

Government of Honduras' Proposal to the Global Agricultural and Food Security Program

May 31, 2013



ALIANZA PARA EL CORREDOR SECO

2014-2019

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ACRONYMS

ACS	Alianza para el Corredor Seco
CABEI	Central America Bank of Economic Integration
CAADP	Comprehensive Africa Agriculture Development Programme
CIDA	Canadian International Development Agency
COMRURAL	Rural Competitiveness Project
CONASAN	National Food Security Council
COTISAN	Food Security Technical Committee
ENSAN	National Food Security and Nutrition Strategy
EU	European Union
FAO	Food and Agriculture Organization
FHIS	Honduran Foundation for Social Investment
GASFP	Global Agriculture and Food Security Program
GOH	Government of Honduras
GDP	Gross domestic product
IDB	Inter-American Development Bank
IHCAFE	Honduran Institute of Coffee
IFAD	International Fund for Agricultural Development's
JICA	Japan International Cooperation Agency
IMF	International Monetary Fund
M&E	Monitoring and evaluation
MSMEs	Micro, small, and medium enterprises
MCC	Millennium Challenge Corporation
MCA-H	Millennium Challenge Account—Honduras
MDG	Millennium Development Goals
P4P	WFP Purchase for Progress program
PIPSA	Plan de Inversión de País del Sector Agroalimentario (Country Investment Plan)
SAG	Ministry of Agriculture
SOTRAPVI	Public Works, Transportation and Housing Authority
USDA	U.S. Department of Agriculture
USAID	U.S. Agency for International Development
UTSAN	Technical Unit for Food Security and Nutrition
UNDP	United Nations Development Program
WEF	World Economic Forum
WFP	World Food Program

EXECUTIVE SUMMARY

Poor and highly vulnerable to climate change, Honduras seeks to fill a critical investment gap, changing the trajectory for some of the poorest communities in the Hemisphere. Indeed, 66 percent of Hondurans live below the national poverty line and 46 percent in extreme poverty. Growth is suppressed by low productivity and low value products, poor market access (only 20 percent of roads are paved), and health conditions that are so bad that, in the poorest departments, the growth of half of all children under five is stunted. Honduras seeks to put the brakes on the drivers of impoverishment through an integrated country investment plan that emphasizes agriculture-led, pro-poor growth.

Part I of this GAFSP country proposal describes the Country Investment Plan, which is called PIPSA in Spanish. Developed during an inclusive participatory process in 2011, the PIPSA has been the focal point for over \$300 million in donor and GOH investment and aims to lift 70,000 families from extreme poverty. In terms of country need, Honduras' poverty statistics are among the worst in the Hemisphere, yet the PIPSA is backed by a policy environment that surpasses nearly all other IDA (GAFSP-eligible) countries for key indicators, including in trade, gender, civil society, financial services, and the investment environment. The independent external review from Auburn summarized, "This [PIPSA] is a strong and comprehensive plan... The goal of sustainably lowering the number of smallholder farmers in poverty as well as growing the agriculture sector is sound". Furthermore, past performance of the PIPSA indicates that progress is being made, although it should be more rigorously monitored, and more must be done to better align investments with the indicators and objectives of the PIPSA. The GOH has committed to release an updated and improved version of the PIPSA by October 2013. The period of implementation will be extended until 2019 to coincide with the end of the proposed GAFSP investment.

Part II presents a proposal for a transformational food security investment: *The Alianza para el Corredor Seco (ACS)* (2014-2019). The objective is to lift 24,000 families (over 140,000 people) from extreme poverty between the years 2014 and 2019, and lay the foundation for sustainable rural growth, through reduced undernutrition and improved rural infrastructure. The proposed GAFSP investment will intensify integrated, market-oriented investments that have demonstrated to be successful under the PIPSA in the poorest areas with the greatest relative economic potential. ACS integrates best practices from all major food security investors in agriculture and health, including CIDA, FAO, USAID, and the World Bank. ACS goes one step further by expanding access to markets and public services to the extremely poor through rural roads. This investment proposes to improve 540 kilometers of secondary and tertiary roads. However, the GOH cannot do all of this alone, particularly under difficult fiscal constraints. This GAFSP country proposal includes two other major co-investors—USAID and the Central American Bank for Economic Integration (CABEI) – who bring \$65 million in project funds and top-notch expertise in agriculture, health, and infrastructure. The proposed implementation arrangements leverage the comparative strengths of the GOH, civil society, and the private sector.

The vision. Honduras is a land of great potential. The PIPSA aims realize this potential by reducing the level of poverty and food insecurity through partnerships and strategic investment that will, "Reduce by 10 percent the number of rural families living in poverty and extreme poverty through continual and sustained growth of the agricultural GDP at 4 percent annually, while improving the income distribution and incorporation of the rural poor in this growth." ACS will be a key vehicle for achieving this vision, helping to transform the lives of the least food-secure families. By the close of the updated PIPSA and ACS in 2019, Honduras aims to dramatically reduce the number of citizens living in extreme poverty, decrease stunting in the poorest departments by more than 20 percent, and pave the way for a more efficient delivery of public services through hundreds of kilometers of well-maintained rural roads.

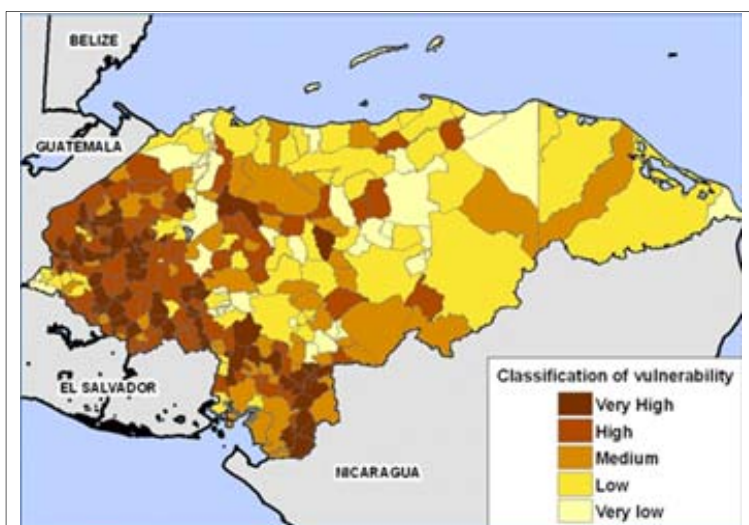
PART I: SUMMARY OF OVERALL AGRICULTURE AND FOOD SECURITY STRATEGY AND ASSOCIATED INVESTMENT PLAN

