

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HONDURAS

STRENGTHENING AND MODERNIZATION OF THE NATIONAL STATISTICS SYSTEM

(HO-0214)

LOAN PROPOSAL

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CONTENTS

EXECUTIVE SUMMARY

I.	REFERENCE FRAMEWORK.....	1
A.	Background.....	1
B.	The National Statistics System and INE	2
C.	The Bank's country and sector strategy	3
D.	Lessons learned.....	4
E.	External cooperation.....	5
II.	THE PROJECT	6
A.	Objectives and description	6
1.	Project strategy	6
2.	Project objectives and description	6
B.	Components	6
1.	Component I. Strengthening of INE.....	6
2.	Component II. Permanent INE training system.....	7
3.	Component III. Institutional strengthening of SEN peripheral entities	7
4.	Component IV. Production of primary statistics	8
5.	Component V. Improvement of statistics environment.....	9
C.	Cost and financing.....	10
D.	Financing	11
III.	PROGRAM EXECUTION	12
A.	Borrower and executing agency	12
B.	Project execution and management.....	12
1.	Administrative organization for project execution	12
2.	Financial execution.....	13
3.	Execution by component.....	14
C.	Monitoring and evaluation	15
1.	Reports and evaluation	15
2.	Audit and control	16
D.	Procurement of goods and services	16
E.	Execution period and disbursement timetable	17
IV.	VIABILITY AND RISKS	18
A.	Institutional viability	18
B.	Financial viability	18
C.	Environment and social feasibility	19
D.	Benefits	19
E.	Risks.....	20

ANNEXES

Annex I	Logical framework
Annex II	Procurement plan

ABBREVIATIONS

ASDI	Swedish International Development Agency
BCH	Central Bank of Honduras
DEI	Internal Revenue and Customs Service
DFID	Department for International Development, United Kingdom
DGEC	Bureau of Statistics and Censuses
EPHPM	Permanent Multipurpose Household Survey
FSO	Fund for Special Operations
INE	National Institute of Statistics
JICA	Japanese International Cooperation Agency
MECOVI	Program to improve surveys on living conditions in Latin America and the Caribbean
OPA	Other priority area
PNE	National statistics plan
PRS	Poverty Reduction Strategy
RNP	Civil Registry (Registro Nacional de las Personas)
SED	Ministry of Education
SEN	National Statistics System
SESAL	Ministry of Health
SINEG	National Public Administration Evaluation System (Finance Ministry)
SOPTRAVI	Ministry of Public Transport Works and Housing
UNAT	National Technical Support Unit (Office of the President)
USAID	United States Agency International Development



HONDURAS

IDB LOANS

APPROVED AS OF JULY 31, 2002

	<i>US\$Thousand</i>	<i>Percent</i>
TOTAL APPROVED	2,228,536	
DISBURSED	1,818,905	81.6%
UNDISBURSED BALANCE	409,630	18.4%
CANCELLATIONS	163,448	7.3%
PRINCIPAL COLLECTED	620,294	27.8%
APPROVED BY FUND		
ORDINARY CAPITAL	508,561	22.8%
FUND FOR SPECIAL OPERATIONS	1,652,938	74.2%
OTHER FUNDS	67,036	3.0%
OUTSTANDING DEBT BALANCE	1,198,611	
ORDINARY CAPITAL	188,333	15.7%
FUND FOR SPECIAL OPERATIONS	1,009,898	84.3%
OTHER FUNDS	380	0.0%
APPROVED BY SECTOR		
AGRICULTURE AND FISHERY	292,126	13.1%
INDUSTRY, TOURISM, SCIENCE TECHNOLOGY	71,484	3.2%
ENERGY	404,763	18.2%
TRANSPORTATION AND COMMUNICATIONS	394,724	17.7%
EDUCATION	71,293	3.2%
HEALTH AND SANITATION	246,179	11.0%
ENVIRONMENT	68,136	3.1%
URBAN DEVELOPMENT	151,923	6.8%
SOCIAL INVESTMENT AND MICROENTERPRISE	303,092	13.6%
REFORM PUBLIC SECTOR MODERNIZATION	191,598	8.6%
EXPORT FINANCING	6,908	0.3%
PREINVESTMENT AND OTHER	26,310	1.2%

* Net of cancellations with monetary adjustments and export financing loan collections



Inter-American Development Bank
Regional Operations Support Office
Operational Information Unit

Honduras

Tentative Lending Program

2002

Project Number	Project Name	IDB US\$ Millions	Status
HO0175	San Pedro Sula Municipal Dev II	9.0	APPROVED
HO0116	Sustainable Strength of Roads Sector	7.6	APPROVED
HO0217	Supplement Sewer System Puerto Cortés	4.5	APPROVED
HO0214	Statistics System Modernization	4.0	
HO0198	Bay Islands Environmental Management Program II	12.0	
HO0210	Judicial System Modernization	30.0	
*HO0211	San Pedro Sula Water and Sewerage Projec	13.7	
HO0212	Poverty Reduction Sector Program	30.0	
Total - A : 8 Projects		110.8	
TOTAL 2002 : 8 Projects		110.8	

2003

Project Number	Project Name	IDB US\$ Millions	Status
HO0221	Competitiveness Program	6.0	
HO0197	Poverty Reduction Program focusing on Indigenous peoples and Afro descendants	10.0	
HO0205	Sula Valley Citizenship Security	20.0	
HO0189	Strength Trade Negotiations Capacity	3.5	
HO0219	Financial Sector Program	25.0	
HO0192	Microenterprise Global Program	35.0	
HO0208	Disaster Risk Mgmt. and Insurance	5.0	
HO0220	Descentralization Process Support	30.0	
Total - A : 8 Projects		134.5	
HO0216	Homeless Women and Children	10.0	
HO0191	Marginal Areas Improvement	30.0	
HO0218	Pro-Bosque Program	20.0	
Total - B : 3 Projects		60.0	
TOTAL - 2003 : 11 Projects		194.5	
Total Private Sector 2002 - 2003		13.7	
Total Regular Program 2002 - 2003		291.6	

* Private Sector Project



INTER-AMERICAN DEVELOPMENT BANK
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HONDURAS

STATUS OF LOANS IN EXECUTION AS OF JULY 31, 2002

(Amounts in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROJECTS	AMOUNT APPROVED	AMOUNT DISBURSED	% DISBURSED
Before 1996	5	59,300	47,025	79.30%
1996 - 1997	4	47,080	25,470	54.10%
1998 - 1999	8	252,416	116,942	46.33%
2000 - 2001	17	263,826	31,598	11.98%
2002	2	16,600	0	0.00%
TOTAL	36	\$639,222	\$221,036	34.58%

* Net of Cancellations . Excluding export financing loans.

STRENGTHENING AND MODERNIZATION OF THE NATIONAL STATISTICS SYSTEM

(HO-0214)

EXECUTIVE SUMMARY

Borrower:	Republic of Honduras	
Executing agency:	Instituto Nacional de Estadística [National Institute of Statistics] (INE).	
Amount and source:	IDB: (FSO)	US\$4,000,000
	Local: ¹	US\$3,033,500
	Total:	US\$7,033,500
Financial terms and conditions:	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	Minimum 3 years; maximum 5.5 years
	Interest rate:	1% during grace period; 2% thereafter
	Inspection and supervision:	1% of the loan amount
	Credit fee:	0.5%
	Currency:	U.S. dollar
Objectives:	<p>The aim of this project is to improve government decision-making processes at the central and local levels, through sustained development and consolidation of the national statistics system (SEN), in order to assure the production of essential basic data on a timely and reliable basis. Specific objectives are as follows: (i) to strengthen executive and technical capacities at the National Institute of Statistics (INE); (ii) to create a permanent training system for INE and peripheral SEN entities; (iii) to strengthen SEN institutional organization through INE; (iv) to support the production of statistics in order to enhance their continuity, reliability and sustainability; and (v) to improve basic conditions in the statistics domain to encourage the production and use of information.</p>	

¹ Counterpart funding for the project will be covered fully by grants from ASDI and DFID to the Government of Honduras, which will be administered by the Bank.

Description: The project consists of the following components:

Component I. Strengthening of INE (US\$606,000)

The aim of this component is to strengthen INE by: (i) enhancing its technical capacity to collect and analyze information; and (ii) improving and assimilating new statistical tools, technologies and procedures.

