

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HONDURAS

TROPICAL STORM ETA EMERGENCY RESPONSE PROGRAM

(HO-L1122)

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY
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HO-L1222

Borrower:	Republic of Honduras	
Executing agency:	The Secretariat of Community Development, Water, and Sanitation (SEDECOAS/FHIS), in coordination with Strategic Investment of Honduras (INVEST-H) and the Secretariat of Infrastructure and Public Services (INSEP)	
Financing:	IDB (Ordinary Capital-FFF) ^(a)	US\$13,000,000 (65%)
	IDB (Concessionary OC):	<u>US\$ 7,000,000 (35%)</u>
	Total:	US\$20,000,000
Regular Ordinary Capital (OC) Financial terms and conditions:	Amortization period:	25 years
	Grace period:	5.5 years ^(b)
	Original weighted average life:	15.25 years
	Interest rate:	LIBOR-based
	Inspection and supervision fee:	^(c)
Concessional OC financial terms and conditions:	Credit fee:	^(c)
	Amortization period:	40 years
	Grace period:	40 years
Terms:	Interest rate:	0.25%
	Commitment period:	9 months
Currency:	Disbursement period:	12 months
	United States dollar	
Objective:	<p>The general objective of the program is to support the transition of the population affected by tropical storm Eta towards the resumption of its regular economic and social activities and to reestablish the level of access to basic public services.</p> <p>The specific objective is to restore a portion of the road infrastructure and basic water supply services affected by tropical storm Eta.</p>	

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible payment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the relevant policies.

Special contractual conditions:	The following will be special contractual conditions precedent to the first disbursement of the loan: (i) a firm will have been hired to perform the reasonable assurance audit; and (ii) the program Operations Manual will have been approved (paragraph 5.35).
Exceptions to Bank policies:	None
Environmental and social review:	Given the nature of this program, no prior environmental impact assessments will be conducted. However, any activities undertaken will comply with national regulatory standards and specifications for the prevention and mitigation of environmental and social impacts (paragraph 5.33).
Benefits:	Program resources will finance activities that will generate benefits for families and the economy in areas affected by tropical storm Eta. The main indicators programmed are as follows: (i) restoration of service on 163 segments of primary and secondary national roads, rural roads, and 38 bridges and box culverts. Approximately 2.6 people will directly benefit from the restoration of road infrastructure; and (ii) repair of 10 water supply systems and restoration of water supply services for 586,800 people (paragraph 5.12). The program's direct beneficiaries will be approximately 3.2 million people in all.
Retroactive financing:	In accordance with the Immediate Response Facility for Emergencies Caused by Natural and Unexpected Disasters (IRF), document GN-2038-16, the principal objective of the facility is to provide financial resources to the country affected by the disaster to cover the immediate costs of restoring basic services to the population. An estimated amount of up to US\$14 million (70% of the proposed amount of the loan ^(d)) may be used against the Bank loan proceeds to cover eligible expenditures that are incurred between the date of the disaster ^(e) and the approval date of this operation and that satisfy the requirements set forth in the corresponding loan contract. Please refer to optional link 2 and optional link 3 for details on the investments prioritized during a review of the documentation and field visits for the immediate resumption of basic service delivery to the disaster-affected population (paragraph 5.28).
Procurement of goods and services:	Goods and services will be procured 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) (paragraph 5.29).

^(d) This figure was estimated on the basis of preliminary information presented during the special mission and may be modified when reimbursement requests are made, based on supporting information audited by a Bank-eligible firm.

^(e) Tropical storm Eta formed on 31 October 2020, developed into a hurricane, and weakened to a storm and depression over Honduras from 1 November to 6 November, the date when the government issued a national state of emergency.