

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **HONDURAS**

### **PROPOSED REFORMULATION OF THE PROJECT FOR COMPREHENSIVE STRENGTHENING OF TEGUCIGALPA'S TRAUMA AND EMERGENCY CARE NETWORK (4713/BL-HO)**

### **TO FINANCE THE IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL CORONAVIRUS AND MITIGATE ITS IMPACT ON SERVICE DELIVERY IN HONDURAS IPHR-HO-2**

**(HO-L1199)**

### **REFORMULATION PROPOSAL**

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## ABBREVIATIONS

AEPAS-H	Agencia Estratégica de Proyectos Productivos, Ambientales y Sociales de Honduras [Honduran Strategic Agency for Productive, Environmental, and Social Projects]
AMC	Advance market commitment
BCH	Banco Central de Honduras [Central Bank of Honduras]
CONATEL	Comisión Nacional de Telecomunicaciones [National Telecommunications Commission]
DAPOI	Departamento de Auditoría en Apoyo a Organismos Internacionales [Audit Department for International Agency Projects]
DGRSS	Dirección General de Redes Integradas de Servicios de Salud [Bureau of Integrated Health Service Networks]
ECI	Externally caused injury
EPI	Expanded Programme on Immunization
ESMP	Environmental and social management plan
GESALUD	IDB project execution unit for decentralized health management
ICU	Intensive care unit
IDB	Inter-American Development Bank
IHSS	Instituto Hondureño de Seguridad Social [Honduran Social Security Institute]
IPHR-HO-2	Second Program for the Immediate Public Health Response to Contain and Control Coronavirus (COVID-19) and Mitigate Its Impact on Service Delivery in Honduras
MSMEs	Micro, small, and medium-sized enterprises
NICQ	National individual consultant selection based on qualifications
PAHO	Pan American Health Organization
PEPR	Plan Estratégico de Preparación y Respuesta al COVID-19 [Strategic Plan for COVID-19 Preparedness and Response]
PEPR-HO	Plan para la Contención y Respuesta a la Pandemia por COVID-19 en Honduras [Plan for COVID-19 Pandemic Containment and Response in Honduras]
PNIV	Plan Nacional de Introducción de la Vacuna Contra la COVID-19 [National Plan to Introduce the COVID-19 Vaccine]
PPE	Personal protective equipment
QCBS	Quality and cost based selection
SEFIN	Ministry of Finance
SESAL	Ministry of Health
SINAGER	Sistema Nacional de Gestión de Emergencias y Riesgos [National Emergency and Risk Management System]
SIVS	Sistema de Información de Vigilancia para el COVID-19 [COVID-19 Surveillance Information System]
TSC	Tribunal Superior de Cuentas [Superior Court of Accounts]
USAID	United States Agency for International Development
UVS	Unidad de Vigilancia de la Salud [Health Surveillance Unit]
WHO	World Health Organization

## **I. BACKGROUND AND PROGRESS OF THE PROJECT FOR COMPREHENSIVE STRENGTHENING OF TEGUCIGALPA'S TRAUMA AND EMERGENCY CARE NETWORK**

### **A. Purpose and government's request for reformulation of the project for Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network**

- 1.1 The purpose of this document is to request approval from the Bank's Board of Executive Directors to reformulate the project "Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network," loan contract 4713/BL-HO, in order to use the loan proceeds to finance a second program under the Immediate Public Health Response to Contain and Control Coronavirus (COVID-19) and Mitigate Its Impact on Service Delivery in Honduras (IPHR-HO-2).
- 1.2 **The government's request.** The Government of Honduras, via Ministry of Finance (SEFIN) official letter DGCP-FE-625/2021 of 21 June 2021 ([optional link 6](#)), asked the Bank to utilize resources from the project "Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network" to finance actions proposed in IPHR-HO-2.

### **B. Background, progress, and proposed changes to the project**

- 1.3 **Background and status of the project "Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network" (loan 4713/BL-HO).** The objective of loan 4713/BL-HO is to strengthen the supply of trauma and emergency services in Tegucigalpa and the central-southeast region of Honduras by building a new trauma hospital, to improve the quality of life and care of patients with externally caused injuries (ECIs). This loan was approved by the Board on 12 December 2018 for US\$53.82 million. The contract was signed on 10 October 2019 and entered into effect on 10 December 2019. Although the project became eligible for disbursements in August 2020, the conditions for the start of execution have not yet been met. The project was designed with the Ministry of Health (SESAL) as the executing agency; however, SEFIN twice requested that the executing agency be changed. The first change occurred prior to signature of the loan contract.<sup>1</sup> The second change was formalized in January 2021,<sup>2</sup> with the Honduran Strategic Agency for Productive, Environmental, and Social Projects (AEPAS-H)<sup>3</sup> becoming the new executing agency. The failure to consolidate AEPAS-H, as well as purchase land for construction of the hospital, delayed the start of such key activities as engaging the firm to design the trauma hospital. Under current conditions, the Government of Honduras would not begin construction of the trauma hospital until 2023, as the government would have to make headway on purchasing land and designing the works. Given the current health emergency and the challenges involved in addressing it, the Government of Honduras has requested that the Bank redirect the resources in 2021, and that the executing agency be changed to SESAL, given its experience in executing the first program for the Immediate Public

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<sup>1</sup> From SESAL to INVEST-H.

<sup>2</sup> Amendatory contract 1 of loan contract 4713/BL-HO.

<sup>3</sup> AEPAS-H was created by Executive Decree PCM-004-2020 of 6 February 2020.

- Health Response to Contain and Control Coronavirus (COVID-19) and Mitigate Its Impact on Service Delivery in Honduras (IPHR-HO-1).
- 1.4 **Proposed changes.** To support IPHR-HO-2, a total of US\$53.82 million will be redirected from the project “Comprehensive Strengthening of Tegucigalpa’s Trauma and Emergency Care Network” (loan 4713/BL-HO), which represents a 100% reduction of the original budget.
  - 1.5 By component, the following activities will no longer be financed: Component 1, for an amount of US\$52,160,000: (i) design, supervision, and construction of the trauma hospital; (ii) equipping of the trauma hospital; and (iii) technical assistance for strengthening the Ministry of Health (SESAL) in the process of design, construction, and supervision of health care infrastructure. Component 2, for an amount of US\$653,200: (i) technical assistance for developing an ECI and emergency care model; (ii) a plan for hospital opening and operation; (iii) the hospital’s information system; and (iv) the system for communication between ambulances and hospital emergency services. Component 3, for an amount of US\$1,006,800: project administration, audit, and evaluation costs (see [optional link 7](#)).
  - 1.6 **Environmental and social risks of the reformulation.** The project to be reformulated, originally classified as a Category “B” operation, will have no social or environmental liabilities as a consequence of its reformulation. Additionally, SESAL will communicate the project’s change in scope to all stakeholders who participated in the public consultation, specifically the trauma hospital that was to be built (see Annex B of the [environmental and social management report](#)).

## II. REFORMULATION PROPOSAL AND RATIONALE

### A. Background, problem to be addressed, and rationale

- 2.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. As of 27 August 2021, the WHO had reported over 215,814,873 cases worldwide and recorded 4,477,855 deaths<sup>4</sup> and a mortality rate of 2.1%. The first cases in Latin America and the Caribbean were identified in late February 2020. Currently, it is one of the regions hardest hit by the pandemic with over 42.3 million confirmed cases of COVID-19, 1.4 million deaths, and a mortality rate of 3.4%, as of 27 August 2021.
- 2.2 **Macroeconomic and/or social context.** The Honduran economy had been one of the region’s most dynamic but began slowing in 2018 and fell off sharply in 2020. From 2014 to 2019, average annual economic growth was 3.8%, above that of Central America (3.5%) and Latin America and the Caribbean (2%).<sup>5</sup> However, amid the health and economic crisis caused by the COVID-19 pandemic, as well as Hurricanes Eta and Iota in November, the economy shrank

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<sup>4</sup> <https://www.iadb.org/es/coronavirus/current-situation-pandemic>.

<sup>5</sup> Compared with 4.8% in 2017, 3.7% in 2018, and 2.7% in 2019 (World Bank, 2020. Honduras. Overview). Growth in 2019 was below the five-year average as a result of the contraction in agricultural production due to a major drought and the slowdown in the global economy. These factors led to a decline in foreign and domestic demand, especially for exports and investment.

9.0% in 2020, according to the Central Bank of Honduras (BCH), due to the contraction in consumption and private investment, as well as exports of goods and services. At the same time, the Economic Commission for Latin America and the Caribbean estimated that the damage and losses caused by the tropical storms were equivalent to 9% of GDP in 2020. On the fiscal side, the two crises brought the nonfinancial public sector deficit to 5.5% of GDP (the highest since 2013, when it was 7.5% of GDP), pushing the public debt up from 44.4% of GDP in 2019 to 55.0% in 2020. The pandemic and the hurricanes also exacerbated social challenges, with unemployment reaching double digits (from 5.7% in 2019 to 10.9% in 2020),<sup>6</sup> and poverty rising by at least five percentage points in 2020.<sup>7</sup> Going forward, the BCH expects the economy to bounce back with 4.2% growth in 2021,<sup>8</sup> which would signify a recovery of precrisis growth levels. In addition, the country would return to a deficit of 1% of GDP in 2023, consistent with the path in the Fiscal Responsibility Law.

- 2.3 **Problem to be addressed.** The first case of COVID-19 in Honduras was recorded on 10 March 2020. As of 27 August 2021, there were 333,930 confirmed cases and a total of 8,802 deaths with a mortality rate of 2.6%.<sup>9</sup> The incidence and mortality rate of COVID-19 rose rapidly from the outset, reaching a first peak between epidemiological weeks 24<sup>10</sup> and 44<sup>11</sup> of 2020 with a daily average of 621 cases and 17 deaths. In epidemiological week 3<sup>12</sup> of 2021, a second peak began that persists to this day with a daily average of 787 new cases and 21 deaths<sup>13</sup> (see Figure 1). The incidence rate of COVID-19 cases has risen from 2020 to 2021. The cumulative incidence rate in epidemiological weeks 23 to 30 in 2020 was 211 cases per 100,000 inhabitants, versus 299 cases per 100,000 inhabitants during the same period in 2021.<sup>14</sup> Considering the relatively low cumulative testing rate of 7,023 tests per 100,000 inhabitants<sup>15</sup> in 2021, and the high positivity rate of 33%,<sup>16</sup> the incidence of cases is likely much higher.<sup>17</sup>

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<sup>6</sup> Ongoing Multipurpose Household Survey, 2019 and 2020.