The Government of Honduras (GOH) seeks investment from the Global Agriculture and Food Security Program (GASFP) to change the course of human development for its poorest citizens. More than 66 percent of Hondurans live below the national poverty line¹, and 46 percent in extreme poverty. Rural poverty accounts for 70 percent of all poverty and 58 percent of extreme poverty. Honduras' rural poverty is concentrated in the western and southern areas, much of which is called the *Corredor Seco* (Dry Corridor)². Honduras is the most extreme case of inequality in Latin America, as measured by a Gini coefficient of 57.4. The WFP estimates that 60 percent of Hondurans are food insecure (Fig. 1).

Climate change exacerbates high levels of poverty and food insecurity with deforestation and increasingly variable weather conditions, which make subsistence agriculture more challenging. Honduras is ranked as one of the most vulnerable countries to climate change on the planet.³ Over the last 30 years, 50 natural disasters have cost \$4.7 billion and killed 15,500 people, disproportionately affecting harvests and food prices. In 2010, for example, 55 percent of weather damage was in the agriculture sector. This year, abnormal weather conditions are contributing to the worst crop loss in memory. Leaf rust—an airborne fungus—is ravaging the coffee industry and its 100,000 small producers.

One in four children in Honduras is so undernourished that their development is stunted (See Annex 1). In the *Corredor Seco*, where poverty is most acute, 58 percent of children under five suffer from chronic undernutrition.⁴ Contributing factors include severe poverty, limited access to clean water, a nutrient-deficient diet (largely corn and beans), poor sanitation, and insufficient breastfeeding. Infants are exclusively breastfed for only two months in the *Corredor Seco*; the national average is 2.5 months.

Figure 1: Vulnerability Mapping of Food Insecurity in Honduras



Source: Famine Early Warning Systems Network (MFEWS), "Vulnerability Mapping of Food Insecurity in Central America," October 15, 2009

¹ All UN organizations, including the Statistics Division, use the following definition to track MDG 1A progress, "The poverty headcount ratio is the proportion of the national population whose incomes are below the official threshold set by the national government." The GOH calculates the national extreme poverty line and poverty line annually—respectively \$1.81 and \$2.43 per person per day. The GOH, the UNDP, and the World Bank each use this measure in their publications (i.e. the UNDP's Millennium Development Goal Progress Reports, the World Bank's Country Assistance Strategy, etc.)

² The *Corredor Seco* runs along El Salvador and to the border with Nicaragua. It is characterized by variable climate conditions (including frequent natural disasters), high poverty, and undernutrition.

³ Global Climate Risk Index 2013. <http://germanwatch.org/en/download/7170.pdf>

⁴ Undernutrition is defined as the outcome of insufficient food intake and repeated infectious diseases. It includes being underweight for one's age, too short for one's age (stunted), and deficient in vitamins and minerals (micronutrient malnutrition). http://www.unicef.org/progressforchildren/2006n4/index_undernutrition.html

Honduras' economic development is further handicapped by violent crime. Since 2010, Honduras has held the highest national homicide rate in the world. However, high poverty rates do not correlate with violence. Areas experiencing the highest food insecurity are often the least violent, and urban areas suffer the most. Rates in the *Corredor Seco* average 37.4 homicides per 100,000 inhabitants whereas rates are as high as 129 in the departments of Cortes and Atlántida⁵, where food insecurity is low. Nonetheless, high poverty in the countryside contributes to urban migration, fueling the ranks of the gangs and creating greater pressure on urban services and social safety systems.

Agriculture remains the primary engine for rural incomes and investment, generating 38 percent of all employment and 60 percent of rural employment. With modest national growth of 3.25 percent in 2012, agriculture contributed 14 percent of the Gross Domestic Product (GDP) and 70 percent of total exports. However, the agriculture sector is hampered by poor roads, limited investment for irrigation, seeds, tools, and other basic inputs, antiquated practices, and adherence to low-value crops.

1.1 Objectives, indicators, and past performance

Food security is among the highest priorities for the GOH. Four inter-related GOH strategies address the key drivers of food insecurity and establish objectives for reducing poverty: two national-level plans, the Country Vision (*Visión de País*) and the National Development Plan; and two implementation plans, the National Food Security and Nutrition Strategy (ENSAN), and the Country Investment Plan (PIPSA).

- National-level plans. In early 2009, the National Congress launched a long-term initiative to eradicate extreme poverty that resulted in legislative approval in 2010 of the Country Vision (*Visión de País* 2010-2038). Two of the four objectives of the Country Vision are related to poverty eradication. Concurrently, a 12-year National Development Plan (*Plan de Nación* 2010-2022) was prepared with the objectives identified in the *Visión de País*. Among the targets are: 1) eradicating extreme poverty; 2) reducing the number of households in poverty to 15 percent; 3) irrigating 400,000 hectares; and 4) improving Honduras' global competitiveness.
- Food security plans. An integrated and broad strategy, ENSAN is a road map for greater food security and better nutrition. ENSAN addresses food availability for the extremely poor and includes nutrition investments. Most similar to the Comprehensive Africa Agriculture Development Programme (CAADP) Post-Compact investment plans, the PIPSA sets out a plan for a market-driven and pro-poor agriculture industry. A main goal of the PIPSA is to reduce poverty and extreme poverty by 10 percent each by 2014.

PIPSA Past performance. Table 1 shows progress on selected PIPSA indicators drawing on current data. Results for agriculture exports and the number of producers adopting new technologies (i.e. drip irrigation) have exceeded the four-year target. Indicators for the number of additional hectares of irrigated land, and the value of new agricultural loans are on track. Figures for rural roads have nearly reached the four-year target (however, these infrastructure efforts have not focused in food insecure areas).

⁵ Observatorio de la Violencia, Mortalidad y Otros, Instituto Universitario de Democracia, Paz y Seguridad, January, 2013.

