measure performance are identified for each program activity X months into the program.</p> <p>Representative data for the indicators are compiled and stored X months into the program.</p> <p>Data analysis and feedback on the program, the ethno-engineering guidelines, and the SEM X months into the program.</p> <p>The data and lessons learned are published 30 months into the program.</p>	<p>Program progress reports to the Bank and beneficiaries every two months starting at the beginning of the program.</p> <p>Semiannual evaluation report on the program and the methodologies applied.</p> <p>System for publishing program data and findings on the web.</p>	<p>The main stakeholders in the program committed to actively, regularly communicate to the SEM.</p>

ptive Summary	Verifiable Indicators	Means of Verification	Assumptions
cies	Check against the budget	SEM report Predesign document, design of the works Document on supervision of the works Aide-mémoire from open town meeting on the design of the works Acts from the consultation panels Semiannual progress reports Data publication system Publication on a web page	The main stakeholders are commi actively, regularly contribute to th and the SEM. Acknowledgement of the shared p the federations, in the context of t

PROCUREMENT PLAN

[illegible]

TECHNICAL COOPERATION PROFILE

HONDURAS

28 AUGUST 2001

Project name: Strengthening ethnic ties with gender equity

Fund name: Canadian Technical Cooperation Program (CANTAP-2)
(Special contribution from Canada to support reconstruction in Central America).

Project team: María Margarita Núñez (RE2/FI2), Juan Pablo Severi (COF/COH), Dana Martin (LEG/OPR), Gerhard Lair (RE1/OD1), Teresa Aparicio and Alex Reising (consultants), and Diego Belmonte (RE2/FI2), Project Team Leader.

TC number: TC-00-10-00-0

Beneficiary country: Honduras

Executing agency: Secretariat of Interior and Justice (SGJ)

Financing plan: CANTAP-2: Can\$225,000
Total: Can\$225,000

Exception to the agreement between the IDB and Canada: The beneficiary will hire the consulting services.

Execution period: 6 months

Disbursement period: 12 months

I. CONTEXT AND BACKGROUND

- 1.1 The purpose of the Program to Support Indigenous and Black Communities (PAPIN) is to support the inclusion and serve the different infrastructure needs of indigenous and black communities in Honduras, by strengthening the intervention policy using the cosmovision of those peoples. To this end, mechanisms for dialogue between the government and indigenous and black communities are needed to facilitate coordination between the two parties.
- 1.2 Although the State legally recognizes these communities as national heritage, it has significant difficulty serving them. In most cases, indigenous and black communities' cultural traits and customs are different from traditional Western ones, such as the use of participatory community methodologies for decision-

making, designing and executing works, and reaching consensus in the communities on investment priorities or selecting criteria for awarding projects.

- 1.3 The strategy for this operation consists of providing comprehensive financing for two major components: (1) infrastructure works that include testing an ethno-engineering model and building priority works in two pilot communities. The total direct cost would be US\$1,525,000, the strengthening of ethnic ties, US\$200,000, and an evaluation and measurement system, US\$270,000. This will be financed through a cofinancing grant from the Government of Austria for US\$1 million, a Bank innovation loan of US\$1.5 million and the local contribution of US\$280,000; and (2) technical cooperation to promote social and gender equity by strengthening cultural nucleuses of women, and the preparation of proposed indigenous legislation for Honduras financed by the Canadian Technical Cooperation Program (CANTAP-2) totaling Can\$225,000 (equivalent to US\$146,075).
- 1.4 Upon completion of the program, the executing agency will have gained experience and learned new lessons that could be used to draw up additional operations in the sector. To this end and based on the results of this experiment, it is proposed that in the future the Bank support another broad loan operation for a sufficient amount to have a more significant, major impact on other indigenous and black populations and communities in Honduras.

II. OBJECTIVES

- 2.1 The general objective of this technical cooperation (TC) operation is to forge stronger ethnic ties and strengthen the national indigenous regulatory framework to promote equity for indigenous and black populations in Honduras. Specifically, it provides financing for activities that are a key part of the program: strengthening cultural, community nucleuses of women in Honduran ethnic groups.