<sup>7</sup> Estimates from the Cabinet Committee for Social Affairs of Honduras.

<sup>8</sup> BCH, 2021 [Análisis Macroeconómico Programa Monetario](#).

<sup>9</sup> Office of Communications and Presidential Strategy of the Government of Honduras. (<https://www.covid19honduras.org>).

<sup>10</sup> From 15 to 21 June.

<sup>11</sup> From 28 October to 3 November.

<sup>12</sup> From 18 to 24 January.

<sup>13</sup> Health Surveillance Unit (UVS) (paragraph 2.1), SESAL (2020-2021).

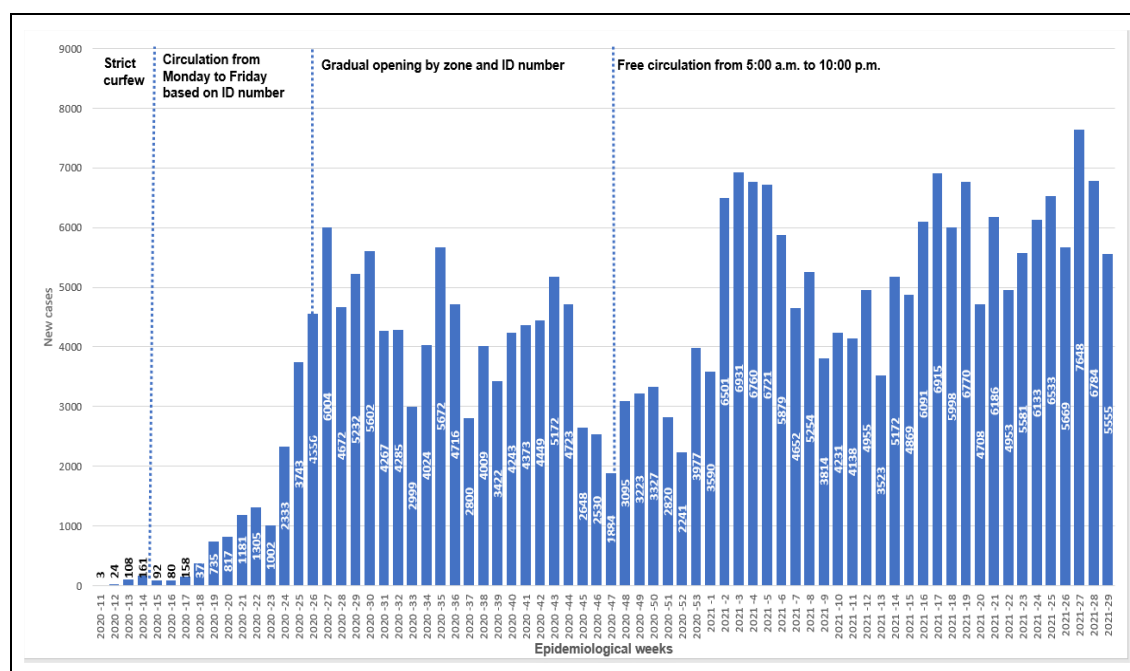
<sup>14</sup> Idem.

<sup>15</sup> UVS, Laboratory Module. SESAL. July 2021.

<sup>16</sup> The number of positive tests out of the total number of tests performed throughout 2021.

<sup>17</sup> COVID-19 Newsletter. UVS. SESAL. 13 July 2021.

**Figure 1. Positive cases per epidemiological week  
March 2020 to July 2021**



- 2.4 The average daily number of hospitalizations due to COVID-19 has increased steadily since epidemiological week 3 of 2021.<sup>18</sup> High occupancy rates have also been reported for COVID-19 hospital wards and intensive care units (ICUs) at 75% and 95%, respectively.<sup>19</sup>
- 2.5 As a result of the pandemic, essential care services diminished in 2020 compared with 2019. For example, prenatal care decreased by 10%, care for children under age five by 36%, and hospital visits and discharges for diabetes and hypertension by 36%.<sup>20</sup>
- 2.6 **Challenges and progress.** As part of the pandemic response, the Government of Honduras organized leadership bodies and implemented mechanisms and tools for interagency planning and coordination. The government declared a state of emergency on 10 February 2020,<sup>21</sup> and a state of exception on 15 March 2020.<sup>22</sup> On the same day that the state of emergency was declared, the National Emergency and Risk Management System (SINAGER), the interagency entity responsible for coordinating and leading the pandemic

<sup>18</sup> Data from the UVS and the National Emergency System.

<sup>19</sup> Newsletter DSSNA\_SESAL. SE\_1-26/2021.

<sup>20</sup> Results-based management system, UPEG-SESAL, 2021.

<sup>21</sup> Executive Decree PCM-005-2020 of 10 January 2020, amended by Executive Decree PCM-016-2020.

<sup>22</sup> Executive Decree PCM-021-2020 of 16 March 2020, amended by Executive Decree PCM-022-2020 of 21 March 2020.

emergency response, was activated.<sup>23</sup> SESAL is the apex institution of the health sector and, as such, coordinates and organizes service delivery and COVID-19 vaccine deployment.

- 2.7 With support from the Pan American Health Organization (PAHO), SESAL developed the Plan for COVID-19 Pandemic Containment and Response in Honduras (PEPR-HO) ([optional link 2](#)), which includes the priorities and interventions to be carried out to contain and respond to COVID-19, in accordance with WHO guidelines. This plan has enabled interagency coordination and alignment and harmonization of external cooperation. To make progress on implementation of the PEPR-HO, SESAL<sup>24</sup> needs to be strengthened in the monitoring and supervision of the plan.
- 2.8 **The main actions taken by the Honduran government to contain COVID-19 continue to be social distancing and personal protection measures.** To slow down the exponential curve of contagion and spread out cases requiring hospitalization, SINAGER imposed lockdown and social distancing measures at the outset of the pandemic. Under these provisions, schools and businesses were closed, and circulation was allowed only for essential activities. These measures were eased, starting in November 2020, with a view to enabling economic recovery and due to a drop in the incidence of cases. The relaxation of certain nonpharmaceutical measures, along with the spread of new strains of the virus and problems related to early access to COVID-19 vaccines, have made it difficult to control the pandemic.
- 2.9 **Strengthening of epidemiological surveillance has helped to improve monitoring of the pandemic's evolution, but strengthening of the recording and generation of information for analysis and timely decision-making is also needed.** Information on the number of COVID-19 cases and deaths is generated by the Health Surveillance Unit (UVS), whereas SINAGER is tasked with publishing it. The UVS needs to improve its ability to generate COVID-19 data, monitor the spread of the virus, and assess the impacts on health services. With support from PAHO and other cooperation partners, the COVID-19 Surveillance Information System (SIVS) was developed and has been implemented in 13 out of 20 health regions, 6 out of 191 triage centers, and 10 out of 27 hospitals equipped to care for patients with COVID-19.<sup>25</sup> In terms of enhancing the use of the SIVS, IT equipment and connectivity is still lacking in health regions and health care facilities.
- 2.10 **Diagnostic test processing capacity has improved, but there are still shortages of laboratory supplies and reagents, as well as challenges in notifying the system and users of COVID-19 test results.** With the support of cooperation partners, including PAHO, USAID, and the Bank, the Government of Honduras equipped three virological laboratories and strengthened the capacity

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<sup>23</sup> SINAGER was created by Legislative Decree 01-2010 and activated by Executive Decree PCM-005-2020, approved at the cabinet level.

<sup>24</sup> The SESAL units responsible for such monitoring are the Decentralized Management Unit, the Department of First-level Care, and the Department of Second-level Services.

<sup>25</sup> Source: UVS.

- of the central laboratory to improve PCR testing.<sup>26</sup> As a consequence, the percentage of tests performed increased 37%, and the time to return results shortened from seven days to 48 hours (in 2020, an average of 1,500 tests were processed per day at the most, whereas currently up to 4,000 tests are processed).<sup>27</sup> One of the obstacles to increasing testing is the supply of reagents and supplies in virological laboratories. In addition, while the times for issuing results have improved, challenges remain in reporting test results to the epidemiological surveillance system, health care services, and users. Users have to travel to triage centers to obtain test results, which increases the risk of transmitting the disease to others.
- 2.11 **Vaccination is vital to interrupting the chain of transmission.**<sup>28</sup> **The Honduran government's objective is to vaccinate the population over age 12.** The Expanded Programme on Immunization (EPI) and PAHO developed the **National Plan to Introduce the COVID-19 Vaccine (PNIV)** ([optional link 9](#)), which describes the activities and costs related to introducing and deploying the vaccine.
- 2.12 The PNIV contains a strategy for gradual, country-wide deployment (starting with the areas with the highest incidence concentration and number of inhabitants) and prioritization of occupational, age, and health-status groups<sup>29</sup> with the highest mortality and morbidity rates. This complies with WHO equity recommendations by first protecting the most vulnerable individuals, i.e., those most exposed to the risk of infection or death.
- 2.13 The population to be vaccinated in Honduras is an estimated 6.8 million individuals over the age of 12. The priority groups have been identified as public and nonpublic health workers, adults over age 60, people with comorbidities and underlying conditions, and essential workers. In addition, priority has been put on cities with the highest population concentration and greatest incidence, as well as to the poorest departments with access problems and where indigenous populations live, including Copán (Chortis), Intibucá, Lempira, La Paz (Lencas), and Gracias a Dios (Misquitos).
- 2.14 To achieve the objective of vaccinating the priority population, Honduras was included by Gavi-CEPI<sup>30</sup>-WHO on the list of countries eligible for the Gavi-COVAX-AMC<sup>31</sup> initiative, a facility for low- and lower-middle-income countries to access the vaccine. To that end, the Gavi-COVAX initiative agreed to donate

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<sup>26</sup> Test to detect the COVID-19 virus: polymerase chain reaction.