Table 1: Progress on selected indicators of the PIPSA*

Indicator	4 Year Target	2011 (annual)	2012 (annual)
# of households exiting poverty and extreme poverty	70,000	TBD	TBD
Increase of the export value of foodstuffs	+70%	84%	9%
# of applied researched technologies implemented	100	12	14
# of producers adopting new technologies	20,000	22,316	32,037
Value of new agricultural loans from conventional financial providers (banks)	\$160 MM	\$36.2 MM	\$34.5 MM
Rural roads built or rehabilitated, kms	2,000	259	1613
Increasing the hectares of irrigated area (ha)	27,000	5,794	9,978
# of producers directly benefited of irrigation systems investments	9,300	11,588	19,956
Increase of poor households that obtain land titles	+25%, above 2010 level	235%	181%
# <i>Bono Tecnológico</i> grants per year, per household ⁶	180,000	133,895	130,504

* Complete table provided in annex 2.

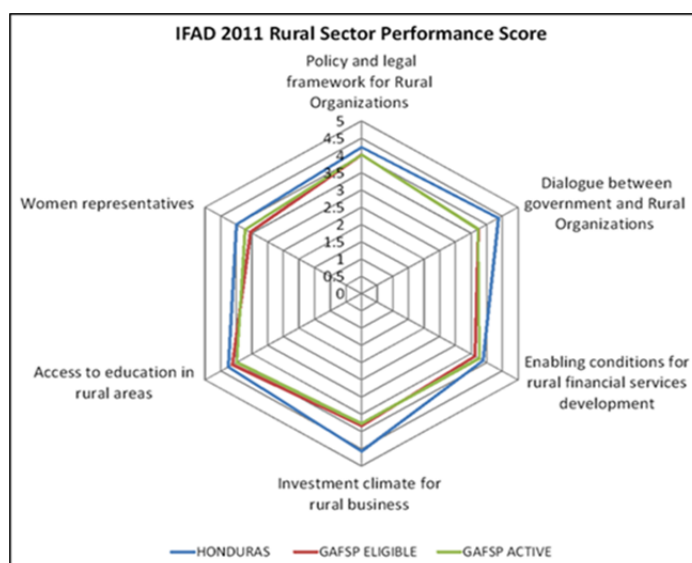
1.2 Key elements of the policy environment

While rural poverty and undernutrition statistics in Honduras are among the worst in the hemisphere, vis-à-vis their peers (other GAFSP-eligible countries) the policy environment is comparatively sound. The International Fund for Agricultural Development's (IFAD) performance-based allocation system (see Fig. 1) reveals a supportive policy environment with low risk associated with government interventions that would negatively impact food security.

Dialogue between the GOH and rural organizations. The GOH recognizes the important role of grassroots organizations and engages them to overcome obstacles to rural development. The GOH supports local, community-driven Food Security Roundtables or *Mesas de Seguridad Alimentaria* as a formal mechanism for dialogue, consultation and actions. The mesas are platforms for policy and community discussion among rural organizations, private and public sector, and donor agencies.

Rural finance. Compared to other GAFSP-eligible countries, Hondurans enjoy better access to rural finance. There are efforts to improve access to finance in rural markets through improved policies. For example, in 2010, the secured transaction reform legislation came into effect, creating the legislative framework for movable assets, such as equipment, supply contracts, accounts receivable, livestock, and other non-real property, to be used as collateral when

Figure 1: IFAD 2011 Rural Performance Score



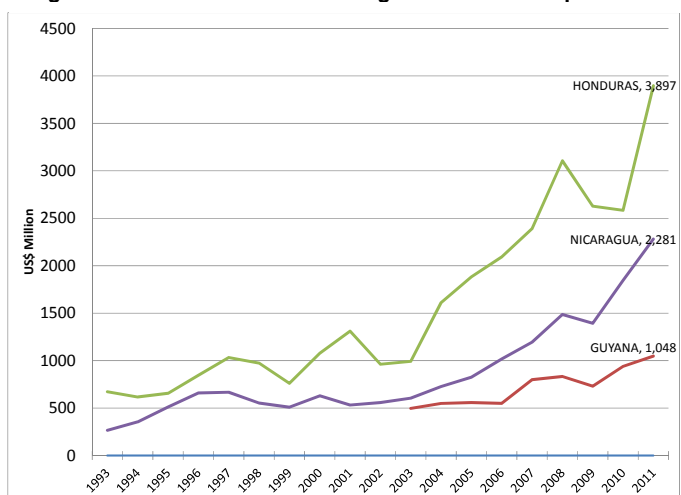
⁶ The *bono tecnologico* is a social safety net program for basic tools and seeds for the extremely poor.

applying for credit. However, much work remains to bring market-based finance within the reach of Honduran small-scale farmers.

Women representatives. Honduran women play a leading role in community decision-making bodies. This is corroborated by the 2012 Latin America Public Opinion Report, which found that Honduran women have much greater involvement in community actions than men. As explained later in Part II, while Honduras may look good compared to other GAFSP-eligible countries, there is significant room to bring about more equal economic participation between men and women.

Trade. Trade of agricultural goods remains relatively strong thanks in part to the policies associated with CAFTA-DR⁷ and to long-term growth in coffee exports. The World Bank Doing Business Report indicates a gradual improvement of the Honduran trade environment since 2008. This is reflected by its rank in the Trading Across Borders Indicator where Honduras climbed from 107th in 2008 to 90th in 2012. The overall improvement of trade has been facilitated by a well-organized private sector, which includes a network of regional chambers and professional associations. Moreover, operations of the port system extend to both the Atlantic and Pacific coasts, facilitating access to the world's largest markets in the United States, Asia, and the European Union. The World Economic Forum ranked Honduras's port system 32nd out of 139 countries (2010 Global Competitiveness report).