Component II. Permanent INE training system (US\$574,000)

The aim of this component is to develop a permanent INE training center, to provide training to INE staff and to employees in the other SEN institutions.

Component III. Institutional strengthening of peripheral SEN bodies (US\$623,000)

The objective of this component is to strengthen functions involving supervision, coordination, regulation, audit of data and flows, technical assistance and training, led by INE, to ensure data production and flows of acceptable quality and timeliness in peripheral SEN entities.

Component IV. Production of primary statistics (US\$4,539,500)

The objective of this component is to assure the production of basic primary data, by providing funding on a declining scale for the collection, processing and analysis of information in a number of essential surveys that are of vital importance for the country.

Component V. Improvement of the statistics environment (US\$306,000)

The aim of this component is to improve the statistics environment in order to rectify shortcomings among information users, by promoting dialogue between the users and producers of statistics, in order to synchronize information generated with information required. By training users to utilize information it will be possible to create a “virtuous circle” in which user demand for timely and quality information will put pressure on producers to maintain standards achieved.

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

This operation is consistent with the Bank’s goal of contributing to sustainable development in Honduras, and is fully coordinated with various projects in support of statistics production that the Bank is currently implementing. These include efforts by Honduras to reduce poverty levels, the efficiency and efficacy of which depends on the country’s capacity to evaluate and monitor specific plans and

programs—which requires quality statistical information. In coordination with the National Technical Support Unit (UNAT) and the National Public Administration Evaluation System (SINEG), INE will provide support to define and obtain basic indicators to effectively monitor poverty reduction plans. In particular, there is a clear need for data to monitor the country's poverty reduction strategy (PRS).

**Environmental
and social
feasibility:**

The operation is not expected to have adverse environmental impacts, either directly or indirectly. Nonetheless, an environmental and social management proposal has been adopted to improve these aspects. The proposal involves obtaining and processing substantive data on gender, the ethnic characteristics of the population, natural resources and environmental conditions. This will make it possible to improve decision-making and implement appropriate policies, with better identification of zones of poverty, areas of greatest demand or deficit in public services of all types, and the relationship between poverty and environmental quality. To make good on this proposal, in the sample design stage for the surveys to be financed by the operation, special attention will be paid to methodology in the gender, ethnicity and environmental components, to ensure that the data obtained more adequately reflect the reality and quality of life among indigenous peoples. These measures will be reflected in the terms of reference for project contracting.

Benefits:

There is no doubt about the key importance of timely and reliable statistics to decision-making. The benefits of the project will be seen in measurement and prediction of the behavior of macro- and microeconomic, social and demographic variables, making it possible to gain a detailed knowledge of the country's socioeconomic situation, and make international comparisons. By way of example, it is statistical information that makes it possible to prepare poverty maps to measure the quality of life, household income, and employment; and to undertake specific research in such areas as gender and vulnerable and ethnic groups.

This concept has become more important since approval of the PRS, since information is crucial for resource allocation and measurements of poverty and the impact of interventions. The use of information precedes any planned action initiative, and it could be said that information systems form part of the infrastructure of institutionality.

Risks:

Some of the data-collection activities now assigned by law to the recently created INE, have been carried out for years—for reasons of need and urgency—by various SEN peripheral institutions (including the Central Bank and the Ministry of Agriculture). The fact that INE is taking these activities over is likely to generate

jealousies and possible institutional frictions, which could have repercussions on the quality of statistics. Situations of this kind will be mitigated through a gradual and consensual process of handing over responsibilities, in order to safeguard the quality of the statistical products transferred. To assist in this area, the project will be based on guidelines set out in the National Statistics Plan (PNE) and its annual revisions, which establish the short and medium-term work plans for INE and SEN. These plans will be agreed and formalized by the senior authorities of the institutions comprising the SEN.

Lastly, the success of the operation depends on a genuine nationwide commitment to the SEN; this means that the Government of Honduras will be required to make increasing budgetary contributions to INE, and maintain them after the project has ended.

**Special
contractual
clauses:**

Precedent to the first disbursement:

1. Evidence that the agreements between the borrower, international donors and the Bank, on local counterpart funding and its administration have been signed and are in force (see paragraph 2.14).
2. That the agreement between the borrower and INE for the transfer of project resources has been signed and put into effect.
3. That the project coordinator has been appointed, in accordance with terms previously agreed between the executing agency and the Bank (see paragraph 3.4).

Precedent to the first disbursement of component 5:

4. That the regulations governing the use and award of research and training grants for technical staff, to be financed by the project, are in force (see paragraph 3.15).

On execution:

5. That the borrower undertake to increase budgetary funding as necessary to guarantee the financial sustainability of the project, in accordance with the timetable agreed with the Bank (see paragraphs 4.4, 4.5 and table 3).

**Poverty-
targeting and
social sector
classification:**

This project does not qualify as a social-equity enhancing project.

Exceptions to Bank policy: See section on procurement, below.

Procurement: The procurement of goods and related services, and the selection and contracting of consulting services, will be carried out in accordance with the relevant Bank procedures and policies. International competitive bidding will be required in the procurement of goods and related services for the equivalent of US\$250,000 or more. An international open call for proposals will be required for consulting services in amounts greater than the equivalent of US\$200,000. The procurement of goods and related services, and the hiring of consulting services, for smaller amounts will be governed by current national legislation, provided this does not conflict with the Bank's principles and policies on this issue. Annex II presents a tentative procurement plan for the different project components. The project does not involve the construction of civil works.

The activities in component IV (surveys) require many low-unit-cost and low-skill support services of all kinds. As these do not actually qualify as consulting services, it is proposed that they be contracted according to the relevant INE guidelines, which are consistent with the principles of competitiveness, transparency, economy and efficiency. The main features of the contract awarding mechanism are as follows: (i) a nationwide open call for tenders for all support services to be hired, stipulating (a) the conditions that candidates must meet (selection criteria, fees, manner of payment, and length of contract), and (b) a draft of the contract that will be used to hire services; and (ii) a generic description of the functions to be performed. Bank supervision of such hirings will be done on an ex post basis.

I. REFERENCE FRAMEWORK

A. Background

- 1.1 In recent years Honduras has been embarked upon major institutional drive to streamline its production and dissemination of statistics, to ensure the availability of basic information on a reliable and timely basis. This follows a long period in which data collection processes became fragmentary and discontinuous, resulting in poor data quality.
- 1.2 Three successive problems have recently demonstrated the urgency of improving the institutional architecture and processes of statistical data production. In chronological order, these were: (i) the new population census held in 1998; (ii) information requirements for monitoring the poverty reduction strategy (PRS);¹ and (iii) Bank support for the National Accounts Review Project of the Central Bank of Honduras (BCH).
- 1.3 At the start of the census project, the body legally responsible for the task, the former Bureau of Statistics and Censuses (DGEC), was suffering from a practically irreversible process of institutional decadence. The effectiveness of the effort, which required the Honduran government and society to reach consensus on the formulation of the PRS, was subsequently undermined because reliable data and social indicators to measure and monitor poverty were either lacking or insufficient.
- 1.4 The main weaknesses identified in the DGEC included: (i) scant coordination between users and producers of statistics; (ii) lack of statistical norms and standards; (iii) scant technical training for its staff; (iv) obsolete equipment; (v) recurrent budget cuts; (vi) shortcomings in the statistics generated from the administrative records of peripheral institutions; and (vii) inadequately qualified technical staff.
- 1.5 Concurring with the opinion of various cooperating organizations, the government created a specific and temporary unit to execute census activities. At the same time, it eliminated the DGEC and replaced it with the National Institute of Statistics (INE), which from its inception was seen as the central hub of the National Statistics System (SEN).² The INE was established by Decree 86-2000 of 8 July 2000, as a technical and autonomous body, with legal status and its own assets. Its responsibilities encompass the production of primary statistics, together with supervision, support, coordination, regulation and inspection of peripheral

¹ The government's poverty reduction strategy document, (*Estrategia para la reducción de la Pobreza*, Gobierno de la República de Honduras, August 2001, pp. 111-119, chapter VI, "Marco Operativo de la Estrategia"), refers to INE as part of the organizational structure for PRS execution and monitoring.