<sup>27</sup> Information provided by the National Virological Laboratory.

<sup>28</sup> Bartsch SM et al. 2020.

<sup>29</sup> WHO SAGE values framework for the allocation and prioritization of COVID-19 vaccination. 14 September 2020. WHO. In accordance with the WHO criteria for allocation and prioritization, gender is not a criterion for vaccine prioritization. COVID-19 morbidity and fatality have been higher for men, but the risk factors behind this difference, in terms of contagion and death, arise from occupation and health status (and perhaps from risk practices), not directly from gender. Occupational exposure to infection means that women are more exposed in certain professions (e.g., health care), and men in others (security, transportation). The risk factor is the occupational profile or underlying health condition, not gender, and is used as a criterion for prioritization.

<sup>30</sup> CEPI: Coalition for Epidemic Preparedness Innovations.

<sup>31</sup> AMC: Advance market commitment.

- 3,962,000 doses, which corresponds to 29% of the target population. In addition, the Government of Honduras has signed bilateral AMCs with the pharmaceutical companies Gamaleya Institute, Astra-Zeneca/SKBioscience,<sup>32</sup> and Pfizer to purchase 10 million doses and vaccinate the remaining 71% of the population to be vaccinated.
- 2.15 In addition to the above, the country has identified the need to acquire an additional 2 million vaccine doses, either by signing bilateral AMCs or through the COVAX initiative's cost-sharing mechanism. This is necessary given uncertainty over the delivery of doses by some pharmaceutical companies, and to protect the rest of the population, which is not included in the initial target population.
- 2.16 **More vaccination teams are needed to vaccinate the population more quickly.** As of 22 July 2021, the country had received 2,756,718 vaccine doses, 80% of which were received in June. The country had administered 1,705,994 of the total number of vaccines received, representing approximately 25% of the population to be vaccinated. Of the total vaccines administered, 1,511,974 were first doses, and 194,020 were second doses.<sup>33</sup> This means that 2.8% of the vaccine-eligible population has received two doses. One of the challenges for streamlining vaccine administration is increasing the number and availability of health care workers who can administer the vaccine (vaccination teams), mainly in rural areas. Vaccination teams are comprised of doctors, nursing assistants, and nurses. The vaccine deployment strategy has required additional contracting of these resources.
- 2.17 **To preserve vaccine quality, the country needs to strengthen its cold chain network.** Equipment is being purchased to improve the cold chain with the financial support of USAID and donors from the first project of the Immediate Public Health Response to Contain and Control Coronavirus and Mitigate Its Impact on Health Service Delivery in Honduras (IPHR-HO-1),<sup>34</sup> financed by the Bank. Honduras has 132 regional and municipal warehouses for biologicals that are certified by the WHO for storing refrigerated vaccines. To strengthen the cold chain, equipping these warehouses with generators is important for maintaining temperatures during power outages.
- 2.18 **Under IPHR-HO-1, the Government of Honduras equipped triage centers, stabilization centers, COVID hospital wards, and ICUs that needed to continue operating amid the persistent rise in cases.** The government established three strategies to ensure care for patients with COVID-19 and reduce mortality: (i) organizing and running rapid response teams and COVID-19 brigades;<sup>35</sup> (ii) opening and operationalizing triage centers and stabilization

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<sup>32</sup> Financed by the Honduran Social Security Institute (IHSS).

<sup>33</sup> EPI/SESAL. 22 July 2021.

<sup>34</sup> The following programs were reformulated in order to finance IPHR-HO-1: Regional Road Integration Program II (loan 3815/BL-HO); Civic Coexistence and Neighborhood Improvement Program (loan 4518/BL-HO); and Improving Educational Quality to Develop Skills for Employment: Project Youth (loan 4449/BL-HO).

<sup>35</sup> Comprised of doctors and nurses who make home visits in the communities.

- centers;<sup>36</sup> and (iii) equipping COVID-19 rooms and ICUs in hospitals. However, since hospitals are oversaturated, more stabilization centers need to be equipped to care for patients with mild to moderate conditions.
- 2.19 With resources from the IPHR-HO-1 project, SESAL contracted nonprofit organizations, known as managed care providers,<sup>37</sup> to deliver health services to patients with COVID-19. The managed care providers are responsible for hiring health care personnel, as well as procuring supplies, medication, oxygen, and personal protective equipment (PPE). In all, 167 rapid response teams, 191 triage centers, 27 hospital wards for patients with COVID-19, and 9 ICUs were equipped. Prior to the pandemic, SESAL had 6,956 beds in public hospitals, only 43 of which were in ICUs. With funds from the IPHR-HO-1 project, 1,299 hospital beds and 80 ICU beds<sup>38</sup> were set up to care for patients with COVID-19.
- 2.20 To respond to the increase in COVID-19 cases and deaths, the three strategies discussed in paragraph 2.18 need to be continued and strengthened.
- 2.21 **The pandemic has led to a reduction in essential services for pregnant women, children, and patients with noncommunicable diseases, so strategies are needed to improve care for these population groups.** With IPHR-HO-1 resources, SESAL hired a firm to implement telemedicine services through a technology platform (Telesalud) in four of the country's health regions: Intibucá, Copán, Lempira, and Ocotepeque. This firm made progress on designing the platform and training health workers. Once the system comes online, synchronous and asynchronous telecare will be provided in hard-to-access areas, mainly in facilities that have closed or reduced their staff and hours due to the pandemic. Coverage of telemedicine services needs to expand into other health regions to improve care for populations with constraints on access to services.
- 2.22 **Communication campaigns need to be culturally adapted, to increase observance of biosafety measures and acceptance of the COVID-19 vaccine.** Although governments have carried out COVID-19 communication campaigns, adaptations have been more limited, particularly for Afro-descendants and certain indigenous peoples. Preliminary evidence shows that cultural adaptations contribute to vaccine acceptance, especially among racial and ethnic communities.<sup>39</sup>
- 2.23 **Rationale.** The Government of Honduras has requested reformulation of the project "Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network" (loan 4713/BL-HO), to finance IPHR-HO-2. While ECIs are a major public health problem in Honduras, as they are the main cause of years of life lost

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<sup>36</sup> These triage and stabilization centers provide the following services: sampling for diagnostic tests, patient observation and stabilization, medication delivery, and oxygen supply.

<sup>37</sup> The managed care providers need to be certified in order to be contracted by SESAL.

<sup>38</sup> Source: Department of Second-level Care, 19 April 2021.

<sup>39</sup> <https://blogs.iadb.org/igualdad/en/the-vaccine-and-me-responses-for-african-descendants/>.

due to premature death,<sup>40</sup> the high number of COVID-19 cases has caused the system to collapse and led to twice as many deaths than from ECIs.

- 2.24 The steady rise in COVID-19 cases and deaths, with health care facilities being overwhelmed as a result, especially hospitals, points to the immediate need for greater investment of resources to close gaps in the health care system's capacity to cope with the disease. Resources are also needed to continue implementing key actions to prevent and contain transmission of the disease and mitigate the health and economic consequences of the pandemic, with emphasis on securing and providing access to COVID-19 vaccines.
- 2.25 Using the reformulated resources, implementation of the PEPR-HO and the PNIV will continue (see paragraph 2.9), with support from other multilateral and cooperation agencies.
- 2.26 Honduras's negotiations with COVAX/Gavi to sign an agreement to purchase additional vaccines through the cost-sharing mechanism will enable it to benefit from risk pooling, leverage its purchasing power to buy vaccines, and continue to access the COVAX Facility's specialized technical knowledge.
- 2.27 Additionally, SESAL has demonstrated its ability to execute projects on pandemic-related emergencies. In 2020, the first IPHR-HO-1 operation was approved for a total of US\$50 million. In less than one year, this project has disbursed 100% of the funds, with 88% financial execution, corresponding to US\$44,234,467.33.
- 2.28 **The Bank's experience and lessons learned.** To date, the Bank has approved nine operations in the region for the Immediate Public Health Response to the Pandemic for a total of US\$876 million.<sup>41</sup> On 23 July 2020, the Bank approved the Global Credit Program for Safeguarding the Productive Fabric and Employment (loan 5082/BL-HO) for Honduras for US\$19.96 million, to support the sustainability of micro, small, and medium-sized enterprises (MSMEs) as employment providers in Honduras amid the COVID-19 crisis. Thus far, the program has disbursed 75% of its funds, benefiting around 350 MSMEs. On 23 June 2021, the Bank approved the program "Support for Vulnerable Populations Affected by Coronavirus" (loan 5289/BL-HO) for US\$45 million, with the objective of contributing to ensure minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19 and the two hurricanes, Eta and Iota. The Government of Honduras is currently in the process of satisfying the disbursement and eligibility conditions. Through different projects,<sup>42</sup> the Bank has supported SESAL since 2011 in implementing the decentralized management model, which consists of contracting nonprofit organizations and municipal governments, known as managed care providers (see paragraph 2.19), for the delivery of health care services. The managed care

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<sup>40</sup> Global Burden of Disease: Latin America and the Caribbean. Institute for Health Metrics and Evaluation, 2016.

<sup>41</sup> See [Immediate Health Response operations 2020-2021](#).

<sup>42</sup> Since 2001, the Bank has been supporting the health care sector with loans such as 1619/SF-HO; 2418/BL-HO; 3723/BL-HO; 2943/BL-HO; and 4619/BL-HO, which have improved access to and quality of services by prioritizing the country's poorest municipalities.