Figure 2: Latin America GAFSP Eligible Countries Export Data



Source: IDB Trade Statistics

1.3 Plan components to achieve the objectives

Constraint: low agriculture competitiveness. Livelihoods of the rural poor in Honduras largely consist of growing subsistence grains, farmed with centuries-old, low-productivity practices. Basic grains carry the most social and economic importance, despite the opportunity cost.⁸ Given the small size of the plots, basic grains cannot be grown in sufficient volume to be profitable. Reflected in the national competitiveness scores, Honduras ranks 90th out of 139 countries on the global competitiveness index, behind all other Central American countries. Component 1 of the PIPSA, “Increased Agriculture Competitiveness,” addresses this by integrating producers into competitive value chains. Integration into more sophisticated market systems requires that farmers can meet market demands. Hence, part of the PIPSA strategy is to promote good agriculture practices, improved technologies, and access to irrigation.

Constraint: limited market access. Switching to more profitable fruits, vegetables, and coffee can quickly generate several times the revenue over traditional grains. However, there is a deep-seated culture of subsistence farming. Extremely poor producers will not quickly shift from grains, as food security is at stake for small producers who rely on corn and beans for caloric consumption. The transition will require

⁷ Since its enactment into law in 2006, CAFTA-DR provides a permanent duty free access to U.S. and Central America markets for 95 percent of the country's agricultural products.

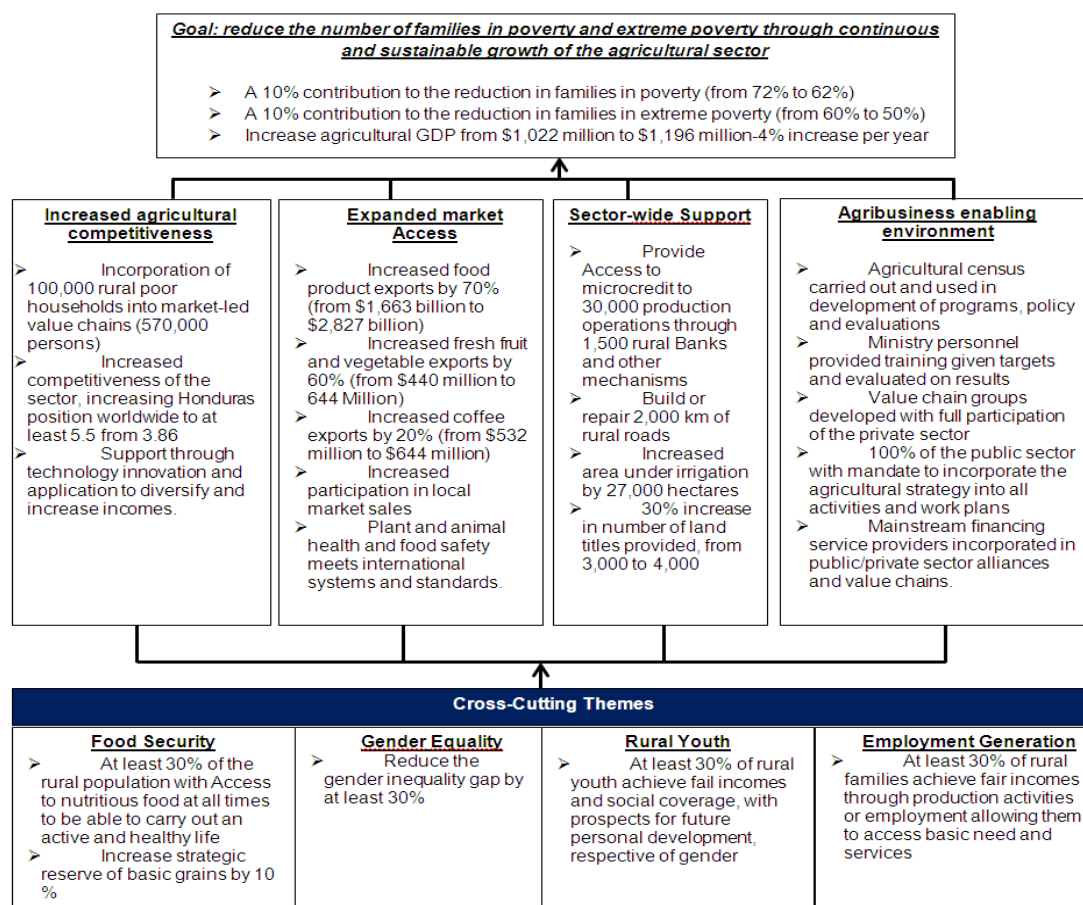
⁸ Representing 12% of agricultural GDP and generating about 300,000 permanent jobs, it is estimated that 500,000 farms are devoted to basic grains, of which 220,000 families grow for home consumption.

time, knowledge, and demonstrable successes. PIPSA's second component, "Expanded Market Access," supports the shift from subsistence agriculture (basic grains) to higher value, more diversified agriculture strategies. PIPSA has identified the fresh vegetable and fruit (horticulture) value chain and the specialty coffee value chain (which is a two to three year investment for producers) as the best targets of market opportunity. Together, coffee and horticulture represent 36 percent of national agricultural GDP.

Constraint: low sector wide support (systemic investments). The third component, "Sector-wide Support," refers to investments required to increase the systemic competitiveness of agriculture. While finance is relatively good vis-à-vis other GAFSP-eligible countries, finance remains a major constraint to productivity. According to FAO, during the last three years, only 4.3 percent of private credit was used for agricultural investment. Linked to access to finance, land tenure issues remain a disincentive to sustainable land use and investment. An efficient and transparent land tenure system is necessary to develop the market for land purchases, for accessing credit and fomenting infrastructure and production investments. Moreover, a great deal of investment is required to increase the reach of farm to market roads. According to the World Economic Forum (WEF) infrastructure index, the quality of the road system in Honduras is the second worst in Central America. PIPSA's Component 3 supports access to finance, land titling, rural transportation, and improvements in infrastructure.

Constraint: agribusiness enabling environment. While a significant bureaucracy, the Ministry of Agriculture (SAG) has surprisingly little presence in the field. SAG contributes to poverty reduction through laws, market information, and oversight of donor and multilateral investments. SAG has, however, made progress in streamlining red tape, and bringing attention to the importance of agriculture diversification and food security. Under Component 4, "Agribusiness Enabling Environment," the GOH aims to strengthen the services for better market information, greater investment and export promotion, research, reliable market information, and monitoring and managing multilateral and donor investments.