² The National Statistics System encompasses all State agencies that carry out activities involving collaboration, collection, analysis and publication of statistical data (including de-concentrated, decentralized, autonomous, semi-autonomous and municipal bodies).

institutions that generate data from administrative records (health, education, agriculture, customs and civil registry, among others). The new decree also contains a new organizational structure for INE, which is described in detail in paragraph 3.3 of the chapter on execution.

- 1.6 Having started operations in incipient fashion in January 2001, INE had achieved a significant level of activity by the end of the year, at which point it also took on responsibility for ongoing census activities, absorbing the specific executing unit for this activity. Important in this regard were the following: (i) its own composition, which involved staff recruitment and the contracting of international technical assistance; (ii) activation of the SEN, through meetings with representatives from all institutions involved, along with coordination visits; and (iii) obtaining, processing and dissemination of primary information, such as the Household Survey, the Basic Grain Harvest Forecast, and the Foreign Trade Yearbook, among others.

B. The National Statistics System and INE

- 1.7 The initial momentum displayed by INE has not been matched by other sources of statistical output. Peripheral institutions, which produce statistics from their administrative records, suffer from problems of varied origin and cause. One of the system's evident weaknesses specifically relates to the information processes and flows originating in these administrative records, because of the previous absence of leadership from a systemic governing body. In most cases primary data capture grinds to a halt for lack of resources, and the process suffers from divergent criteria that depend on the data capture point and agent involved. Data capture agents, and also their supervisors, lack the necessary training, and have no understanding of the utility of the task. Information flows are virtually unregulated, and support materials are inadequate. Any intervention to improve the situation should basically concentrate on strengthening INE in its roles as governing body, regulator, provider of technical assistance, and inspector and certifier of information obtained from administrative records produced by the system's peripheral institutions.
- 1.8 The need to consolidate leadership in the SEN means that INE will require support from the outset, in order to channel institutional strengthening actions to produce, coordinate and consolidate the system. In this respect, projects being implemented by a number of cooperating bodies and the Bank itself contain partial strengthening actions. Nonetheless, the relatively short term and limited scope of such actions make the SEN vulnerable, and it requires sustained and comprehensive medium-term action for its consolidation. The problems facing the SEN are complex, since they require institution building, training of agents, inter-agency coordination, provision of support materials and coordination of interventions by the various donors.

- 1.9 In another area, INE and SEN are clearly vulnerable to budget cuts in situations of expenditure squeeze. The SEN in Honduras has historically been maintained through relatively intermittent and partial support provided by a variety of donors, and by highly volatile public financing associated with a weak institutional architecture. The recent creation of INE and its vigorous initial steps, together with new demands for information (mainly arising from the need to monitor the PRS), all suggest a favorable outlook for institutional organization and sustained production of high-quality statistics.
- 1.10 The financial vulnerability of the statistics system has serious consequences when it causes discontinuity in primary information obtained through surveys—previously the responsibility of DGEC and now carried out by INE. These normally depend on the possibility of external financing and/or are carried out in a subsidiary way by institutions that have an urgent need for such information (BCH). Thus, intervention to strengthen the statistics system should include financing mechanisms that make it viable to maintain continuous primary data-capture systems, and make them sustainable in the medium-term.
- 1.11 Lastly, scant data production and poor data quality is matched by low levels of use. Regardless of associated cause-effect relations, a quality statistics system only becomes sustainable if the resources available allow it to produce quality statistics, and provided there is growing demand for such statistics to be used in analysis and decision-making by the actors involved. Comprehensive systemic intervention should include actions to strengthen both aspects.

C. The Bank's country and sector strategy

- 1.12 This operation is consistent with the Bank's goal of contributing to sustainable growth in Honduras, and is fully coordinated with various efforts to support statistics production that the Bank is currently executing. These include a drive by Honduras to reduce poverty, the efficiency and efficacy of which depend on the country's capacity to evaluate and monitor specific plans and programs, an operation that requires quality statistical data. In coordination with UNAT and SINEG, INE will help define and obtain basic indicators to effectively monitor poverty reduction plans. In this regard, there is a clear need for data to monitor the PRS.
- 1.13 The Bank is also involved in a number of complementary projects that have strong links to this one. It is financing the following operations: (i) Census Support Program (1078/SF-HO); (ii) a technical cooperation project to support the Central Bank in the national accounts area (ATN/SF-7320-HO); (iii) a technical cooperation project for the design and implementation of an indicators system to monitor the PRS (ATN/JO-7507-HO); (iv) technical assistance for the Household Survey channeled through the Program to improve surveys on living conditions in Latin America and the Caribbean (MECOVI). The latter is a technical assistance

mechanism co-sponsored by IDB, the World Bank and ECLAC, which Honduras has joined as a result of a direct request issued by the Secretariat of the Office of the President, but which so far has not received specific funding from the Bank; (v) the PRS implementation support program (1087/SF-HO); and (vi) the sectoral poverty reduction program (HO-212), which is currently under preparation.

- 1.14 Loan 1078/SF-HO (population and housing census support) run by INE, which is being executed on a fast-track basis, includes funding to support the process of obtaining census data, along with several initial institutional strengthening actions. These relate essentially to training for INE technical staff and assistance in census processing and analysis being provided by the United States Census Bureau (USCENSUS). This loan also supports medium-term planning and programming activities (some of those lines of action will be made more viable by support provided by the present project). Loan ATN/JO-7507-HO, in coordination with INE, will provide a short-term statistical plan for monitoring the PRS, which will include the design of minimum indicators, information source identification and actions needed to produce quality inputs on a timely basis (essentially, this project should guarantee basic inputs to sustain and nurture the statistics plan mentioned above). Sectoral adjustment loan 1087/SF-HO includes actions and policy measures to implement and monitor the PRS, including the design of indicators financed by loan ATN/JO-7507-HO. Lastly, project HO-0212 contains measures to establish a baseline and information flows to monitor the PRS (here again, to ensure such information flows form an integral part of this proposal).
- 1.15 Non-reimbursable technical cooperation ATN/SF-7320-H0 (program to strengthen national accounts in Honduras) is intended to support the Central Bank of Honduras (BCH) in improving the scope, quality and timeliness of national accounts, in order to support national authorities in economic-policy decision-making. Using proceeds from this technical cooperation, and with additional support provided by USAID and BCH, funding has been provided for an economic establishments directory and the Multipurpose Economic Survey. At the present time, consulting services are being contracted to improve household accounts and the structure of input-output tables, and to migrate the base year of national accounts. This will be one of the products of the multipurpose survey (to be transferred in the future to INE).

D. Lessons learned

- 1.16 Attempts to improve processes for generating economic and social statistics in the region show that support for censuses and surveys, or to extract administrative records, is insufficient in itself. Support needs to be extended to embrace all participants in the statistics cycle. Although it is important to support the process of producing quality and timely statistics, it is also essential to remedy shortcomings among information users. Experiences in the region have shown that one way to address this problem is by fostering dialogue between users and producers of statistics, to better synchronize information generated with information required. To

achieve this, support for data generation needs to be matched by user-training aimed at making the best use of information, thereby ensuring that the two sides are mutually consistent and achieve fluid communication.

E. External cooperation

- 1.17 This operation has been designed in full coordination and collaboration with USAID (United States), ASDI (Sweden), DFID (United Kingdom), and JICA (Japan), all of which are international cooperation agencies that have been active in developing statistics in Honduras. ASDI and DFID will participate as co-financiers of this operation. So far, ASDI support for INE has involved financing most of the census activities and the program to strengthen the SEN, which successfully participated in designing the INE legal and organizational framework. In the case of USAID, support consisted of (recently discontinued) funding for multipurpose household surveys, the most recent Expenditure and Income Survey of 1999, and the production of agriculture and livestock information. Lastly, support has been provided by JICA, in conjunction with the Bank (1078/SF-HO), to bridge the financial gap that emerged in 2001, thereby making it possible to carry out the census.

II. THE PROJECT

A. Objectives and description

1. Project strategy

- 2.1 The main strategy of the project is to give viability and sustainability to INE, by providing external financing on a declining basis. This implies an increasing budgetary commitment by the government, and also the consolidation of sufficient demand for information to prevent the process from being reversed. The institutional viability of INE, and its capacity to bring the execution of this operation to a successful conclusion, was evaluated in detail in a consultancy carried out by the Director of the Institute of Statistics of Chile, whose report is available in the RE2/SC2 technical files.
- 2.2 The project is based on guidelines established in the National Statistics Plan, a basic, consensually established and formalized document that establishes the INE and SEN medium-term work plans. This document defines and describes the information that INE should verify and certify, including identification and commitment of the institutional agent responsible for producing the data. The main function of the plan is to focus efforts and attentions in INE and peripheral institutions on nationwide minimum basic information—especially that relating to PRS monitoring, given its importance and immediacy. An initial step involves an annual review and adjustment of the statistics plan at the National Statistics Workshop—which is included as an activity in component 5 of this project.