- providers are responsible for hiring human resources and procuring supplies and medications. The decentralized management model has been shown to improve management, access, and quality of health care services, as well as increase the availability of human resources, medications, and supplies.<sup>43</sup> The first IPHR-HO-1 operation included the contracting of managed care providers, making it possible to achieve the following: (i) streamlined hiring of human resources; (ii) procurement of goods and services (oxygen, medications, PPE) for sufficient and timely care for patients with COVID-19; and (iii) prompt equipping and continuous operation of triage centers, stabilization centers, hospital wards, and ICUs.
- 2.29 Based on the lessons learned from the IPHR-HO-1 project, Subcomponent 4.1 of this program will continue contracting the managed care providers, which will hire human resources to provide care to patients with COVID-19 and streamline the vaccine rollout.<sup>44</sup> They will also purchase medications, supplies, PPE, and oxygen for the care of patients with COVID-19.
- 2.30 To increase transparency and efficiency in the managed care providers' use of funds, SESAL implemented mechanisms through the IPHR-HO-1 project to control and audit the use of funds, including: (i) monitoring to ensure that the managed care providers fulfilled performance indicators linked to payments, as set out in the management agreements; (ii) audit reports on the uses of funds as a condition for payment to managed care providers; and (iii) mechanisms for accountability and societal oversight through civil society organizations. SESAL has complied with requirements on reporting and appropriate use of IPHR-HO-1 resources. These lessons learned will be retained when contracting the managed care providers financed under Subcomponent 4.1.
- 2.31 **Coordination with other multilaterals and/or cooperation agencies and partners.** Coordinated by SINAGER and SESAL, the different cooperation partners and agencies have financed the implementation of the PEPR-HO and the PNIV. PAHO provided technical assistance for the design and implementation of the SIVS. Through this project, the Bank will provide financing for equipment procurement and connectivity in the health regions, triage centers, and hospitals, to strengthen and expand the SIVS.
- 2.32 UNICEF and PAHO have also provided technical assistance for the design of the COVID-19 communication strategy and the national vaccine communication strategy. The Bank (IPHR-HO-1), the Central American Bank for Economic Integration (CABEI), and USAID, through complementary efforts coordinated by the EPI, are financing the implementation of the communication strategy, which consists of contracting media outlets and social media.
- 2.33 Additionally, USAID and the Bank (IPHR-HO-1) are financing the procurement of cold chain equipment.<sup>45</sup> The Bank, through this reformulation, and the World Bank will provide financing to hire vaccinators for the different health regions, in order to

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<sup>43</sup> Evaluation by the World Bank, 2007; USAID, 2009; ANED Consultores, 2009.

<sup>44</sup> It is proposed that payments to the managed care providers be recognized as an expenditure eligible for reimbursement by this operation, from 30 June 2021 onward.

<sup>45</sup> Data was used from the cold chain evaluation conducted by the EPI with support from PAHO.

streamline vaccine administration, whereas USAID will finance training for the vaccinators.

- 2.34 Under the coordination of SESAL's Bureau of Integrated Health Service Networks (DGRSS), with resources from IPHR-HO-1, USAID, and the World Bank, equipment is being financed for hospital wards, laboratories, x-rays, and ICUs. To that end, a planning tool was developed jointly to avoid duplication and ensure complementarity. Tests, PPE, and medical, laboratory, and cold chain equipment financed by the IPHR-HO-1 project are being purchased through the United Nations Development Programme (UNDP), the United Nations Office for Project Services (UNOPS), and PAHO, which are acting as procurement agents.
- 2.35 **Strategic alignment.** The reformulated program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenge of social inclusion and equality by focusing on strengthening health care service delivery to suspected and diagnosed COVID-19 patients. Through the decentralized management model, these services will prioritize access for poor and rural populations as described in paragraph 2.50; actions for continuing essential care for vulnerable populations (see paragraph 2.12); and ensuring fair and equitable access to a safe, effective COVID-19 vaccine (see paragraph 2.11). Additionally, the program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator of beneficiaries receiving health services. The reformulated program is also aligned with the crosscutting areas of gender equality and diversity, under the diversity dimension, through the use of differential approaches that ensure access to information for diverse populations and mechanisms for coordination between indigenous authorities without health care services and SESAL (see paragraph 2.45). The reformulated program is consistent with the Health Sector Framework Document (document GN-2735-12) since it supports: (i) strengthening of communication and information actions to change behavior; (ii) strengthening of service delivery, including providing the necessary equipment and supplies, training health care professionals, improving logistics in the vaccine supply chain, and managing the associated cold chain; and (iii) strengthening of cross-sector coordination to achieve the expected outcomes. The reformulated program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996).

## **B. Objectives and components of the immediate public health response**

- 2.36 **Objectives.** The general objective of the reformulated program is to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The project will have four specific development objectives: (i) strengthening coordination of the response at the country level; (ii) improving case detection and monitoring; (iii) supporting efforts to break the disease's chain of transmission; and (iv) improving service delivery capacity.<sup>46</sup>

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<sup>46</sup> See [optional link 4](#), which links the WHO's lines of action with the specific objectives of the proposed interventions and the specific objectives of the project.

- 2.37 **Component 1. Coordination of the response at the country level (US\$168,800).** This component will finance specialized human resources to support SESAL in the technical coordination, monitoring, and supervision of implementation of the PEPR-HO and the PNIV. Resources will also be contracted to strengthen SESAL's capacity to monitor the management agreements.
- 2.38 **Component 2. Case detection and monitoring (US\$2,520,500).** This component will support the actions to accelerate the timely detection and tracking of COVID-19 cases.
- 2.39 **Subcomponent 2.1. Surveillance and case investigation (US\$160,500).** This subcomponent will finance software licenses, computers, routers, and Internet service for the health regions, triage centers, stabilization centers, and hospitals for implementation of the COVID-19 Surveillance Information System (SIVS). It will also provide financing for the Health Surveillance Unit (UVS) to hire human resources specialized in analyzing and developing projections of the number of COVID-19 cases and deaths.
- 2.40 **Subcomponent 2.2. Laboratory network (US\$2,360,000).** This subcomponent will finance the purchase of approximately US\$2.25 million in supplies and reagents to process virus detection tests.
- 2.41 This subcomponent will also provide financing to implement software that notifies patients of their COVID-19 test results by cellular text messages and other means. The software includes implementation of a safe, reliable mechanism for identifying the individuals and tests to be reported; a standard interface for lab orders and results; and sending messages to provide digital notification of results. Considering that 80% of the population has access to a mobile phone,<sup>47</sup> this is the most efficient and accessible way of communicating test results and also avoids having people travel to triage centers. This subcomponent also includes financing for change management activities and the purchase of technology for connectivity and access points in virological laboratories, such as routers and Internet service.
- 2.42 **Component 3. Interruption of the chain of transmission (US\$14,900,000).** This component will support interventions to contain the spread of the disease, as well as strengthen the communication strategy to promote the vaccine, as well as social distancing and biosafety measures.
- 2.43 **Subcomponent 3.1. Vaccine access (US\$14,800,000).** This subcomponent will finance the purchase of two million COVID-19 vaccines, potentially through two channels: (i) the cost-sharing mechanism under Gavi's COVAX Facility; or (ii) bilateral procurement from laboratories that manufacture vaccines under new contracts or extensions of current contracts.
- 2.44 Additionally, this subcomponent may finance freight and insurance costs for shipment of the vaccine and purchase of supplies like cotton balls, diluents, and syringes. It will also finance the purchase of generators to supply electricity at two warehouses for biologicals.

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<sup>47</sup> National Telecommunications Commission (CONATEL), 2021, Desempeño del sector de telecomunicaciones en Honduras.

- 2.45 **Subcomponent 3.2. Communication with the public (US\$100,000).** This subcomponent will continue financing the implementation of the communication strategy for vaccine deployment that began under the IPHR-HO-1 project, including culturally differentiated and multilingual approaches with targeted messaging for indigenous and Afro-Honduran peoples. Radio, television, and social media outlets will thus be engaged to communicate messaging tailored to indigenous and Afro-Honduran peoples.
- 2.46 **Component 4: Improving service delivery capacity (US\$34,190,200).** This component will strengthen health care services at triage centers, stabilization centers, and hospitals to care for COVID-19 patients, as well as ensure the continuity of essential care in other health care services.
- 2.47 **Subcomponent 4.1. Care for COVID-19 patients (US\$34,008,200).** This subcomponent will continue financing the contracting of managed care providers for the delivery of health care services to COVID-19 patients in triage centers, stabilization centers, hospital wards, and ICUs in the same regions and hospitals financed by the IPHR-HO-1 project. Through these first-level managed care providers, workers will be hired for vaccination activities, along with personnel to form the rapid response teams and COVID-19 brigades. Financing will also be provided for improvements to two wards used for care of COVID-19 patients at two first-level hospitals (the Manuel de Jesus Subirana de Yoro Hospital and the Tela Hospital, Atlántida). Consultants will also be hired to support strengthening of the managed care providers in financial and administrative management.
- 2.48 **Subcomponent 4.2. Continuity of essential care (US\$182,000).** This subcomponent will expand the contract of the consulting firm that is designing the telemedicine platform financed by the IPHR-HO-1 project, to support implementation of telemedicine services in four additional regions for a total of eight health regions, including the four being financed by the first IPHR-HO-1 project.
- 2.49 **Program administration (US\$2,040,500).** Administration costs include the execution unit's personnel, the cost of contracting the reasonable assurance audit and financial audit, and implementation of the actions called for in the environmental and social management plan.
- 2.50 **Beneficiaries.** The general public will benefit from the prevention and promotion measures. In addition, the program will directly benefit one million people, who will receive the COVID-19 vaccine. The populations in the country's 18 departments, who are mostly poor and rural, will benefit from care in triage centers, hospital wards, and ICUs.

**C. Key results indicators**

- 2.51 **Expected outcomes.** This reformulated program seeks to help reduce the morbidity, mortality, and admissions caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The principal outcomes are as follows: (i) reduce the cumulative rate of detection tests; (ii) increase the number of individuals in the target population who have been vaccinated; (iii) increase the percentage of triage centers with stabilization centers equipped to handle 24/7 care of COVID-19 patients; and (iv) increase the percentage of health regions that have trained personnel and have implemented telemedicine services.

2.52 **Economic viability.** The economic basis for the proposed actions is the preservation of human capital by reducing mortality and morbidity. In the case of the intervention for COVID-19 vaccination, and in the case of interventions involving countermeasures to detect and track cases and improve service delivery capacity, the mortality and morbidity figures were estimated for two scenarios using a susceptible-infected-recovered (SIR) model. In the first scenario for each case, vaccination policies or countermeasures are implemented and reduce the reproduction number of the infection, whereas in the second scenario (the counterfactual), no policies are implemented. The benefits were estimated by subtracting the costs of the first scenario from those of the second. The results suggest that under these assumptions, which factor in a 5% discount rate, the intervention is beneficial. The benefit/cost ratio is 10.6, with a positive net present value reaching US\$512 million. Sensitivity analyses were performed, and the most likely scenarios showed benefit/cost ratios greater than one and positive net present values. Increasing the discount rate did not change the findings (see [optional link 1](#)).