Figure 3: Result Framework of the PIPSA



Cross-cutting themes: gender equality and environmental sustainability. Through all components, the PIPSA strategy rests on the shift from subsistence to more commercially-oriented farming. This transition is expected to have a positive impact on women. For women beneficiaries, improved household income should increase choices with respect to food purchases, access to healthcare, education of children, and new economic opportunities. Women also participate widely in both coffee and horticulture value chains. Strategies for bringing greater equity in income generation are described in Part II. Environmentally, the intensity and profitability of horticulture production relative to basic grains creates much stronger incentives for water resource management and soil conservation. Coffee is particularly well suited to the steeper slopes found in the poorest parts of Honduras. The PIPSA supports the development of a coffee-based agro-forestry production system as a viable and sustainable climate change adaption strategy, as it helps stabilize soil erosion while improving availability of water.

1.4 Planned composition and level of spending to implement the components

Public spending on agriculture has averaged 5 percent of total public spending over the five years ending in 2011. During the same period, spending on food security – which includes spending on agriculture – has averaged 5.6 percent. After a decrease to 4.5 percent in 2009 due to disruption in government operations after a constitutional crisis, public spending on agriculture increased to reach 5.8 percent in 2011. The deteriorating fiscal situation in 2012 and the expiration of the loan agreement with the International Monetary Fund (IMF) in March 2012 forced the GOH to cut spending in several sectors, including agriculture. As a result, the share of spending for agriculture in the national budget in 2012 decreased to a final share of 4.9 percent (see annex 3). In 2013, despite the difficult fiscal context, the GOH demonstrated its commitment to agriculture by allocating a higher share of its budget; 5.1 percent of the 2013 approved budget will be invested in agriculture. This commitment is remarkable, considering the growing fiscal deficit, which reached 6 percent in 2012 and expected to remain at that level in 2013⁹. The fiscal deficit was 4.7 percent in 2011.

Table 2: Summary of the PIPSA funding sources and gap levels

Component	Cost in US\$ Million	PIPSA Investment in 2011-2012*			Gap in US\$ Million
		GOH	Donors	Total Executed	
Agriculture Competitiveness	205.86	1.94	40.96	42.9	162.96
Expanded Market Access	85.31	42.57	6.57	49.15	36.16
Sector Wide Support	272.73	17.86	2.96	20.82	251.91
Agribusiness Enabling Environment	66.46	56.51	8.05	64.56	1.9
Cross-cutting	160.03	26.64	46.77	73.42	86.61
Total	790.39	165.53	105.32	270.84	519.55

* Annex 4 shows the complete table of financial execution of the PIPSA by sources and component

1.5 Financing sources and gaps

The initial cost of the PIPSA was \$790 million with a total financing gap of \$647 million. However, the gap was much smaller than anticipated, due to more resources, better accounting and inclusion of social safety net programs into the GOH calculation for the PIPSA. GOH investments were allocated through SAG, the Ministry of Social Development, the Ministry of Health, and the Transportation Ministry. The main development partners that contributed to PIPSA implementation were CIDA, the World Bank, USAID, EU, IFAD, IDB, and USDA. While more resources were made available for food security and

⁹ Honduras—Staff Report for the 2012 Article IV Consultation, International Monetary Fund

agriculture competitiveness, and PIPSA performance is on track in terms of targets and indicators, greater analysis is needed to understand the efficiency of investments, and whether these investments are leading to the ultimate objective: moving rural producer families out of poverty. Still, the investment gap is considerable—about \$520 million. The GOH is unable to fill this gap due to fiscal constraints. Rising violence also demands greater investment in citizen security. However, the GOH hopes to focus resources and integrate investments—between agriculture, health, and infrastructure—where poverty is most concentrated to realize PIPSA and Millennium Development Goals (MDG) poverty reduction objectives.

1.6 Process by which the strategy and the investment plan were developed

Preparation of the PIPSA grew out of a long, wide-ranging process of consultation with stakeholders at many levels. 1,223 producers, private sector representatives, and community leaders were consulted in the development of the PIPSA. These included members of several value chains including – horticulture, cacao, basic grains, ranching, and dairy (see annex 5). The strategy was further refined through consultations with community-level Food Security and Nutrition Roundtables (*Mesas de Seguridad Alimentaria*). Stakeholders who participated in these *Mesas* included: producers and farmer associations, women’s groups, local officials, NGOs, and representatives of the private sector, such as the Honduran Federation of Farmers and Cattle Growers. Donors were also widely consulted, including USAID, the World Bank, Canada, Spain and the EU, among others. Honduras’s Food Security Technical Committee (COTISAN),¹⁰ a public-private collection of executives that includes lawmakers and civil society members, helped to set the plan’s targets. Finally, the process included a round of consultations with the President and members of the Cabinet. To support PIPSA implementation, the Congress passed the *Ley de Seguridad Alimentaria*, the Food Security and Nutrition Law in 2011. The law stresses a multi-sectoral approach and encourages the participation of non-governmental stakeholders in food security policy making¹¹. See Annex 5 for greater detail on some of the consultations leading up to the PIPSA.

1.7 Implementation arrangements and capacity to implement

PIPSA implementation is a whole-of-government affair (see Table 3). SAG has the lead in monitoring and implementation of the PIPSA. The Technical Unit for Food Security and Nutrition (UTSAN) promotes coordination among all GOH entities and donors. SAG and the UTSAN are assessing the PIPSA past performance, which appears good. However, these results belie some weaknesses. The promotion, adoption and monitoring of the PIPSA has been uneven between ministries and donors. For example, the preparation of this country proposal was the first instance when performance data was aggregated. For the highest-level indicator—the number of households exiting poverty and extreme poverty—no uniform income survey has been conducted. The GOH intends to have the revised PIPSA before the end of 2013. The goals of the update process are to improve the monitoring of the plan, better ensure that the investments lead to the outcome (the number of households out of poverty), and bring all investments in line with the updated strategy, covering the years 2014-19. Moreover, the launch of the update will coincide with the completion of presidential elections.

Food security is among the highest priorities for all the presidential candidates, and will remain a priority. However, the elections will usher in a new leadership team in key ministries. Hence, the GOH seeks GAFSP investment in establishing a monitoring and evaluation system that will improve PIPSA

¹⁰ COTISAN - Comité Técnico de Seguridad Alimentaria y Nutricional was created by Executive Decree as the official food security consultative entity for the GOH. It has 45 members from the public and private sectors, civil society, and donors.