2. Project objectives and description

- 2.3 The project's overall objective is to improve the government decision-making process at the central and local levels, by sustained development and consolidation of the SEN, in order to ensure the production of essential basic data on a timely and reliable basis. Specific objectives are: (i) to strengthen INE executive and technical capacities; (ii) to create a permanent training system for INE and peripheral SEN institutions; (iii) to strengthen the SEN institutional framework through INE; (iv) to support the production of statistics, by enhancing their continuity, reliability and sustainability; and (v) to promote basic conditions in the statistics field to encourage information production and use.

B. Components

1. Component I. Strengthening of INE (US\$606,000)

- 2.4 The aim of this component is to strengthen INE in terms of: (i) its technical capacity to collect and analyze information; and (ii) improving and assimilating

new statistical tools, technologies and procedures. For this purpose, consulting services will be contracted for: (i) review of the design, construction and permanent updating of the Household Survey Master Sample; (ii) digitization of cartography; (iii) improvement and redesign of the questionnaires and manuals of the various surveys based on national information priorities; (iv) harmonization of concepts and basic definitions between the surveys carried out by INE and other key sources of the country's social statistics (particularly administrative records), and international standards and procedures; (v) development of automatic methods and processes for controlling data quality and consistency; and (vi) development of systems for administration, management and control of operating processes to measure progress and the fulfillment of activities.

- 2.5 The importance of transparency in the production of statistics, and their reliability when validating and sustaining the system, makes it advisable to intervene in this area. In order to bolster confidence in INE data, external consulting services or an agency specializing in statistics will be contracted to evaluate the quality of SEN data and processes. The corresponding evaluations are expected to take place in the middle and at the end of the project execution period.

2. Component II. Permanent INE training system (US\$574,000).

- 2.6 The aim of this component is to develop a permanent INE training center, in order to train INE staff and those from the other SEN institutions. Execution of this component will follow guidelines set out in the existing INE training plan, but lessons learned from training activities in other project components will also be exploited. The following products will be developed under this plan: (i) training of trainers; (ii) training programs with their respective curricula; (iii) a system for evaluating trained staff; (iv) an incentives system for trained staff; and (v) a training promotion system.
- 2.7 Topics to be covered by training courses will include: (i) basic analysis of statistical data; (ii) fieldwork organization and logistics; (iii) data capture and purging; and (iv) sample design and updating.

3. Component III. Institutional strengthening of SEN peripheral entities (US\$623,000).

- 2.8 The aim of this component is to strengthen functions involving the supervision, coordination, regulation and audit of data and flows, together with technical assistance and training, led by INE, in support of peripheral SEN entities in order to ensure the production and flow of data of acceptable quality and timeliness.
- 2.9 To fulfill this objective, statistics production processes will be strengthened in the main peripheral institutions, in order to remedy current shortcomings in information generation and flows, both from the technical point of view and in terms of the

dimensions to be surveyed (vulnerable groups, gender, ethnicity and race, among others). Consulting services will be contracted for the following interventions, acting through INE and based on the National Statistics Plan: (i) to conduct diagnostic studies on information capture processes; (ii) to redesign information capture processes; (iii) to train staff; and (iv) to supervise information flows and quality, giving priority to the following SEN peripheral entities: (a) Education (Ministry of Education - SED): enrollment, number of teachers, school infrastructure, teacher and student attendance, days of classes, repetition and dropout; (b) Health (Ministry of Health - SESAL): health services, child growth and development, prenatal care for women, illness prevention and care; (c) Foreign trade (Internal Revenue and Customs Service - DEI): imports and exports; (d) vital statistics (Civil Registry): births, deaths, marriages and divorces; and (e) tourism, justice, safety, work, environment and migration.

4. Component IV. Production of primary statistics (US\$4,539,500).

- 2.10 The aim of this component is to guarantee the production of basic primary data, by providing funding on a declining scale for data capture, processing and analysis, in a number of essential surveys of vital importance to the country. Design of this component has paid special attention to the cost and methodology of statistical products, bearing in mind the minimum essential information needed by the country.
- 2.11 Broadly speaking, data generation should allow for monitoring of situations and trends in employment, living standards, and business and agricultural activity. Surveys would be divided by analytical units into two broad categories, namely social surveys and economic surveys. Support is envisaged in all stages of survey implementation: sample design, conceptual framework, preparation of questionnaire, planning and execution of field operations, database validation and consistency. In the sample design stage for these surveys, special attention will be paid to methodology in components relating to gender, ethnicity, environment and the disabled, to ensure that the data obtained faithfully reflect the reality and quality of life among indigenous peoples. To fulfill this objective, funding will be provided for the following statistical products:
 - a. **Social surveys.** These would include: (i) the Permanent Multipurpose Household Survey (EPHPM), which provides a continuous flow of data on the population's employment and living conditions. This survey is conducted twice a year in March and September nationwide (urban and rural areas) with a thematic coverage including employment, education, health, migration, and gender, ethnicity and race, housing and basic services; and (ii) the Standard of Living Survey, in the framework of PRS implementation; this is a basic tool of considerable thematic depth, which is used in conjunction with census data to construct a poverty map. The cost and complexity of this survey mandates lower frequency. The initial survey is expected to be conducted in 2003 and will serve

as the baseline for PRS monitoring. The second survey will be carried out in 2005.

- b. **Economic surveys.** This group consists of: (i) the six-monthly Grain Harvest Forecast Survey, projecting harvests for basic grains; (ii) the Agricultural Survey, which extends the grain harvest forecast to include information on a larger number of products and data on productive investment; this is carried out every two years; and (iii) the Annual Multipurpose Economic Survey, which gathers information on the status and evaluation of basic economic and accounting variables used to construct the national accounts.
- c. **Economic indices:** (i) Monthly Survey of Construction Indices, carried out each month in relevant establishments and markets; (ii) the Consumer Price Index and the survey of prices in the reduced shopping basket, which is carried out monthly in the relevant establishments and markets; (iii) business opinion survey; and (iv) other economic surveys.

5. Component V. Improvement of statistics environment (US\$306,000).

- 2.12 This component aims to improve the statistics environment, in order to remedy shortcomings among information users, by fostering dialogue between users and producers of statistics in order to synchronize data generated with information required. Training in the proper utilization of data will create a virtuous circle in which users' demands for timely and quality information will put pressure on producers to maintain standards achieved.
- 2.13 This component will finance technical assistance, training and equipment, involving: (i) training of technical specialists in statistics (statisticians and demographers) in coordination with universities, aimed at young persons recently graduated from courses that assume appropriate previous training; (ii) organization of annual national statistical workshops, for discussion, analysis and updating of the production and use of statistical information; (iii) creation of a system of incentives for statistically-based research. This would involve a competitive system aimed at the advanced university population, with rewards consisting of research grants, publication of results and opportunity to present work in national statistical workshops; (iv) promotion of information use among decision-makers, through awareness-raising, dissemination and exchange events held for a selected public and opinion leaders (business chambers; ministers, undersecretaries, parliamentarians, judges, civil society and journalists); and (v) publication of SEN activities in a variety of media, improving the specialized library service.