III. DESCRIPTION

1. Strengthening cultural, community nucleuses of women in Honduran ethnic groups

- 3.1 During program preparation, it was found that the needs identified by women in the communities were activities that benefit the entire family/community, as well as the network of extended families or relations. Women's organizations, which are key to the social life of the communities, have a low level of representation in regional and national joint indigenous/black organizations; however it is there that the priorities for programming regional activities are identified. In light of this, during program preparation, it was decided with the indigenous and black federations of Honduras that training activities aimed at the community organizations of indigenous and black women in each of the nine federations would be financed.

- 3.2 In the context of the program, the concept of cultural, community nucleuses of women refers to activities of various types for which women meet to work together, coordinate, and train each other to play a more proactive role in community management or decision-making. It is important to underscore the importance of these nucleuses in the training and the execution of activities, putting theory into practice on matters such as community maintenance of infrastructure works.
- 3.3 Training activities will be funded for women in 90 communities (10 per federation). Those same women, by community group, will identify, design, and implement cultural nucleuses in their own communities. US\$500 will be allocated to conduct the activities in each such nucleus.
- 3.4 The specific activities to be financed are: (i) hiring experts to train a team of indigenous and black women from each of the nine federations for four days, for a total of 18 persons to be trained. This will produce a main team of trainers of different ethnicities; (ii) that main team will travel to the region where each of the nine federations operates and will execute 10 training schemes in as many communities and/or women's organizations. This will produce 90 teams of trainers at the local level; and (iii) the 90 teams, once trained, will prepare the design model for a cultural, community axis in each community, by community team. This will design, establish, and implement 90 cultural nucleuses for women in the communities.

IV. RATIONALE

- 4.1 As explained in Section I, the proposed technical cooperation operation is the key component for strengthening ethnic ties. It contains training activities aimed at members of the communities, and women in particular, for more effective representation of the interests of these groups. The training activities will also help to promote the economic, social, and cultural development of these groups.
- 4.2 With the Eighth General Increase in the Resources (document AB-1704), the Bank made the specific commitment to step up its efforts to promote the development of indigenous and black groups in a context of poverty reduction and social equity and to systematically include this issue in regular Bank activities.
- 4.3 This technical cooperation operation is consistent with the Bank's country paper, which establishes support for the reconstruction and transformation process in Honduras as its central objective. The Master National Transformation and Reconstruction Plan sets the following priorities: (i) stepping up economic growth and the fight against poverty; (ii) promoting the development of human capital; (iii) sustainable management of natural resources; and (iv) strengthening government bodies and democracy building. This operation covers these objectives, because it helps to establish a sound basis for economic growth in the beneficiary populations; strengthen ethnic ties, training, and active involvement by indigenous

and black persons and by women; and strengthen government agencies in their regulatory capacity, since it supports the preparation of draft legislation.

V. BUDGET

- 5.1 The estimated budget for this technical cooperation operation is Can\$225,000, broken down as follows:

CATEGORIES	IDB (thousands of Can\$)	Percentage
1. Fees, international consultants	47,597	26.0
2. Other expenses, international consultants	58,531	21.2
3. Fees, national consultants	12,322	5.5
4. Training teams, training nucleuses of women	106,550	47.3
Total	225,000	100

- 5.2 The total cost of this operation is estimated at Can\$225,000 (equivalent to US\$146,075) and will be financed with proceeds from the Canadian Technical Cooperation Program (CANTAP-2). In all, 50% of the funds from that contribution are tied to expenditures for consulting services to be provided by Canadian consultants.¹ The detailed budget is in the project's technical files.