¹¹ There are number of other supporting policies: Agrifood and Rural Environment State Policy, the National Nutrition Policy, the Environmental Policy, the Maternal and Infant Health Policy, the Breastfeeding Promotion, the Food Fortification Policy, the National Women Policy, and the National Gender Equity Policy in Agriculture and the Equal Opportunities Law.

implementation and help to improve coordination between Ministries and new political appointees. Capacity building for PIPSA monitoring and evaluation is described in Part II, component III.

Table 3: Summary of PIPSA stakeholders' roles and coordination mechanisms

Stakeholder	Organizational Capacity	PIPSA Role	Coordination Mechanisms	Areas for Improvement
Minister of Agriculture (SAG)	Monitoring and evaluation; sanitary and phyto-sanitary verification; technology promotion, export and rural competitiveness.	Strategic direction; monitoring and evaluation; leads dialogue with private sector and civil society in several fora; implements agriculture and export policies.	The National Food Security Council (CONASAN) is an inter-ministerial forum to improve the efficiency and effectiveness of food security.	Uneven monitoring and evaluation system; outdated census; no impact or base line data; High turnover in civil service; insufficient technical capacity in key positions.
Technical Unit for Food Security and Nutrition (UTSAN)	Advises President on food security and nutrition; assists ministries to incorporate food security into their annual plans.	Ensures inter-agency coordination and of GOH food security programs; disseminates best practices.	Comite Tecnico de Seguridad Alimentaria y Nutricional (COTISAN) : an inter-agency mechanism that serves as a forum between donors, the civil society and GOH.	Uneven inter-ministerial engagement in food security; Limited private sector involvement.
Minister of Health (MOH)	Wide ranging and effective community health volunteer program; supports decentralized health services in rural areas.	Implements nutrition, grain fortification, and child monitoring, and facilitates access to health services	Food Security Roundtables (Mesas) : industry dialogue between stakeholders led by SAG focused on value chains.	High turnover in civil service especially for senior level positions; nascent coordination with SAG on nutrition-related programs.
Private Sector	Good capacity to lobby for stronger agriculture and export policies; at the field level, the private sector includes producers, associations, lenders, input suppliers, buyers, etc.	To integrate, and profit from, small producer integration into marketable value chains; supplier market to small producers as consumers of agricultural inputs.	Food Security Roundtables (Mesas) : A dialogue between all stakeholders led by SAG where solutions to various agricultural value chain constraints are discussed. Civil society is represented by producers associations. COTISAN : a food security inter-agency coordination mechanism that also serves as a direct dialogue forum between donors, the civil society and the GOH.	Little track record of corporate social responsibility; insufficient attention to rural financial services; little rural investment.
Civil Society/ NGOs	Local NGOs aim to represent and defend the interests of its members; some NGOs participate in policy formulation; some implement programs. Other actors include farmer associations.	Civil society promotes good policies, and counteracts bad policies; NGOs receive funds to implement programs; farmer associations facilitate access to inputs and market, and provide bargaining power.		Lack of a market orientation leads to dependency among the poor; lack of capacity can exacerbate focus on low value, agriculture; coordination is not uniform; uneven management skills.
Donors	USAID; European Union; CIDA, Spain bilateral, the World Bank, the IDB, FAO IFAD, WFP, Germany (GIZ), CABI, JICA, and others.	Provide funding or direct assistance identified in the PIPSA; advocate for better policies for agriculture; implement TA programs.	The Agroforestry Working Group of the G16 : Serves as the focal point of donor coordination for food security matters, including donor alignment with the host country strategy.	Differing approaches regarding agriculture and rural development; not all donors follow the PIPSA as a governing strategy for food security investment.

PART II: THE ALIANZA PARA EL CORREDOR SECO

2.1 Specific objectives, expected results, and target beneficiaries

Poverty and undernutrition rob Hondurans of the opportunity to lead a productive life, literally stunting the development trajectory of the next generation. The *Alianza para el Corredor Seco* (ACS) aims to put the brakes on poverty and undernutrition through tactical investment in agriculture, nutrition, and rural infrastructure. The objective is to lift 24,000 families (140,429 beneficiaries) from extreme poverty between the years 2014 and 2019, reduce undernutrition by 20% in target communities, and lay the foundation for continued rural growth. To achieve this objective, the proposed GAFSP investment will intensify integrated, market-oriented investments that have demonstrated to be successful under the PIPSA, targeting the poorest areas with the greatest relative economic potential.

Table 4: Targets of *Alianza para el Corredor Seco*

Beneficiaries	# of HH out of Extreme Poverty	# of HH out of Poverty
# of Households (HH)	24,000	20,000
# of Men	21,432	17,860
# of Women ¹	22,997	19,164
# of Children ²	96,000	80,000
Total # of beneficiaries	140,429	117,024

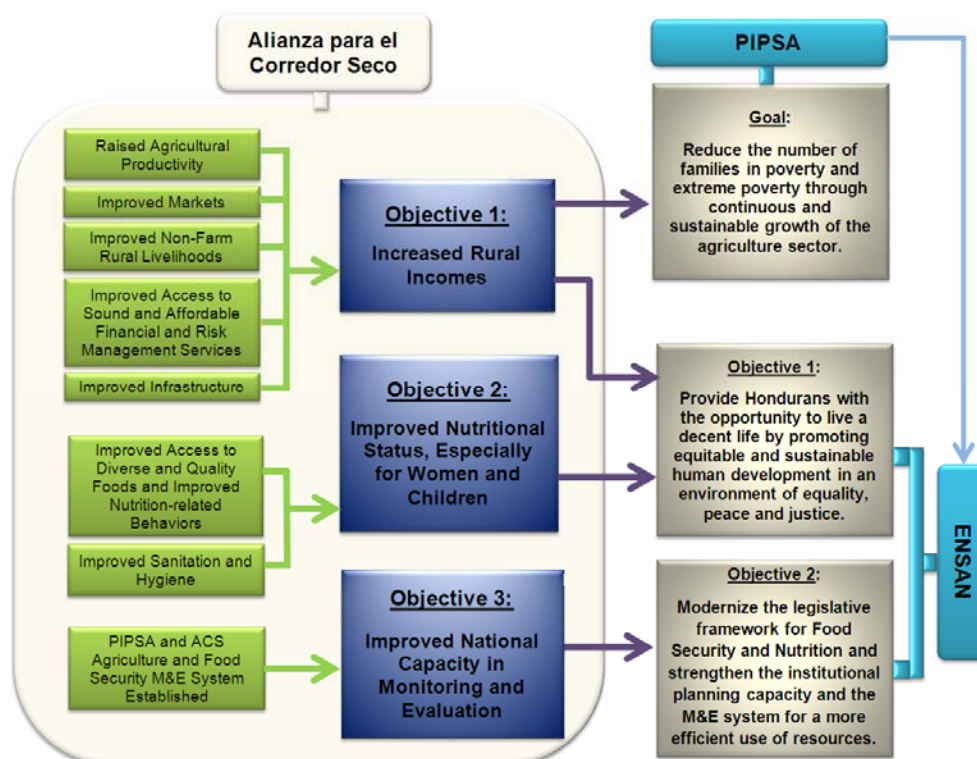
Infrastructure	Secondary Roads	Tertiary Roads
# kms of road rehabilitated	90	450