#### D. Costs

2.53 Given its fully defined scope, the reformulated program will remain a specific investment loan for a total of US\$53.82 million. The projected disbursement period is 24 months, based on the disbursement schedule in Table 2.3. No extension would be necessary because the disbursement period for loan 4713/BL-HO ends on 10 December 2024.

**Table 2.2. Estimated program costs (US\$)**

Components	IDB total	%
Component 1. Coordination of the response at the country level	168,800	0.31
Component 2. Case detection and monitoring	2,520,500	4.68
Subcomponent 2.1. Surveillance, rapid response teams, and case investigation	160,500	0.30
Subcomponent 2.2. Laboratory network	2,360,000	4.39
Component 3. Interruption of the chain of transmission	14,900,000	27.7
Subcomponent 3.1. Vaccine access	14,800,000	27.5
Subcomponent 3.2. Communication with the public	100,000	0.19
Component 4. Improving service delivery capacity	34,190,200	63.52
Subcomponent 4.1. Care for COVID-19 patients	34,008,200	63.18
Subcomponent 4.2. Continuity of essential care	182,000	0.34
Program administration	2,040,500	3.79
<b>Total</b>	<b>53,820,000</b>	<b>100.00</b>

**Table 2.3. Disbursement schedule (US\$)**

	2021	2022	Total
Program to support the Plan for COVID-19 Pandemic Containment and Response	US\$25,820,000	US\$28,000,000	US\$53,820,000
	48%	52%	100%

## **E. Environmental and social safeguard risks**

2.54 The original operation was classified as category “B” under Directive B.3 of the Bank’s Environmental and Safeguards Compliance Policy (Operational Policy OP-703), since it was to provide financing for the purchase of land and construction of a new hospital, which would have short-term environmental and social impacts. However, these will no longer be financed by the reformulated operation. The IPHR-HO-2 operation is classified as category “C,” since it will not finance any infrastructure works (only the improvement/remodeling of two hospital wards for COVID-19 patients), and the adverse environmental or social impacts that it may cause are small and associated principally with the generation of some additional medical waste as a consequence of vaccine distribution and administration. The vaccine will be administered according to the PNIV and will prioritize the following groups: public and nonpublic health care workers, adults over age 60, population with comorbidities and underlying conditions, and essential workers. There is a risk of excluding indigenous and Afro-descendant communities, so it is recommended that, during execution of this operation, the PNIV prioritization criteria framework should be updated according to Bank guidelines for preventing and managing COVID-19 cases in indigenous communities. In addition, these criteria must be applied in a fair, transparent, inclusive, and responsible manner, in accordance with the WHO-SAGE values framework<sup>48</sup> for the allocation and prioritization of COVID-19 vaccination. SESAL has begun implementing the environmental and social management plan (ESMP) developed to mitigate the environmental risks of IPHR-HO-1, which are mainly associated with the generation of medical and/or infectious solid waste. This ESMP will continue to be implemented and will be expanded to include minimum standards for management of biohazardous waste produced from vaccine administration, including at mass vaccination sites that are not SESAL health care facilities, such as schools and universities that are making their facilities available. The program provides resources to expand the ESMP (see paragraph 2.49). SESAL will be responsible for implementing the updated ESMP and managing medical waste. The updated ESMP must be approved before the reformulated project funds are disbursed, and must be applied throughout execution of the operation (see the environmental and social conditions in Annex B of the environmental and social management report ([optional link 10](#))).

## **F. Fiduciary risks**

2.55 Four fiduciary risks have been identified, rated as medium. First risk: although there is a manual on procurement and administration of funds, as well as the reasonable assurance audit, internal control, and societal oversight developed as

<sup>48</sup> WHO-2019-ncov-SAGE-allocation-and-prioritization-2020.

- part of the IPHR-HO-1 project, the risk remains that the procurements to be conducted by the managed care providers may not adhere to the IDB-approved manuals, affecting the quality and prices of the purchased medications and supplies. This could impact the project's scope and cause noneligible expenditures to be incurred. To mitigate this risk, the following measures will be required: (i) hiring the consultants specified in Subcomponent 4.1, to strengthen the managed care providers' internal control processes and proper use of manuals for procurement and administration of funds; and (ii) continuing to have an audit firm review the managed care providers' procurement processes and fund administration before making payments to the managed care providers.
- 2.56 Second risk: budget constraints. If there are budget constraints, the Government of Honduras may lower the budget ceiling for expenditures to be financed with external resources, which would delay execution. The mitigation measure would be to continue meeting with SEFIN to reach agreements during design and execution of the operation, in order to ensure the fiscal leeway and budget ceilings for executing the activities.
- 2.57 Third risk: delays in delivering the reasonable assurance report. If the audit firm is late in submitting the reasonable assurance report on the managed care providers' procurements and payments, project execution may be delayed. To mitigate this risk, the executing agency will strictly monitor the auditors' work plan and also monitor the managed care providers, so that they provide the required documentation when and as requested.
- 2.58 Fourth risk: In the event of constraints on accessing contracts for vaccines previously purchased by the Government of Honduras under bilateral agreements, financing for vaccine procurement could be delayed. As a mitigation measure, the list of requirements for processing the financing has been shared, and SESAL has committed to make arrangements with the manufacturers regarding the required information.
- G. Other key risks and issues**
- 2.59 **Development risks.** Two development risks were identified, rated as medium-high. The first relates to the possibility that the vaccine delivery timeline indicated in the contracts is not fulfilled, which could delay and diminish the effectiveness of the vaccination campaign. To reduce this risk, the Honduran government has adopted the strategy of having as many manufacturers and alternative sources of biologicals as possible. To that end, it has signed three bilateral contracts, in addition to the grant that it will receive from the COVAX/Gavi initiative. Moreover, as part of this operation, two million additional doses will be procured under a bilateral agreement or through the cost-sharing mechanism under COVAX/Gavi, in order to vaccinate individuals who are not covered, as described in paragraphs 2.11, 2.12, and 2.13.
- 2.60 In terms of the second risk, reaching herd immunity could be jeopardized, if the hesitancy of a large number of eligible individuals is not overcome, and they do not agree to be vaccinated. To mitigate this risk, SESAL is strengthening its social communication strategy, including by explicitly disclosing the equity and technical criteria that underpin the PNIV.

- 2.61 **Sustainability.** The interventions financed by the IPHR-HO-2 operation fall within the major focus areas of the PEPR-HO and follow WHO recommendations for the containment, management, and treatment of epidemics/pandemics due to infectious diseases such as COVID-19. Likewise, the vaccination activities financed by the reformulated program are included in the PNIV. The reformulated program will help the country break the chain of transmission of the virus in the medium term and strengthen its overall diagnostic testing and vaccination capacity. Thus, the operation will leave the country better prepared to detect, treat, and control the current and future outbreaks, epidemics, and pandemics. In addition, containing and overcoming health challenges is considered a prerequisite for sustainable economic and social recovery in the medium and long terms.

#### **H. Summary of implementation arrangements**

- 2.62 **Borrower and executing agency.** The Republic of Honduras remains the borrower. The executing agency will be the Ministry of Health (SESAL), which is the apex agency of the health care sector, mandated to lead the pandemic health response, including introduction and deployment of the COVID-19 vaccine.
- 2.63 **Execution and administration.** Like the IPHR-HO-1 operation, this program will be executed through the IDB project execution unit for decentralized health management (GESALUD) within SESAL. GESALUD has continuously been the unit that executes operations with Bank financing in recent years. It has an internal organizational structure and staff with experience in applying the Bank's fiduciary policies. GESALUD will have a project general coordinator throughout the IPHR-HO-2, as well as procurement, financial administration, monitoring, and other specialists. An environmental and social management specialist will be hired to monitor the ESMP.<sup>49</sup>
- 2.64 **Interagency coordination.** The program Operations Manual describes the execution mechanisms, responsibilities, and roles of the agencies involved, as well as the fiduciary management mechanisms and responsibility for implementation of the actions called for in the updated ESMP. For execution of the IPHR-HO-2 operation, SESAL will coordinate with the other agencies through the National Emergency and Risk Management System (SINAGER). Efforts will be also coordinated with PAHO to identify strategies and operational guidelines for COVID-19 containment and response, as the pandemic evolves. SESAL's Bureau of Integrated Health Service Networks (DGRSS), which reports to the health minister's office, will coordinate financing from cooperation partners and multilateral agencies with activities financed by this program, using a complementary approach.
- 2.65 **Special contractual conditions precedent to the first disbursement of the financing. As conditions precedent to the first disbursement of the reformulated resources: (i) the IPHR-HO-1 program Operations Manual, updated to include execution of the IPHR-HO-2 operation, has been approved and entered into force on the terms previously agreed upon with**

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<sup>49</sup> GESALUD has experience executing IDB projects, including loans 2418/BL-HO, 2743/BL-HO, 2943/BL-HO, 4619/BL-HO, and others.