C. Cost and financing

Table 1
Budget by components
(in thousands of US dollars)

	Budgetary category	IDB/FSO	Borrower		TOTAL	
			(Int'l. Com)	National budget	US\$	%
A.	INE strengthening	345.0	261.0		606.0	8.6
	1. Consulting services	60.0	99.0		159.0	
	2. Travel and per diems	21.0	30.0		51.0	
	3. Technical evaluations	70.0	20.0		90.0	
	4. Support for project execution	194.0	112.0		306.0	
B.	Permanent training system	327.0	247.0		574.0	8.2
	1. Consulting services	200.0	140.0		340.0	
	2. Travel and per diems	27.0	72.0		99.0	
	3. Equipment	100.0	35.0		135.0	
C.	Strengthening of SEN entities	355.0	268.0		623.0	8.9
	1. Consulting services	100.0	100.0		200.0	
	2. Travel and per diems	50.0	14.0		64.0	
	3. Training	72.0	53.0		125.0	
	4. Equipment	133.0	101.0		234.0	
D.	Production of primary statistics	2,568.0	1,971.5		4,539.5	64.5
	1. Social surveys	1,630.0	1,230.0		2,860.0	
	2. Economic surveys	938.0	741.5		1,679.5	
E.	Improvement of statistics environment	174.0	132.0		306.0	4.4
	1. Publications	40.0	20.0		60.0	
	2. Research grants	75.0	30.0		105.5	
	3 Courses and workshops	29.0	52.0		81.0	
	4. Media	30.0	30.0		60.0	
F.	Other	108.0	120.5		228.5	3.2
	1. External audit	30.0	0		30.0	
	2. Contingencies	78.0	120.5		198.5	
	Financial costs	123.0	0.0	33.5	156.5	2.2
	1. Interest	83.0	0		83.0	
	2. Credit fee	0	0.0	33.5	33.5	
	3. Inspection and supervision	40.0	0		40.0	
General Total:		4,000	3,000	33.5	7,033.5	100.0

D. Financing

- 2.14 The operation will be financed jointly by the Bank (US\$4 million), ASDI (US\$2 million in local currency equivalent), DFID (US\$1 million in local currency equivalent), and the Government of Honduras (US\$33,500). For the purposes of the project, ASDI, and DFID grants to the Government of Honduras will be considered as local counterpart funds to be administered by the Bank. The signing of agreements with the Government of Honduras, ASDI, DFID and the Bank and their entry into force will be a condition precedent to the first disbursement of the Bank financing.

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The borrower in this project will be the Republic of Honduras, which will also be responsible for timely allocation of local counterpart funding. INE will act as project executing agency and, as such, will be responsible for permanent coordination with the Bank and for accounting and financial management.
- 3.2 Detailed activity timetables will be produced for execution of the individual project components. These will contain the corresponding targets, together with details of funds committed for consulting services, procurement, contracting and other component expenses. The timetables will be included in an annual operating plan, consistent with the National Statistics Plan. They will serve as the basic documents for monitoring fulfillment of objectives and activities envisaged.

B. Project execution and management

1. Administrative organization for project execution

- 3.3 To achieve its objectives, the organizational structure of INE is as follows: (i) a Board of Directors, responsible for approving the National Statistics Plan, annual operating plans and the INE budget. The board consists of top-level authorities from the Office of the President, the Ministries of Industry and Trade, Health, Education, Agriculture and Labor, together with Rector of the Autonomous National University of Honduras, and the INE director; (ii) the National Statistics System Commission, which is an advisory technical body, composed of senior officials from the statistical units of the legislature, the judiciary and State Ministries, decentralized institutions, deconcentrated bodies and municipios; and (iii) an executive board, which is the supreme head of INE administrative and technical areas and divisions, with responsibility for the institution's effective functioning. Internally, INE is divided into four staff areas (planning, legal assistance, public relations and dissemination, and management and budget) and five technical divisions (censuses and surveys; social and demographic statistics; economic statistics, business center; information technology; and regional coordination). Each of these divisions contains technical-functional units in keeping with their specific thematic or functional area.
- 3.4 The INE executive board will be responsible for project execution and coordination. For this purpose, a general project coordinator directly accountable to the executive board will be appointed. Under this same framework, the INE executive board has been coordinating activities for loan 1078/SF-HO (population and housing census support), in an efficient and effective manner. Appointment of the project coordinator, under the terms previously agreed between the executing

agency and the Bank, will be a condition precedent to initial disbursement. The planning area will help the executive board draw up the annual operating plan and monitor project targets.

- 3.5 Project administration and management will be carried out by INE areas and divisions, according to the nature of the component. Senior staff from these areas and divisions will meet periodically with INE management to ensure coordination between their respective actions. INE functional-technical units will be responsible for fulfillment of the activities in each component and, as appropriate, will receive technical support in the form of specialized consulting services to be coordinated by the INE executive board.
- 3.6 To facilitate project management, the technical divisions will rely on the administrative and planning areas (budget, accounting, treasury, personnel, and purchasing units) for accounting, financial and internal control systems, as well as for procurement, bidding and contracting procedures in accordance with the relevant Bank rules and procedures. The administrative area will have the following specific functions: (i) to meet the administrative needs of the INE technical-operational areas involved in project execution; (ii) to prepare budget documents and performance indicators relating to project activities, in order to satisfy the management objectives; (iii) to provide financial information as required by the Bank; (iv) to present yearly financial statements audited in accordance with Bank procedures; (v) to monitor budgetary and physical execution; (vi) to execute and supervise the provision, use, maintenance and conservation of goods, equipment and materials; (vii) to submit budgetary amendments to the executive board for its approval; (viii) to process financing disbursement requests and submit the respective project-eligible expenditure justifications, as established in Bank procedures; and (ix) to prepare six-monthly reports on project execution.
- 3.7 In view of the additional workload generated by the project and the specialization assumed by Bank procedures, training will be provided for key INE staff involved in project management. Staffing will also be reinforced by hiring a number of consultants in specific areas. In this regard, funds will be provided in the project for an initial launch workshop and to hire two consultants specializing in procurement, contracting, accounting and finance. In addition, during program execution, training courses will be held on procurement, disbursement, logical framework and project management.

2. Financial execution

- 3.8 INE will maintain separate bank accounts to handle the proceeds of the loan and local funding. These will be kept apart from accounts relating to other INE activities. In addition, it will maintain adequate accounting and management systems for handling project resources, including the contract administration system and the documentation file in support of project-eligible expenses. The accounting

system needs to be organized so as to provide the documentation needed to verify financial transactions and facilitate timely preparation of financial statements and reports. Project records will be maintained so as to: (i) identify amounts received from various sources; (ii) show project expenses financed by the loan from the Bank and those financed by other funds to be contributed for full execution, in accordance with the plan of accounts previously approved with the Bank; (iii) include details needed to identify goods acquired and services contracted; and (iv) show the cost of activities in each expenditure category.

3. Execution by component

a. INE institutional strengthening

- 3.9 The INE censuses and surveys division will be responsible for the technical execution of this component in coordination with other technical divisions.

b. Permanent INE training system

- 3.10 The business center division will organize training activities, with collaboration on technical content from the other divisions. These activities will be carried out as established in the existing INE training plan which specifies the training areas and modalities to be included.

c. Institutional strengthening of peripheral SEN entities.

- 3.11 The social and demographic statistics technical division, in conjunction with the economic statistics division, will coordinate support for SEN institutions that generate administrative records. Each division will support the institutions in its respective area, according to whether social or economic statistics are involved.

d. Production of primary statistics

- 3.12 Execution of this component assumes close collaboration between the censuses and surveys technical division and the social and demographic statistics and economic statistics divisions, which will be responsible for statistics production in their respective areas.
- 3.13 In addition, the functionality of the data to be collected on surveys and economic indices for use in preparing national accounts, which is still a BCH responsibility, makes those surveys a matter of priority. In this regard, the INE regulation envisions establishment of a joint INE-BCH committee to monitor transfer of the economic data capture process to INE and to guarantee data quality.

e. Statistics environment

- 3.14 The business center division, in collaboration with the public relations and dissemination area, will be responsible for technical execution and coordination of this component.
- 3.15 Grants for research and the training of specialist technical experts will be subject to a specific regulation establishing the modality and mechanism for awarding such grants, and specifying their beneficiaries, duration and eligibility criteria. This regulation will be a condition precedent to initial disbursement in this component.