¹ These targets are estimated based on the baseline data on gendered household type collected by IFPRI for Western Honduras. According to these data, 10.70 percent of households are female-headed with no adult male, 4.18 percent are male-headed with no adult female and 85.12 percent contain both adult male and female.

² Based on the assumption that there are on average four children per household in the *Corredor Seco*.

Relationship to PIPSA. As noted in the independent external review by Auburn University, the development hypothesis for the PIPSA is incomplete: increases in incomes do not always translate into a reduction in undernutrition. Through integrating nutrition, sanitation, and income-generation investments during the first two years of PIPSA implementation, USAID-integrated food security interventions have

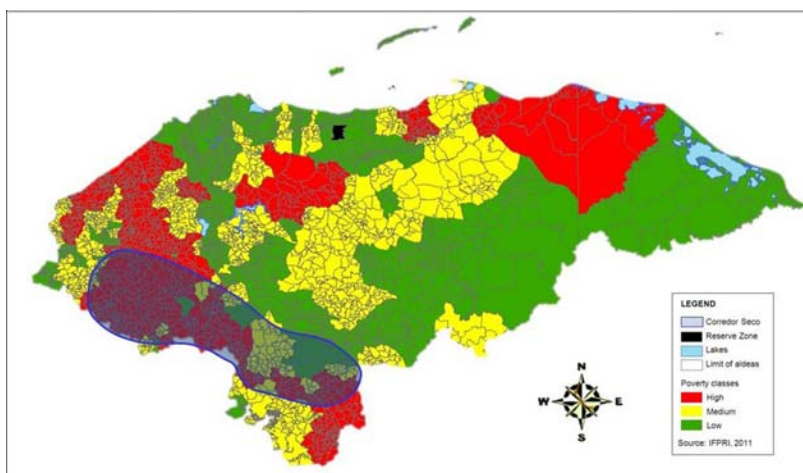
Figure 4: ACS Result Framework and Relationship with PIPSA and ENSAN



lifted an estimated 5,000 families out of poverty and decreased the percentage of underweight children under two by 24 percent in targeted communities. The ACS development hypothesis is therefore a hybrid between the PIPSA, with a focus on nutritional aspects as emphasized in the ENSAN. The ACS development hypothesis is as follows: *If the GOH invests in greater productivity, access to markets, and an enabling policy environment, and improves nutrition and sanitation, and sector wide support (finance and infrastructure) for food insecure families, then these families will experience an increase in income and reduction in undernutrition.*

Geographic focus. Much of Honduras' extreme poverty and chronic undernutrition is in the *Corredor Seco*, which is defined largely by the dry and variable climatic conditions and extends from the border of Guatemala to Nicaragua. Its geographic breadth is increasing due to climate change. The *Corredor Seco* includes many of the poorest municipalities in the country. Nearly all (91.7 percent) of the population (650,000 people) has income less than the national extreme poverty line (\$1.81 per person per day).¹² Half (55 percent) is estimated to suffer from stunting.

Figure 5: Map of poverty in the *Corredor Seco*



Productivity is low in the *Corredor Seco*. Maize yields are 14.8 *quintales* per *manzana* (qq/mz)¹³, compared to the national average of 26.6, and high-technology yields are 70 qq/mz. Bean yields are 6.7 qq/mz compared to the national average of 10.9, while high-technology yields are 23.75¹⁴. Yet, poverty mapping (IFPRI), which modeled where agriculture investments will produce the highest reduction in extreme poverty, supports the selection of much of this region, notably in the lush Western regions.

Honduran producers in the *Corredor Seco* face climate change like few others on the planet. These producers are experiencing higher variability in daily temperatures and increased water deficit. A recent study concluded that production for some staple crops could slump by about one-third in the next ten years under current cultivation methods. The mix of extreme poverty, undernutrition, and climate change creates an economic and social dynamic that calls for integrated food security investment. Moreover, by focusing on the region with the highest concentration of extreme poverty and chronic undernutrition, interventions will make the greatest possible impact on national poverty, advancing the high level objectives of the PIPSA. Other strategic guiding principles include:

- *Promote farming as a business.* Whether a producer family has a small vegetable plot, or three hectares of carrots, farmers will be treated as clients, and farming will be viewed as a business. Inputs that are given as charity, without consideration of market dynamics, can do more harm than good. This GAFSP investment will support the transition of farmers to the highest potential value chains, including fruits, vegetables and coffee, and off-farm activities.

¹² UTSAN estimates, 2011.

¹³ A quintal is a unit of weight equal to 100 pounds. A manzana is equal to .7 hectares.

¹⁴ National production figures are taken from Análisis Rápido Cadena de Valor de Frijol (and Maíz), SAG, 2011.