- the Bank**, to govern the operations and responsibilities of the execution unit and SESAL's technical areas involved in technical management and execution of the program; and (ii) an updated ESMP has been submitted to the Bank (see the environmental and social conditions in Annex B of the environmental and social management report) ([optional link 10](#)).
- 2.66 **Special contractual conditions for execution.** Prior to making the last payment to each managed care provider, and to ensure transparent and efficient use of the funds transferred to the managed care providers, the executing agency will deliver the corresponding internal control letter to the Bank, verifying that the resources have been used in accordance with the procurement and administration manuals approved by the execution unit. (For the environmental and social conditions, see Annex B of the [environmental and social management report](#).)
- 2.67 **Special procurement measures.** Pursuant to the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996, paragraph 4.2, and Resolution DE-18/21), the following special measures will be applied for the immediate public health response: (i) goods, works, and services originating from or provided by suppliers, contractors, consultants, and service providers from nonmember countries of the Bank will be eligible for procurement; (ii) the procurement policies (including eligibility, auditing, and prohibited practices procedures) of procurement agents and specialized agencies may be used when contracted as such by the borrower; and (iii) international consolidated contracting and adherence to existing procurement contracts may be used as methods for the procurement of goods and services, as appropriate.
- 2.68 **Disbursement of the reformulated resources.** The Bank may reimburse up to US\$18 million (33.4% of the total loan amount) in payments made by the borrower to the managed care providers for delivery of health care services, as provided by this reformulation (for contracts that include hiring human resources such as doctors, nurses, and technicians and personnel for vaccination; logistical support for vaccination brigades; and supplying PPE, equipment, medications, and oxygen for patient care), and/or payments for the purchase of vaccines, whether to the COVAX/Gavi initiative or to pharmaceutical laboratories to purchase vaccines under bilateral contracts. To be reimbursed, these expenditures must meet the requirements of the loan contract and the agreements with the managed care providers for payments for such service, and must have been made on or after 30 June 2021, to ensure continuity of payments for the managed care providers contracted to provide services to COVID-19 patients.
- 2.69 **Procurement.** Procurements financed in whole or part with Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), or the policies in force at the time of execution. The procurement plan (see [required link 2](#)) includes a list of procurements for the project.

- 2.70 Direct contracting of the COVAX/Gavi initiative as a procurement agent is proposed for the purchase of COVID-19 vaccines through the facility's cost-sharing arrangements for up to US\$13.5 million. Pursuant to paragraph 3.7(e) of the Bank's procurement policy document GN-2349-15, direct contracting is justified in exceptional cases, for example, in response to natural disasters or emergency situations (the COVID-19 pandemic). The special procurement measures described in paragraph 2.67 will apply for this contracting.
- 2.71 The Government of Honduras may ultimately decide to finance vaccine procurement through a new bilateral contract or extensions of current contracts, instead of the COVAX/Gavi Facility, in which case the Bank will review the viability of such direct contracting.
- 2.72 Direct contracting of PAHO, using its revolving fund under the COVAX Facility and the standard contract terms for the provision of supplies and services when Bank resources are used, for up to US\$4 million,<sup>50</sup> is proposed for the delivery of vaccine supplies and future transport of vaccines purchased through the COVAX Facility (Subcomponent 3.1). Pursuant to paragraph 3.7(e) of the Bank's procurement policy document GN-2349-15, and recognizing the COVID-19 pandemic as an emergency situation and, therefore, an exceptional case, direct contracting of PAHO is justified.
- 2.73 For the continuity of triage services, stabilization centers, and COVID wards and ICUs in hospitals, managed care providers currently implementing the IPHR-HO-1 project will be contracted by signing agreements or amending existing agreements. The following managed care providers will also be contracted directly: (i) "Amigos de las Américas" [Friends of the Americas], to manage first-level services in the department of El Paraíso and the Hospital Gabriela Alvarado; and (ii) the League of Municipios of Northern Intibucá (MAMUNI), to manage first-level services for COVID care in the department of Intibucá. Both organizations are certified as managed care providers for SESAL and are currently managing health care services under agreements with SESAL.
- 2.74 Pursuant to the policy for the selection of consultants (document GN-2350-15, paragraph 5.4(a)), single-source selection will be used to hire consultants for monitoring and supervision of the environmental management plan, and strengthening of the UVS, as well as to hire personnel in the GESALUD execution unit who were previously selected competitively, as this entails continuation of work. Single-source selection will also be used to hire the following for continuation of work, pursuant to paragraph 3.10(a): (i) TELESAN, a firm contracted for the IPHR-HO-1 project, to provide telemedicine services expanded to four departments; (ii) Corte Publicidad, also contracted competitively for the IPHR-HO-1 project, to place advertisements in the media; and (iii) Deloitte, to produce reasonable assurance audit reports on the managed care providers' use of funds.
- 2.75 **Disbursements.** The reformulated program resources will be disbursed in accordance with the disbursement modalities specified in the amendatory contract. In view of the critical execution times of these activities, the proposed

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<sup>50</sup> If US\$1 million is exceeded, fewer vaccines will be purchased.

percentage for accounting for advances of funds is 50%. Disbursements will be subject to ex post review and determined based on payment needs, pursuant to the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) and the Fiduciary Agreements and Requirements (Annex III).

- 2.76 **Audits.** Under the strategic partnership agreement, dated 23 September 2014, between the Superior Court of Accounts (TSC) and the IDB for the auditing of IDB-financed operations, the TSC, acting through the Department of Audits in Support of International Organizations, will perform the financial auditing of execution of the IPHR-HO-2 project. In addition, the same audit firm<sup>51</sup> from the IPHR-HO-1 project will be engaged to audit the procurement and payment processes of the managed care providers, as well as the internal controls associated with such processes.

#### **I. Summary of arrangements for monitoring results**

- 2.77 **Monitoring.** SESAL will be responsible for implementing the monitoring and evaluation plan. The main monitoring instruments will be the project execution plan and the procurement plan. The multiyear execution plan for the project contains a detailed timeline of all project activities ([optional link 11](#)), which are linked to the outputs in the Results Matrix.
- 2.78 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 COVID-19 Surveillance Information System (SIVS) and the National Emergency and Risk Management System (SINAGER). The main reporting tool will be the progress monitoring report (PMR), for which the main sources of information will be the specific annual and semiannual reports for the immediate public health response.
- 2.79 **Evaluation.** The contribution of the activities and services financed by the IPHR-HO-2 to the stated objectives will be evaluated, as well as the contributions to the final objectives of reducing the morbidity and mortality caused by COVID-19. 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 the intervention, the quantitative analysis will include a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts. The evaluation will also consider epidemiological evidence and models, as well as qualitative evidence and impact analyses.

### **III. RECOMMENDATION**

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

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<sup>51</sup> Deloitte.

Development Effectiveness Matrix		
Summary		HO-L1199
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)		The program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996). See paragraphs 2.23- 2.25.
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.6
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		3.0
4. Ex ante Economic Analysis		7.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		0.0
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		6.8
5.1 Monitoring Mechanisms		1.8
5.2 Evaluation Plan		5.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
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 is a reformulation of project HO-L1199, designed to use the loan proceeds to finance a second program of the Immediate Public Health Response to Contain and Control the Coronavirus (COVID-19) and Mitigate its Effect on the Provision of Services in Honduras. The US\$53.8 million of the original project will be redirected towards the general objective of contributing to reduce morbidity and mortality from COVID-19 and to mitigate the other indirect effects of the pandemic on health. The project will have four specific development objectives: (i) Strengthen the leadership of the response at the country level; (ii) Improve the detection and follow-up of cases; (iii) Support efforts to interrupt the chain of disease transmission; and (iv) Improving the capacity to provide services. The diagnosis is adequate and highlights the problems faced by the country. The main problem is that the coronavirus pandemic affected the country significantly, with a sustained increase in the average daily number of hospitalizations for COVID-19 and a high percentage of occupancy in COVID hospital wards and Intensive Care Units (with 75% and 95%, respectively), which resulted in a decrease in essential care services, especially in vulnerable populations such as pregnant women, children and in patients with chronic non-communicable diseases. The main components of the project correspond to the improvement of the capacity to provide services, particularly COVID patients (63.51%) and activities aimed at interrupting the chain of transmission through vaccines and communication to the population (27.7%). The activities of detection and follow-up of cases (4.68%), administration of the program (3.79%) and conduction of the response at the country level (0.31%) represent the remaining budget. The results matrix is consistent with the vertical logic of the operation and presents indicators of impact and result reasonable and well-specified. Outcome indicators are adequate to measure the achievement of specific objectives. The evaluation plan includes: (i) a before and after evaluation that uses available information on the results and impact indicators included in the results matrix; (ii) a review of the theory of change of the intervention; (iii) literature review on relevant evidence of the effectiveness of similar interventions in comparable settings; and (iv) a qualitative evaluation that provides complementary evidence of attribution. Additionally, for those impact and outcome indicators with available data, time series information will be used for empirical estimates of the impact of the interventions. An ex ante Cost Benefit Analysis was carried out, which shows a benefit-cost ratio of 10.6 in the base scenario. The operation was classified as Category "C" because it is estimated that it will not cause negative environmental and social impacts or that they will be minimal. Based on the fiduciary evaluation of the Executing Agencies, the risk of the project is considered medium, due to (1) the risk that the purchases to be carried out by the Managers do not adhere to the approved manuals, (2) in the presence of budgetary restrictions, the GOH may lower the budget ceiling for expenses to be financed by external resources, which would delay execution and (3) if the audit firm is late in presenting the reasonable assurance report of the Purchases and payments of the Managers, the execution of the project may be delayed. Two development risks classified as medium-high were also identified. The first is related to the possibility that the vaccine delivery schedule indicated in the contracts is not met, which could delay and reduce the effectiveness of the vaccination campaign. As a second risk, if it is not possible to overcome the reluctance of an important group of eligible people and they do not agree to be vaccinated, it would jeopardize the achievement of herd immunity. Mitigation measures appear reasonable to overcome the above risks.

## RESULTS MATRIX

<b>Project objective:</b>	To help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect impacts of the pandemic on health. The project will have four specific development objectives: (i) strengthening coordination of the response at the country level; (ii) improving case detection and monitoring; (iii) supporting efforts to break the disease's chain of transmission; and (iv) improving service delivery capacity.
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### EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Projected date of impact	Target	Means of verification	Observations
Number of deaths from COVID-19	Number	23,949 <sup>1</sup>	2021	2022	15,770	Ministry of Health (SESAL) and National Emergency and Risk Management System (SINAGER) mortality surveillance subsystem	<p>The baseline is the total projected <i>mortality</i> or <i>incidence</i> of COVID-19 from the beginning of the spread to 30 December 2022, in the absence of interventions that the project is contributing to.</p> <p>The projected date of impact reflects total incidence and mortality during the same period, assuming that the continued vaccination strategy has been implemented for one year, and that this strategy and other response measures are carried out and are effective, in the absence of new COVID-19 variants of concern.</p> <p>Data on incidence and mortality are broken down by age group.</p>
Number of confirmed COVID-19 cases		1,040,297	2021	2022	721,877	SESAL and SINAGER surveillance system	
Daily average number of patients hospitalized due to COVID-19 during the month prior to reporting		1,272	June 2021	June 2022	560	Health Surveillance Unit (UVS) and SINAGER	

<sup>1</sup> Calculations for the impact indicators' baseline and target values can be found in [optional link 8](#).

### EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Observations
Specific objective 1: Strengthening coordination of the response at the country level								
1.1 Percentage of hospitals and health regions caring for COVID-19 patients with at least one monitoring and supervision report for the management agreements <sup>2</sup> with SESAL	Percentage	0	2021	100		100	Decentralized Management Unit monitoring reports	
1.2 Percentage of PEPR-HO activities implemented		48	2021	65	80	80	Report from the Bureau of Integrated Health Service Networks (DGRSS)	
Specific objective 2: Improving case detection and monitoring								
2.2 Cumulative rate of detection tests administered	Tests per 100,000 inhabitants	7,023 <sup>3</sup>	2021	18,033		18,033	National Virological Laboratory reports	
Specific objective 3: Supporting efforts to break the disease's chain of transmission								
3.1 Percentage of activities executed as part of the National Plan to Introduce the COVID-19 Vaccine (PNIV)	Percentage	66	2021	75	90	90	Expanded Programme on Immunization (EPI) reports	

<sup>2</sup> The agreements are financed the first year.

<sup>3</sup> The baseline, target, and source for this indicator are described in [optional link 8](#).

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Observations
3.2 Number of individuals in the target population who have been vaccinated	Number	113,889 <sup>4</sup>	2021	1,981,000	4,662,000	4,662,000 <sup>5</sup>	EPI reports	Includes individuals who have received the full vaccination schedule. The figure for the total number of vaccinated individuals will be disaggregated by priority group in the SESAL reports. The program will only finance 2 million doses.
3.3 Percentage execution of the national strategic communication plan to introduce the COVID-19 vaccine	Percentage	60	2021	80		80	EPI report	
3.4 Percentage of messages adapted to indigenous and Afro-Honduran peoples		0	2021	20		20		The number of messages adapted to indigenous cultures will be monitored (Lenca, Chortí, Tawahka, Misquito, Garífuna, Afro-Hondurans, among others).
Specific objective 4: Improving service delivery capacity								
4.1 Percentage of triage centers with stabilization centers equipped to handle 24/7 care of COVID-19 patients	Percentage	13.5%	2021	27%		27% <sup>6</sup>	DGRSS report	
4.2 Percentage of health regions that have trained personnel and have implemented telemedicine services		0	2021	20	40 <sup>7</sup>	40	DGRSS report	The country has a total of 20 health regions.

<sup>4</sup> Data from the Expanded Programme on Immunization, 19 July 2021 (two-dose regime).

<sup>5</sup> Includes the population over age 12.

<sup>6</sup> Currently, there are 27 stabilization centers. The target is to equip 27 of the 199 triage centers to operate 24/7.

<sup>7</sup> Includes telemedicine services implemented under the IPHR-HO-1 and IPHR-HO-2 operations.

### OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of Project	Means of verification	Observations
<b>Component 1. Coordination of the response at the country level</b>								
1.1 Technical staff in charge of monitoring for the Decentralized Management Unit, the Department of First-level Care, and the Department of Second-level Services in SESAL, hired	Number	0	2021	7		7	Personnel contracts	The technical staff will support the units in monitoring and supervising the managed care providers and health care services.
<b>Component 2. Case detection and monitoring</b>								
2.1 Epidemiological surveillance unit strengthened with technical specialist to analyze and develop projections and scenarios on the number of COVID-19 cases and deaths	Number	0	2021	1	1	1	Personnel contracts	
2.2 Number of health region offices and health care facilities strengthened with Internet and computer equipment for the COVID-19 Surveillance Information System (SIVS)				0	28	28	Certificates of delivery and Internet service contracts	
2.3 Number of public laboratories receiving supplies and reagents to perform COVID-19 diagnostic tests				0	4	4	Certificates of receipt from the National Virological Laboratory	
2.4 Number of public laboratories supported with Internet service and routers				0	4	4		Internet service and routers are needed to improve connectivity between laboratories and health care services, health regions, and the Health Surveillance Unit.
2.5 Digital tool for notifying patients of COVID-19 test results, implemented	Tool			0	1	1	Report on the application's functioning from SESAL's information management unit	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of Project	Means of verification	Observations
Component 3. Interruption of the chain of transmission								
3.1 Number of COVID-19 vaccine doses procured and received	Number	0	2021	2,000,000		2,000,000	Certificates of receipt of vaccines from the EPI	Accounts for vaccines procured with support from this operation.
3.2 Electric generators installed in warehouses for biologicals				0	3	3	Certificates of receipt from the execution unit (GESALUD)	
3.3 Number of television and radio outlets contracted for messaging on COVID-19 vaccination and prevention differentiated by indigenous and Afro-Honduran peoples				0	10	10	Contracts with media outlets from the execution unit (GESALUD)	
Component 4. Improving service delivery capacity								
4.1 Number of hospitals with management agreements for the care of COVID-19 patients	Number	0	2021	26	0	26	Signed management agreements from the Decentralized Management Unit	
4.2 Number of health regions with signed agreements for operating facilities to provide care to COVID-19 patients				20	0	20		
4.3 Number of hospital wards expanded for COVID-19 care				0	4	4	Certificates of receipt from the executing unit (GESALUD)	
4.4 Consultants hired to strengthen the financial and administrative management capacity of the managed care providers				0	3	3	Consultant contracts from the executing unit (GESALUD)	The internal control activities are described in the procurement and financial management manual for the managed care providers.
4.5 Contract to provide telemedicine services in four additional regions, in force				1	1	1	Decentralized Management Unit report on telemedicine service operations	

Country: Honduras

Division: SPH

Operation No.: HO-L1199

Year: 2021

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

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

**Project name:** Proposed Reformulation of the Project for Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network

### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the project: Any system or subsystem subsequently approved may be applicable to the operation, in accordance with the terms of the Bank's validation thereof.

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

2. Fiduciary execution mechanism:

<input checked="" type="checkbox"/>	Specific considerations of fiduciary execution	The borrower has designated SESAL as the executing agency. At the same time, the executing agency will execute a portion of the financing through agreements with decentralized managed care providers, who will be responsible for delivering the corresponding services, with payment of a premium based on population coverage. The managed care provider agreements are a continuation of the agreements signed with funding from IPHR-HO-1.
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3. Fiduciary capacity:

Fiduciary capacity of the executing agency	The executing agency has a medium level of fiduciary capacity, based on its prior experience in executing similar operations.
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4. Fiduciary risks and risk response:

Risk taxonomy	Risk	Level of risk	Risk response
Ineffective management of procurement	While progress was made in the first operation of the IPHR-HO project, with the development of a manual on procurement and administration of funds, as well as with auditing, internal control, and societal oversight, there remains the risk that the procurement to be carried out by the decentralized managed care providers to cover needs does not adhere to Bank-approved manuals, thereby affecting the quality and prices of the medications and supplies procured. This could impact the project's scope and cause noneligible expenditures to be incurred.	Medium	To mitigate this risk, the following measures will be required: (i) hiring the consultants specified in Subcomponent 4.1 to strengthen the managed care providers' internal control processes and proper use of manuals for procurement and administration of funds; (ii) continuing to engage an audit firm to review procurement and fund administration processes conducted by managed care providers before payments are made to them.

Risk taxonomy	Risk	Level of risk	Risk response
	In the event of constraints on accessing contracts for vaccines previously procured by the Government of Honduras under bilateral agreements, financing for vaccine procurement could be delayed.	Medium	As a mitigation measure, the list of requirements for processing financing has been shared, and SESAL has committed to making arrangements with the manufacturers regarding the required information.
Budget constraints	If there are budget constraints, the Government of Honduras may lower the budget ceiling for expenditures to be financed with external resources, which would delay execution.	Medium	The mitigation measures would be to (i) continue meeting with the Ministry of Finance (SEFIN); and (ii) reach an agreement in advance to ensure the fiscal space and budget ceilings needed for programming activities.
Delays in delivering the reasonable assurance report	If the audit firm is late in submitting the reasonable assurance report on the managed care providers' procurement and payments, project execution may be delayed.	Medium	To mitigate this risk, the executing agency must strictly monitor the auditors' work plan, which includes key dates. It must also monitor the managed care providers so that they provide the required documentation when and as requested.

5. Policies and guidelines applicable to the operation: Pursuant to the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996, paragraph 4.2, and Resolution DE-28/21), the following special measures will be applied for the immediate public health response: (i) goods, works, and services originating from or provided by suppliers, contractors, consultants, and service providers from nonmember countries of the Bank will be eligible for procurement; (ii) the procurement policies (including eligibility, auditing, and prohibited practices procedures) of procurement agents and specialized agencies may be used when contracted as such by the borrower; and (iii) international consolidated contracting and adherence to existing procurement contracts may be used as methods for the procurement of goods and services, as appropriate.
6. Exceptions to policies and guidelines: Not anticipated.

## II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

Special conditions precedent to the first disbursement
Applicable exchange rate for justification of expenditures incurred in the local currency of the borrower's country. Option (b)(ii) of Article 4.10 of the General Conditions of the loan contract will apply.
Audit type: Two types of audits will be required: a reasonable assurance report on procurement and payments carried out by the decentralized managed care providers, and a financial audit report, upon completion of execution of project funds.
Special conditions for execution. Prior to making the last payment to each managed care provider, the executing agency will submit each provider's internal control letter to the Bank.