C. Monitoring and evaluation

1. Reports and evaluation

- 3.16 Project monitoring and execution will be carried out through detailed activity timetables for each component, to be approved by the Bank.
- 3.17 Supervision of project execution will be done by the Bank's Country Office in Honduras, with technical support from the project team, in order to verify adequate implementation of timetables and compliance with the conditions and indicators to be included in the logical framework. By 31 December in each year of execution, INE will have an annual work plan for the following year approved by the board of directors. This plan will also contain an evaluation of results obtained during the previous period, and, where necessary, justification and recommendations for targets not attained during the period in question. The first operating plan will be submitted along with the initial project report. On the basis of this information, the Bank will evaluate implementation of the timetables established in the operating plans and fulfillment of their targets, together with adjustments needed for adequate execution.
- 3.18 *Reports.* INE will submit six-monthly progress reports on project implementation to the Bank, within 30 days following the end of each semester. Each report will consider the indicators and targets assigned in the logical framework. The reports will assess progress in implementing the surveys and short-term indicator system in the country.
- 3.19 *Technical evaluations.* The operation will receive funding to conduct two assessments of data quality, in order to measure the impact of interventions on the National Statistics System and fulfillment of project objectives. These evaluations will be made independently around the middle and end of project execution, by a specially contracted consultant acceptable to the Bank, or an agency specializing in this area. The first evaluation will be carried out once 50% of the Bank financing has been disbursed, and the second will be conducted 30 days after the conclusion of the project. INE will draft terms of reference for this exercise for Bank approval.

- 3.20 *Mid-term mission.* The Bank will undertake a mid-term mission to assess progress and results obtained in project execution. This will take place after 30 months or when 60% of the Bank loan has been disbursed, whichever occurs first. It will evaluate project progress and adjust programming for the following period if necessary. The mission will need prior access to the technical evaluation of mid-term data, referred to in the previous paragraph. Among other things, the mission will focus upon: (i) degree of compliance with actions envisaged in the detailed calendar for the first year, and operating plans for the following years; (ii) institutional capacity of units responsible for executing the foreseen actions; and (iii) effectiveness of coordination actions between institutions and with users of INE products promoted by the project.

2. Audit and control

- 3.21 During project execution, the borrower will file annual audited financial statements for the project, within 120 days following the end of the financial year in question. Financial statements will be audited by an independent firm of public accountants acceptable to the Bank. The costs of the audit will be defrayed out of the loan proceeds. Selection and hiring of the firm will adhere to Bank procedures (AF-200), and the work will be conducted on the basis of terms of reference previously agreed with the Bank (AF-400 and 500).

D. Procurement of goods and services

- 3.22 The procurement of goods and related services, along with the selection and engaging of consulting services, will be conducted in accordance with the relevant Bank policies and procedures. International competitive bidding will be required for procurement of goods and related services for US\$250,000 or more. An international public call for proposals will be required for consulting services valued at more than US\$200,000. Procurement of goods and related services, and hiring for consulting services, in smaller amounts will be governed by current national legislation, provided that this is not incompatible with Bank principles and policies in this area. Annex II presents a tentative procurement plan for the various project components. The project does not involve civil works.
- 3.23 The nature of the activities in component IV (surveys) requires a large number of low-cost, low-skill support services of all kinds, which do not really qualify as consulting services. It is proposed that procurement be conducted in accordance with INE guidelines on the subject, which uphold principles of competitiveness, transparency, cost-effectiveness and efficiency. The main features of the contract awarding mechanism are as follows: (i) a nationwide open call for tenders for all support services to be hired, stipulating (a) the conditions that candidates must meet (selection criteria, fees, manner of payment, and length of contract), and (b) a draft of the contract that will be used to hire services; and (ii) a generic description of the functions to be performed. Bank supervision of these hirings will be done ex-post.

E. Execution period and disbursement timetable

- 3.24 The project execution period will be five years, according to the following disbursement timetable. The deadline for the final disbursement of loan proceeds is estimated at 5.5 years, measured from the date on which the loan contract takes effect. This is deemed time enough to complete the activities envisioned in the different components, including procurement and contracting of goods and services as programmed, and for execution of the respective consulting services. Table 2 provides a summary timetable of project disbursements.

Table 2
Disbursement timetable
(in thousands of US dollars)

Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. INE strengthening	300.0	99.0	54.0	54.0	99.0	606.0
2. Training system	251.0	104.0	88.0	73.0	58.0	574.0
3. SEN strengthening	553.0	28.0	21.0	14.0	7.0	623.0
4. Statistics production	1,765.0	779.0	1,377.0	390.0	195.0	4506.0
5. Statistics environment	88.0	75.0	61.0	48.0	34.0	306.0
6. Other	40.1	39.6	39.6	39.6	69.6	228.5
Total:	2,997.1	1,124.6	1,640.6	618.6	462.6	6,843.5

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The government's commitment to the sustainability of INE as an institution is shown by the fact that it has been recently created as an autonomous body with a board of the highest technical and professional caliber. The commitment to improve and modernize statistical information systems to facilitate decision-making is one of the foundations of the State modernization strategy in Honduras, and is matched by the priority given to this operation. In addition, the government has given unequivocal signs regarding the financial sustainability of INE, by more than doubling its budget for 2002 compared to 2001,³ thereby enabling the institution to hire the necessary full-time staff to carry out its activities during this year.⁴

B. Financial viability

- 4.2 The Bank's call for coordinated action with the main donors (ASDI and DFID) involves extending funds to the sector, with a medium-term intervention horizon linked to a strategy of decreasing external financing and increasing government budgetary support. This should ease the financial vulnerability of INE in the short run, and, while ensuring consistent action, enhance sustainability in the long-term.
- 4.3 The future financing of INE activities foresees the Government of Honduras assuming an increasing share of expenditure, matched by a progressive withdrawal of external financing, essentially in activities related to obtaining primary information (surveys). As INE is an incipient institution, this means financing its incremental costs. The Government of Honduras undertakes to increase the INE budget each year, on an incremental basis, from the second year of project execution until the year after its conclusion. The yearly increase in budgetary funding is shown in table 3 of this document. The funding to be provided by the Government of Honduras in the year after conclusion of the operation, will be US\$1.1 million over and above the current budget of US\$1.5 million. This will give INE a total budget of US\$2.6 million, sufficient to ensure its proper functioning.
- 4.4 Accounting for such items will be reflected in the corresponding headings in the INE general budget, the multi-year budget and the national budget—not strictly as counterpart funds, but as contractually committed in this operation. This will mitigate the risk of budgetary cutbacks once the project has ended. The loan

³ The INE budget for 2001 (its first year of operations) amounted to 12 million lempiras; in 2002 it received an increase of 13.7 million lempiras, making total of 25.7 million lempiras (US\$1.5 million).

⁴ INE has a permanent staff of approximately 40.

contract will indicate the government's commitment to make the corresponding budgetary provisions.

Table 3
Timetable of progressive government funding
(in thousands of US\$dollars)

Funding	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 (following conclusion of project)
Government of Honduras	0	200	400	700	900	1,100

- 4.5 The projections given in **table 3 above** may be revised and updated by the borrower and the executing agency as the project is implemented, with the Bank's consent.

C. Environment and social feasibility

- 4.6 The operation is not expected to have a negative impact on the environment, either directly or indirectly. Nonetheless, an environmental and social management proposal has been adopted that aims to improve environment and social aspects. This includes obtaining and processing substantive information relating to gender, the ethnic characteristics of the population, natural resources and environmental conditions. This will make it possible to improve decision-making and implement suitable policies, more effectively identifying areas of poverty, places of greater demand or deficit in public utilities of all types, and relations between poverty and environmental quality. To fulfill this proposal, in the sample design stage for surveys to be financed by the operation, special attention will be paid to methodology in gender, ethnicity and environmental components, to ensure that data obtained appropriately reflect the reality and quality of life among indigenous peoples. These measures will be included in the terms of reference for project hirings.

D. Benefits

- 4.7 There can be no doubting the vital importance of providing timely and reliable statistics to support decision-making. The benefits of the project will be reflected in measurement and prediction of the behavior of micro- and macroeconomic, social and demographic variables, which will provide detailed knowledge of the socioeconomic state of the country, and provide a basis for international comparison. By way of example, statistical information makes it possible to: prepare poverty maps; measure living standards, household income and

employment; and undertake specific research in areas including gender, vulnerable groups and ethnicity.

- 4.8 This concept has become increasingly important since approval of the PRS, given the crucial importance of data for resource allocation and for measuring poverty and the impact of interventions. The use of information precedes any planned action initiative; in fact it could be said that information systems are part of the infrastructure of institutionality.