VI. EXECUTION

- 6.1 By mandate of the Secretariat of the Presidency and based on the law (*ley de conformidad*) established in the amended Article 29 of Decree 115-98, the Secretariat of Interior and Justice (SGJ) has full legal power to act as the regulatory, enabling, and coordinating entity for cultural minorities in the country.
- 6.2 The SGJ, through the executing unit (EU), will be the executing agency. It will also work with the Advisory Board (AB), composed of the Network of indigenous and black federations—nine federations—and the Technical Secretariat (RFIN/ST); the AB will channel information, encourage/promote participation by the communities in program activities, and will see that the funds are being properly used.
- 6.3 For the administration and execution of the TC operation, the program execution plan will be followed.

¹ The exchange rate for the Canadian dollar was Can\$1.5403 per US\$1 as of 13 August 2001.

- 6.4 One exception is requested to the provisions of the Agreement on the Canadian Technical Cooperation Fund (CANTAP-2): the beneficiary would hire the consulting services for implementing program activities, in accordance with Bank standards and procedures. It is also requested that operation proceeds be transferred to the beneficiary.

VII. REPORTS

- 7.1 The consultants will present monthly reports on the progress of their work. Upon completion of their services, they will present final reports with an executive summary of no more than three pages.

VIII. BANK OFFICIAL RESPONSIBLE

- 8.1 The Bank Country Office in Honduras will be responsible for supervising this operation and approving the disbursements. The official responsible at that office is Mr. Juan Pablo Severi (Tel. (504) 232-4838; Fax (504) 232-8953; E-mail: juanpablos@iadb.org).

IX. RECOMMENDATIONS

- 9.1 The Finance and Basic Infrastructure Division recommends the approval of this operation and the use of proceeds from the Canadian Technical Cooperation Program (CANTAP-2) in the amount of Can\$225,000 (equivalent to US\$146,075) to finance the activities indicated in this operating plan.

X. CERTIFICATION

- 10.1 I hereby certify that this operation was initially approved by the donor, the Canadian Technical Cooperation Program (CANTAP-2), through a letter dated 16 May 2000 and through verbal acceptance of the final project design on 10 August 2001 by Nicole Gesnot-Dimic, EXD CA. I also certify that Can\$225,000 is available in CANTAP-2 to finance the activities described above and budgeted in this technical cooperation profile. These funds will only be committed and disbursed by the Bank in Canadian dollars. That currency will be used to set wages and pay the consultants, except for local consultants whose wages will be established and paid in the corresponding local currency. No resources from the Fund will be made available to cover amounts in excess of those guaranteed in this profile. Higher amounts than those guaranteed here may result from contract commitments denominated in a currency other than that of the Fund, which translates into differences in the exchange rate, for which the Fund assumes no risk.

Arnoldo M. da Fonseca, RE2/TEC

Date _____

XI. APPROVAL

(TC-00-10-00-0 – Strengthening ethnic ties with gender equity)

Marcelo Antinori, RE2/FI2

Date _____

PROPOSED RESOLUTION

HONDURAS. LOAN ____ /SF-HO TO THE REPUBLICA DE HONDURAS
(Program to Support Indigenous and Black Communities –PAPIN-)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Program to Support Indigenous and Black Communities –PAPIN-. Such financing will be for the amount of up to US\$1,550,000, or its equivalent in other currencies, except that of Honduras, which are part of the resources of the Bank's Fund for Special Operations, and will be subject to the "Financial Terms and Conditions" and the "Special Contractual Conditions" of the Executive Summary of the Project Report.

PROPOSED RESOLUTION

HONDURAS. NONREIMBURSABLE TECHNICAL COOPERATION FOR A
PROGRAM TO SUPPORT INDIGENOUS AND BLACK COMMUNITIES -PAPIN-

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with the "República de Honduras", and to adopt such measures as may be pertinent for the execution of the program which is referred to in Document PR-____, with respect to a Program to Support Indigenous and Black Communities -PAPIN-.
2. That up to the equivalent of US\$1,000,000, is authorized for the purposes of this resolution, chargeable to resources of the Austrian Technical Cooperation Trust Fund for the Reconstruction of Central American Countries Affected by Hurricane Mitch, administered by the Bank, for the execution of the Program referred to in paragraph 1.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.