### III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

☒	Bidding documents	<p>Contracts for goods, works, and nonconsulting services executed in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB), will use the Bank's standard bidding documents, or those agreed upon by the Regulatory Office of State Contracting and Procurement (ONCAE) and the Bank for a specific procurement item. In addition, the selection and contracting of consulting services will be carried out in accordance with the policies for the selection of contractors (document GN-2350-15), and the Bank's standard request for proposals will be used for specific selections. For national bidding, the procurement document agreed upon by ONCAE and the Bank will be used. The project's sector specialist will be responsible for reviewing the technical specifications and the terms of reference for the procurement items during preparation of the selection processes. This technical review may be performed on an ex ante basis and is independent of the procurement review method and the use of country systems.</p>
☒	Use of country systems	<p>Procurement by electronic catalogue/framework agreements and limited bidding will be used to procure items for amounts within Honduras's shopping threshold for contracts for goods, works, or nonconsulting services, as approved by the Bank's Board of Executive Directors. The operation's procurement plan will indicate which items will be procured through the country system within the approved scope. Should the Board expand its approved scope for the use of country systems, this will apply to the operation.</p>
☒	Contracting and single-source selection	<p>Direct contracting of the COVAX/Gavi initiative as a procurement agent is proposed for the purchase of COVID-19 vaccines through the facility's cost-sharing arrangements for up to US\$13.5 million. Pursuant to paragraph 3.7(e) of the Bank's procurement policy document GN-2349-15, direct contracting is justified in exceptional cases, for example, in response to natural disasters or emergency situations (the COVID-19 pandemic). Goods and services provided by suppliers, consultants, and service providers originating from nonmember countries of the Bank will be eligible.</p> <p>The Government of Honduras may ultimately decide to finance vaccine procurement through a bilateral contract instead of the COVAX/Gavi Facility, in which case the Bank will review the viability of such direct contracting.</p> <p>Direct contracting of PAHO, using its revolving fund under the COVAX Facility and the standard contract terms for the provision of supplies and services when Bank resources are used, for up to US\$4 million<sup>1</sup> is proposed for the delivery of vaccine supplies and future transport of vaccines purchased through the COVAX Facility (Subcomponent 3.1). Pursuant to paragraph 3.7(c) of the Bank's procurement policy document GN-2349-15—vaccines are obtainable from the one source indicated in the contract whereby the Government of Honduras joined the COVAX Facility—and paragraph 3.7(e)—recognizing the COVID-19 pandemic as an emergency situation and, therefore, an exceptional case—direct contracting of this specialized agency is justified.</p> <p>For continuity of triage services, containment centers, and COVID wards and ICUs in hospitals, agreements or amendments will be signed with managed care providers that are currently implementing the IPHR-HO-1 project. The following managed care providers will also be contracted directly: (i) "Amigos de las Américas" [Friends of the Americas], to manage first level services in the department of El Paraíso and the Hospital Gabriela Alvarado; and (ii) the League of Municipios of Northern Intibucá (MAMUNI), to manage first level services for COVID care in the department of Intibucá. Both organizations are certified as managed care providers for SESAL and are currently managing health care services under agreements with SESAL.</p>

<sup>1</sup> If US\$1 million is exceeded, fewer vaccines will be purchased.

		Pursuant to the policy for the selection of consultants (document GN-2350-15, paragraph 5.4(a)), single-source selection will be used to hire consultants for monitoring and supervision of the environmental management plan, and strengthening of the UVS, as well as to hire personnel in the GESALUD execution unit who were previously selected competitively, as this entails continuation of work. Single-source selection will also be used to hire the following for continuation of work, pursuant to paragraph 3.10(a): (i) TELESAN, a firm contracted for the IPHR-HO-1 project, to provide telemedicine services expanded to four departments; (ii) Corte Publicidad, also contracted competitively for the IPHR-HO-1 project, to place advertisements in the media; and (iii) Deloitte, to produce reasonable assurance audit reports on the managed care providers' use of funds.								
<input checked="" type="checkbox"/>	Recurrent costs	The operation will finance the GESALUD execution unit's operating costs.								
<input checked="" type="checkbox"/>	Advance procurement / retroactive financing	The Bank may reimburse up to US\$18 million (33.4% of the total loan amount) in eligible expenditures incurred by the borrower for payments to the managed care providers for delivery of services, and/or payments for vaccine procurement, either to the COVAX/Gavi initiative or to pharmaceutical laboratories to purchase vaccines under bilateral contracts. To be recognized, these expenditures must meet the requirements of the loan contract and the agreements with the managed care providers, and must be made on or after 30 June 2021, the date when the operation was registered in the Bank's systems.								
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method will be ex ante, except for competitive contracting of individual consultants, which will be ex post. However, the terms of references to be used will require the Bank's no objection. Procurement executed through the country system will be supervised through the country supervision system.</p> <p>The ex post reviews will take place at least every fiscal year, in accordance with the project supervision plan, subject to change during execution. Ex post review reports will include at least one on-site inspection, selected from among the procurement processes subject to ex ante review.</p> <table><tr><th>Works</th><th>Goods/services</th><th>Consulting services</th></tr><tr><td>Shopping threshold ex post</td><td>Shopping threshold ex post</td><td>3 CVs ex post</td></tr></table>			Works	Goods/services	Consulting services	Shopping threshold ex post	Shopping threshold ex post	3 CVs ex post
Works	Goods/services	Consulting services								
Shopping threshold ex post	Shopping threshold ex post	3 CVs ex post								
<input checked="" type="checkbox"/>	Records and files	The executing unit will be responsible for maintaining files and original supporting documentation from the procurement processes carried out with project resources, as well as for keeping records using established procedures.								

#### Main procurements

Description of procurement	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$)
<b>Goods</b>				
Procurement of supplies and reagents for the National Laboratory	ICB		Q1	2,200,000
Procurement of computer equipment, licenses, and Internet service	NCB		Q1	130,000
Procurement of vaccines through COVAX or bilateral contracts	SSS		Q1	13,500,000

Description of procurement	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$)
Procurement of supplies and transportation for vaccine administration	ICB or SSS, PAHO revolving fund		Q1	1,000,000
Procurement of electric generators	ICB		Q1	300,000
<b>Works</b>				
Expansion of COVID-19 wards in two hospitals or health units	NCB		Q1	1,000,000
<b>Consulting companies</b>				
Expansion of TCD in four departments	SSS		Q1	182,000
Procurement of application for case notification	QCBS		Q2	150,000
Contracting of firm for communication campaign	SSS		Q2	100,000
Program audit	SSS		Q1	50,000
Contracting of firm for reasonable assurance	SSS		Q2	154,000
<b>Individual consultants</b>				
Contracting of technical coordination of the pandemic response	NICQ		Q1	24,000
Contracting of seven consultants to monitor the pandemic response	NICQ		Q1	144,800
Technical assistance for monitoring, trend analysis, data quality, and analysis of information reported on the COVID-19 outbreak	SSS		Q1	40,500
Contracting of consultants to support the managed care providers in internal control matters	NICQ		Q1	60,000
Contracting of specialist to monitor the environmental management plan	SSS		Q1	40,000
Contracting of personnel for the executing unit	SSS		Q1	900,000

18-month procurement plan here.

Procedures	Justification of use
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Other relevant information for the operation (BI)

#### IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	Budget execution challenges are anticipated due to potential constraints on allocations that could impact execution timelines.
<input checked="" type="checkbox"/>	Disbursement and cash flow	<p>Prior to the first disbursement, a special account will be opened at the Central Bank of Honduras (BCH), as well as its corresponding operating ledger, which will be part of the Treasury Single Account.</p> <p>Funds will be disbursed through online disbursement (electronically).</p> <p>The currency in which this operation is managed is the U.S. dollar.</p> <p>The exchange rate will be the rate in effect on the date of payment of the expenditure in local currency, and option (b)(ii) of Article 4.10 of the General Conditions of the loan contract will apply.</p> <p>The operation will have a financial planning period of up to six months.</p> <p>The preferred disbursement method will be in the form of fund advances, although other methods may be used (reimbursement of payments if the Government of Honduras reimburses anticipated expenditures up to US\$18 million).</p> <p>In view of the urgent nature of this operation and the decentralized execution arrangement, it is agreed that 50% of advanced funds must be accounted for.</p>
<input checked="" type="checkbox"/>	Accounting, information systems and reporting	The specific accounting standards that will be followed are the International Financial Reporting Standards. The electronic platform of the Integrated Financial Management System (SIAFI) and the Module for Execution Units for Externally Financed Projects (UEPEX) will be used for the operation's accounting records. The accrual basis of accounting will be used for execution, while the cash basis will be used for the reports, which will be issued by the UEPEX system. In addition to the applicable policies and guidelines for this operation, the program Operating Regulations will be used, with the documented definition of workflows and internal controls.
<input checked="" type="checkbox"/>	Internal control and internal audit	The internal audit function for this project will be established in the program Operating Regulations. The internal audit will be performed by the executing agency and supervised by the National Office for Comprehensive Development of Internal Control (ONADICI), the Superior Court of Accounts (TSC), and the project auditor.
<input checked="" type="checkbox"/>	External control and financial reports	<p>The executing agency will submit a reasonable assurance report on the decentralized managed care providers' procurement and payments. To that end, Deloitte will be contracted on a single-source basis (continuation of work from IPHR-HO-1), based on the terms of reference agreed upon with the Bank. The report's scope and deadline for submission will be agreed upon with executing agency. In addition, the special conditions of execution will require internal control letters from each provider in order for the final payment to be approved.</p> <p>Submission of an audited financial report will also be required upon program completion from the TSC's Audit Department for International Agency Projects (DAPOI), within 120 days after the date of the last disbursement.</p>
<input checked="" type="checkbox"/>	Financial supervision of the operation	Onsite and desk reviews and support will be carried out on a regular basis, subject to change during execution, and will entail detailed reviews of the project's accounting and financials. The Bank may be assisted in this supervision by the contracted auditing company.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/21

Honduras. Reformulation of the Project for Comprehensive Strengthening of Tegucigalpa's  
Trauma and Emergency Care Network  
Loan Contract No. 4713/BL-HO

(To Finance the Immediate Public Health Response to Contain and Control Coronavirus and  
Mitigate Its Impact on Service Delivery in Honduras IPHR-HO-2)

The Board of Executive Directors

RESOLVES:

1. To approve the reformulation of the Project for Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network (Loan Contract No. 4713/BL-HO), authorized by Resolution DE-128/18, in order to use the uncommitted resources, up to an amount of US\$53,820,000, to finance a second Program of Immediate Public Health Response to Contain and Control Coronavirus and Mitigate Its Impact on Service Delivery in Honduras IPHR-HO-2, according with the terms and conditions described in Document PR-\_\_\_\_\_.
2. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Honduras, as Borrower, to amend Loan Contract No. 4713/BL-HO for the purposes described in this Resolution.

(Adopted on \_\_\_\_ 2021)