E. Risks

- 4.9 Some of the data-capture activities, now legally assigned to the recently created INE, have been carried out for years, since they were urgently needed by a number of peripheral institutions (including the Central Bank and the Ministry of Agriculture). The takeover of these activities by INE is likely to arouse jealousies and the potential for institutional frictions, which could have repercussions on the quality of the statistics. This possibility will be mitigated through a gradual and consensual process to hand over responsibilities, safeguarding the quality of the statistical products transferred. For this purpose, the project will adhere to guidelines established in the National Statistics Plan and its annual revisions, which establish the INE and SEN short- and medium-term work plans. These plans will be agreed and formalized by the top authorities of the institutions comprising the SEN.
- 4.10 Lastly, the success of the operation depends on the country's future commitment to the SEN, which mainly requires the Government of Honduras to increase budgetary funding for INE and maintain it after the project has ended.

LOGICAL FRAMEWORK

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
Aim of program			
Government and private-sector managerial decision-making processes improved (SEN operating effectively)	<ul style="list-style-type: none"> Improved execution, monitoring and evaluation of government social programs Improved execution, monitoring and evaluation of government macroeconomic policies Improved execution, monitoring and evaluation of public investment programs Improved behavior of markets 	<ul style="list-style-type: none"> Government reports Government reports Government reports Government and private-sector reports 	<ul style="list-style-type: none"> Public and private agents sustain SEN from budgetary, institutional and financial standpoint, and use available statistical information
Purpose of program			
Statistical information used in public- and private-sector decision-making processes (INE operating effectively)	<ul style="list-style-type: none"> Improved statistical information incorporated into processes of formulating macroeconomic policies, social programs and public investment programs Improved statistical information incorporated into the market and into private investment proposals in sectors “x1”, “x2”, “x3” in years “z1”, “z2”... 	<ul style="list-style-type: none"> PNE information Budget bill approved by Congress Poverty reduction strategy progress reports National accounts Import and export statistics 	<ul style="list-style-type: none"> Public and private agents sustain INE from budgetary, institutional and financial standpoint Public and private agents trust in and use INE information
Project aims			
1. INE executive and technical functions improved	<ul style="list-style-type: none"> International and regional comparability of statistical information achieved in “x” sectors at “y” levels of disaggregation in “z” years Exchange of methodologies of type “x” and application “y” in time “z” Automatic data-processing methods applied to “x” sectors at “y” levels of disaggregation in “z” years 	<ul style="list-style-type: none"> Reports from international and multilateral organizations: OAS, UN, EU, PAHO, etc. Audited INE reports Audited INE reports 	<ul style="list-style-type: none"> Public and private agents sustain INE from budgetary, institutional and financial standpoint (all projects) Project 1: INE Board of Directors provides functional and operational support for the reforms Project 1: INE ensures that PNE priorities are upheld in program execution

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> • Statistical data quality-control processes applied to “x” sectors at “y” levels of disaggregation in “z” years • SIEH (Integrated Household Survey System) developed and executed in time “z” • Transparency, independence and reliability of processes for generating statistics improved in “x” sectors in “z” years • Decentralized controls of progress in executing activities applied in “x” sectors at “y” levels of disaggregation in “z” years • PNE targets satisfied on an annual basis 	<ul style="list-style-type: none"> • Audited INE reports • Audited INE reports • Audited INE reports • Academic and NGO sources • Journalistic sources • Audited INE reports • Institutional coordination and cooperation program agreements signed annually on the basis of PNE evaluated and agreed in year “z”. • Program agreements complied with in years “z”. 	<ul style="list-style-type: none"> • Project 2: Relevant authorities actively promote training of their staff and generate the necessary incentives • Project 3: Program agreements signed between INE and SEN peripheral agencies complied with • Project 4: Statistics disseminated by INE are effectively used by public and private agents • Project 5: Society increasingly recognizes the usefulness of improving statistical information
2. INE permanent training system in operation	<ul style="list-style-type: none"> • Technical innovation processes for obtaining, processing and generating statistical information in INE and peripheral institutions improved in “x” sectors with quality methodology “y” in “z” years • Internal applied research documents produced in INE and peripheral institutions • Self-induced coordination mechanisms developed between INE and peripheral institutions • INE staff invited to give courses in specialist centers locally and internationally on ... 	<ul style="list-style-type: none"> • Reports from peripheral institutions • Audited INE reports • Audited INE reports • Audited INE reports • Correspondence exchanged • Certificates awarded 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
3. SEN peripheral institutions produce and supply quality statistics to INE, in suitable quantity and on a timely basis	<ul style="list-style-type: none"> • SED produces better education enrolment statistics • SESAL produces better health statistics. • DEI produces better foreign-trade statistics • INE Civil Registry produces better life-cycle statistics • Other priority sectors produce better statistics (to be defined with ... see paragraph 2.6 (v)) 	<ul style="list-style-type: none"> • INE evaluation documents and data audit • INE evaluation documents and data audit • INE evaluation documents and data audit • INE evaluation documents and data audit • INE evaluation documents and data audit 	
4. Quality primary statistics produced in appropriate quantity and time	<ul style="list-style-type: none"> • INE disseminates better statistics on life-cycle and labor conditions • INE disseminates better PRS baseline and monitoring statistics in time “z” • INE disseminates poverty map prepared in time “z” • INE disseminates better statistics on Grain Harvest Forecast Survey • INE disseminates better statistics on the Agricultural Survey of a larger number of products than 5.4. and data on productive agricultural investment • INE disseminates better statistics for use in the National Accounts system • INE disseminates better statistics on construction-sector price trends 	<ul style="list-style-type: none"> • NGO reports • Specialized agency reports • PRS reports • Audited INE reports • Reports from organizations of producers, warehouse agents and marketers of agricultural products • Agriculture ministry reports • Reports from organizations of producers, warehouse agents and marketers of agricultural products • Agriculture Ministry reports • Reports from Economics Ministry or Central Bank • Business sector reports • SOPTRAVI reports • Economics Ministry reports 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> INE disseminates better statistics on price trends in the family shopping basket 	<ul style="list-style-type: none"> PRS reports Social agency reports NGO reports 	
5. Statistics environment improved	<ul style="list-style-type: none"> Workshops produce information to evaluate PNE development Private sector requests statistical information Better publicity of the availability of statistical information Improved research on issues of public and private interest Statistical information more effectively introduced into the educational process 	<ul style="list-style-type: none"> Final workshop reports INE reports Survey of entrepreneurs and business chambers Records of television programming Journalistic media University and research center reports Ministry of Education reports 	
Project components			
Project 1			
<p>C1. Basic INE statistical concepts and definitions harmonized and applied</p> <p>C2. Basic SEN statistical concepts and definitions harmonized with international standards and procedures</p> <p>C3. Consistency of information controlled during data-entry stage</p>	<ul style="list-style-type: none"> Number of concepts and definitions harmonized in “x” sectors at “y” levels of disaggregation and in “z” time Number of concepts and definitions harmonized in “x” sectors at “y” levels of disaggregation and in “z” time Number of consistency verifications increases from “x” to “y” in years “z1”, “z2” 	<ul style="list-style-type: none"> Agreed regulations distributed by INE Agreed regulations distributed by INE Data audits 	<ul style="list-style-type: none"> All the assumptions of the previous above are also valid at this level Peripheral statistical entities support execution of project 1, components 6 through 11 Project 2, Component 4: Incentives system formalized in technical career ladder and budgetary resources earmarked for this purpose

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
C4. Systems of administration, management and control of operating processes developed and applied	<ul style="list-style-type: none"> • “x” administrative innovations of type “y” applied in years “z1”, “z2” • “x” managerial innovations of type “y” applied in years “z1”, “z2” • “x” process control innovations of type “y” applied in years “z1”, “z2” 	<ul style="list-style-type: none"> • Process audits • Process audits • Process audits 	<ul style="list-style-type: none"> • Project 3, Components 1 through 3: Peripheral statistical entities participate actively in reforms and innovations implemented • Project 4, Components 1 through 7: Participating entities support correct implementation of surveys • Project 5, Components 1 through 6: Communications media actively contribute to raising public awareness of the importance of better production and use of improved statistics • For relevant components: Execution of other projects with international funding is appropriately coordinated with program actions
C5. INE staff trained	<ul style="list-style-type: none"> • “x” staff trained in “y” specializations in years “z1”, “z2” • “x” technical staff trained in “y” specializations in years “z1”, “z2” ... 	<ul style="list-style-type: none"> • Academic evaluations and certificates • Academic evaluations and certificates 	
C6. Audit of INE and SEN data and processes carried out and evaluated on a participatory basis	<ul style="list-style-type: none"> • Reports circulated to relevant agencies • Evaluation seminar held 	<ul style="list-style-type: none"> • Reception certificates • Audited INE information 	
C7. Master household sample (MMH) constructed	<ul style="list-style-type: none"> • MMH concluded on date “z” 	<ul style="list-style-type: none"> • INE archives • Reception certificates 	
C8. MMH updating system in operation	<ul style="list-style-type: none"> • MMH updated with frequency “z” and circulated to relevant agencies 	<ul style="list-style-type: none"> • INE archives 	
C9. Survey sample questionnaires designed and applied	<ul style="list-style-type: none"> • “x” number of “y” types of samples circulated to the relevant agencies in time “z” 	<ul style="list-style-type: none"> • INE archives • INE archives 	
C10. Digitized cartography used	<ul style="list-style-type: none"> • “x” digitized maps used for recording reports from “y” sectors in time “z” 	<ul style="list-style-type: none"> • INE archives 	
C11. Survey questionnaires and manuals redesigned and disseminated	<ul style="list-style-type: none"> • “x” questionnaires in “y” manuals used for surveys in time “z” 	<ul style="list-style-type: none"> • INE archives 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
C12. Program agreements formulated, reviewed and distributed	<ul style="list-style-type: none"> • “x” coordination meetings held between INE and peripheral institutions each year • “x” program agreements reached between INE and peripheral institutions each year • “x” program agreements circulated to peripheral institutions each year 	<ul style="list-style-type: none"> • INE archives 	
Project 2			
C1. Curricula developed and applied C2. Training programs developed and applied C3. System to promote and disseminate training developed and operating C4. System of incentives for trained staff formulated and delivered C5. Library and information center installed C6. Training center installed and operating C7. System for evaluating trained staff in operation C8. Lessons learned from ad hoc training integrated into INE training system	<ul style="list-style-type: none"> • “x” curricula inserted in “y” courses on “v” programs in time “z” • “x” participants trained in “y” specializations in time “z” • “x” television, radio and journalistic promotions disseminated in time “z” • “x” applicants from “y” specialties submit course registration forms • Report delivered to INE on date “z” • “x” quantity of material and installed spaces of “y” quality delivered on date “z” • “x” quantity of material and installed spaces of “y” quality delivered on date “z” • “x” graduates evaluated in the performance of their job functions in years “z1”, “z2”... • “x” high-level management experiences integrated in time “z” • “x” technical staff experiences integrated in time “z” • “x” ad hoc trainer experiences integrated in time “z” 	<ul style="list-style-type: none"> • INE archives • INE archives • INE archives • INE archives • INE archives • Works reception certificates • Works reception certificates • INE archive evaluations • INE training center reports • INE training center reports • INE training center reports 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
Project 3			
C1. SED operation improved	<ul style="list-style-type: none"> • “x” redesigned processes applied in “z” years • “x” staff trained operating processes in “z” years • “x” processes supervised by INE in “z” years 	<ul style="list-style-type: none"> • SED and INE reports • SED and INE reports • Consultant reports 	
C2. SESAL statistical operation improved	<ul style="list-style-type: none"> • “x” redesigned processes applied in “z” years • “x” trained staff operating processes in “z” years • “x” processes supervised by INE in “z” years 	<ul style="list-style-type: none"> • SESAL and INE reports • SESAL and INE reports • Consultant reports 	
C3. DEI operation improved	<ul style="list-style-type: none"> • “x” redesigned processes applied in “z” years • “x” trained staff operating processes in “z” years • “x” processes supervised by INE in “z” years 	<ul style="list-style-type: none"> • DEI and INE reports • DEI and INE reports • Consultant reports 	
C4. Civil Registry (RNP) operation improved	<ul style="list-style-type: none"> • “x” redesigned processes applied in “z” years • “x” trained staff operating processes in “z” years • “x” processes supervised by INE in “z” years 	<ul style="list-style-type: none"> • RNP and INE reports • RNP and INE reports • Consultant reports 	
C5. Operation of other priority areas (OPAs) improved	<ul style="list-style-type: none"> • “x” redesigned processes applied in “z” years • “x” trained staff operating processes in “z” years • “x” processes supervised by INE in “z” years 	<ul style="list-style-type: none"> • OPA and INE reports • OPA and INE reports • Consultant reports 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
Project 4			
C1. Multipurpose Household Survey carried out	<ul style="list-style-type: none"> • “x” surveys carried out in “z” time in March and September each year 	<ul style="list-style-type: none"> • INE database 	
C2. Living Standards Surveys carried out	<ul style="list-style-type: none"> • PRS baseline achieved in 2003 • PRS monitoring survey conducted in 2005 	<ul style="list-style-type: none"> • INE database • INE database 	
C3. Grain Harvest Forecast Survey carried out	<ul style="list-style-type: none"> • “x” number surveys carried out bi-annually 	<ul style="list-style-type: none"> • INE database 	
C4. Agricultural Survey carried out	<ul style="list-style-type: none"> • Survey carried out every two years covering sectors “x” with disaggregation level “y” 	<ul style="list-style-type: none"> • INE database 	
C5. Annual Multipurpose Economic Survey carried out	<ul style="list-style-type: none"> • Annual survey carried out covering sectors “x” at disaggregation level “y” 	<ul style="list-style-type: none"> • INE database 	
C6. Monthly survey of data to prepare construction price indices carried out	<ul style="list-style-type: none"> • Monthly surveys carried out covering sectors “x” at disaggregation level “y” 	<ul style="list-style-type: none"> • INE database 	
C7. Monthly survey of data to prepare consumer price indices carried out	<ul style="list-style-type: none"> • Monthly surveys carried out covering sectors “x” at disaggregation level “y” 	<ul style="list-style-type: none"> • INE database 	
Project 5			
C1. Technical specialists in statistics trained in universities	<ul style="list-style-type: none"> • “x” technical staff trained in “y” subjects in “z” years 	<ul style="list-style-type: none"> • University reports 	
C2. Annual statistical workshops held	<ul style="list-style-type: none"> • “x” participants in annual workshops • “x” research reports and papers presented and discussed in “y” commissions • Final workshop report 	<ul style="list-style-type: none"> • INE archives • INE archives • INE archives 	
C3. Statistical research encouraged	<ul style="list-style-type: none"> • “x” innovative research activities carried out and delivered to INE and peripheral SEN institutions by year “z” 	<ul style="list-style-type: none"> • INE and SEN archives 	
C4. Key decision-makers encouraged to use statistical information	<ul style="list-style-type: none"> • “x” diffusion meetings held in key public- and private-sector institutions in “z” years 	<ul style="list-style-type: none"> • INE and SEN archives 	

Narrative Summary	Outcome Indicators	Means of Verification	Assumptions
<p>C5. Representatives of communications media trained and made aware of improved use of statistical information</p> <p>C6. SEN activities disseminated</p>	<ul style="list-style-type: none"> • “x” seminars held in “z” years with “y” participants from various media • Journalistic references to improvements in the SEN increase from “x” to “y” in “z” years • SEN publishes and distributes quarterly diffusion magazine 	<ul style="list-style-type: none"> • INE and SEN archives • Periodicals and magazines • INE archives 	

PROCUREMENT PLAN

Main Procurement	Financing	Type	Prequalification	Public notice
Component 1: INE Strengthening Individual consultants/average contract: US\$30,000 Technical evaluations: US\$70,000	GOH/IDB	CSP	NO	2 nd quarter of year one
	GOH/IDB	CSP	YES	At midpoint and upon completion of project
Component 2: Permanent INE Training System Individual consultants/average contract: US\$15,000 Equipment: US\$100,000	GOH/IDB	CSP	NO	1 st quarter of year two
	GOH/IDB	LCB	NO	2 nd quarter of year one
Component 3: Institutional Strengthening of Peripheral SEN Entities Individual consultants/average contract: US\$20,000 Equipment: US\$133,000	GOH/IDB	CSP	NO	2 nd quarter of year one
	GOH/IDB	LCB	NO	1 st quarter of year one
Component 4: Production of Primary Statistics Individual consultants/average contract: US\$15,000	GOH/IDB	CSP	NO	1 st quarter of year one
Component 5: Improvement of Statistics Environment Individual consultants/average contract: US\$20,000	GOH/IDB	CSP	NO	1 st quarter of year two

CSP: Competitive selection procedure
 GOH: Government of Honduras
 IDB: Inter-American Development Bank
 LCB: Local competitive bidding