- *Promote equitable gender dynamics.* As this program will be working with the whole farmer family, beneficiaries will be evenly distributed between men and women. However, the project will continue to chip away on barriers to equal economic participation. Learning from previous PIPSA activities, ACS will address the issue of women's available time as one constraint. The activity will work to free up time through the use of efficiency gaining technologies. For example, in the case of drip irrigation, fertilizers can be applied through the system, saving time that would otherwise be spent applying pesticides and water. More efficient cook stoves provide a more sanitary home, and save time spent collecting firewood. The activity will also focus on developing non-farm income opportunities that facilitate greater economic contributions to the family. Other strategies include training times and venues that allow men and women to participate; providing for shared child-care during group meetings; and promoting local women's leadership in business by example. Men also find themselves out of the loop in matters of family health. However, during the last two years of encouragement through PIPSA programs, some men have taken leadership roles in community health monitoring, a traditionally female role. These strategies, and others, will be embedded into activities and articulated in a gender mainstreaming strategy prior to implementation.
- *Improve nutrition, sanitation, and hygiene.* Undernutrition has a direct impact on the cognitive development of children, hence contributing to reduced productivity in adulthood.¹⁵ In addition to exclusive breastfeeding in the first six months of life, successful transitional feeding for infants is critical for adequate growth and development. Improving nutritional outcomes requires improvements in sanitation and hygiene. Widespread fecal matter contributes heavily to diarrheal and other diseases that stunt growth and sap the productivity of the entire family.¹⁶ ACS focuses on nutrition through changing dietary practices and improving sanitary and physical conditions of the home (household floors, access to clean drinking water, better cooking stoves, etc.).
- *Provide broad, flexible assistance.* Rural, poor producers face a range of obstacles to exit poverty. The needs vary from community to community, and even from household to household. ACS will have access to a menu of technical assistance, including agriculture diversification, basic business education, and health and nutrition. Assistance will be demand-driven, and sought by the communities and the beneficiaries.
- *Build resilience to climate change.* Small producers are highly susceptible to weather variability anywhere, let alone in one of the most vulnerable regions in the world. ACS will help small farmers more productively manage their natural resources and adapt to climate challenges through better water management, crop selection, improved land practices and soil preparation, and low-cost greenhouses to reduce weather related risks.
- *Build on investments to date.* The aforementioned development hypothesis has largely been tested through PIPSA implementation.¹⁷ Farmers are increasing yields—in some cases by three or four times. Donor investments and proposed methods for coordination are outlined in the table below. Note that four to five programs are scheduled to complete implementation in the next 18 months. It is critical to use the lessons from these investments, as ACS will be the GOH flagship food security program after 2014.

¹⁵ USAID's Infant and Young Child Nutrition Project, Final Report, March 2012

¹⁶ Environmental enteropathy refers to damage to the intestinal wall via ingestion of fecal bacteria that decreases capacity to absorb micronutrients. Diarrhea is recognized to be critical factors in child health and nutrition. (Hunger-Undernutrition Blog: World Bank, "Malnutrition and Health: The Sh!t Factor", Christopher Juan Costain, World Bank).

¹⁷ www.usaid-acceso.org

Table 5: Coordination with donor projects related to food security

Donor/ Project	Scope	Areas of Leverage and Coordination	Honduran Departments	Timeline
USAID/ ACCESO	Technical Assistance/training to poor farmers; creating market access; expanding financial services; promoting sound NRM; promoting nutrition and health households.	Build on established market and financial connections, expanding farmer groups, and scaling up irrigation, nutrition and water-sanitation work	La Paz, Intibucá, Lempira, Ocotepeque, Copan, and Santa Bárbara	3/2011 - 2/2015
CIDA/ OXFAM	Promoting access to food, health and nutrition; improving family consumption.	Link to watershed and irrigation development, move farmers out of subsistence farming, expand market access to farmers	La Paz, Valle, Choluteca	2010-2016
World Bank/FAO/ PACTA (Programa de Acceso a la Tierra)	Partnerships and technical assistance to design alternative mechanisms for poor farmers to acquire land title; facilitate sustainable microenterprises into value chains; advocate for relevant policy reforms.	Basic production practices, access to land, MSME development, processing, linkage to markets, farmer organization development.	Yoro, Colón, Atlántida, Intibucá, La Paz, Lempira, El Paraíso, Olancho, Ocotepeque, Francisco, Morazán, Copán	2001-2015
World Bank/ GOH/ ComRural	Forms alliances with associations/cooperatives of poor farmers to provide financing and TA to improve competitiveness.	Access to credit, development of business plans, farm infrastructure, productive investments	La Paz, Intibucá, Lempira, Ocotepeque, Copan, and Santa Bárbara	06/2008-11/2015
CIDA/ PESA II (program Especial para la Seguridad Alimentaria)	To improve the food security of vulnerable households in the poorest municipalities in Honduras by promoting their access to food, health and nutrition.	Increased access to irrigation, financial services, nutrition education, processing	La Paz, Intibucá, Lempira	2011-2015

2.2 Activities to be financed ¹⁸

Component 1: Increase Rural Incomes

Output 1.1: Raising Agricultural Productivity

Indicators for Output 1.1

- Gross margin per unit of land.
- # of hectares under irrigation.

Interventions:

- Provide hands-on training and technical assistance in good agricultural practices (GAP) and crop-specific technical assistance based on market requirements.
- Transfer technologies to improve productivity and introduce high-value horticultural crops.
- Enable access to water management technologies, such as drip irrigation, mini dams, storage tanks, rainwater harvesting systems, and treadle pumps.
- Assist small producers regain coffee production.

Approach. ACS will provide demand-driven, flexible technical assistance to producer households. Client households must be committed to the integrated program¹⁹, in addition to improving nutrition and

¹⁸ See annex 6 for the logical framework that shows the causal relationships between inputs, outputs and activities.

household conditions. For this input, productivity increases are central to demonstrate success and shore up commitment. CIDA investments, implemented by FAO, and USAID Feed the Future investments demonstrate that the agricultural techniques to achieve this transformation are well understood. For the producer in extreme poverty, the package consists of liming soils, careful seed selection, planting in beds, appropriate spacing, vigorous weed control, fertilizer application, etc. Given the vulnerability to climate change, best practices for soil and water conservation will be embedded in the agronomic package to increase resilience and sustainability. Once producers have reached a higher level of productivity, they will be assisted to move out of subsistence farming and diversify into higher value crops, such as vegetables, fruits, and coffee, under market-led production. Dairy, cashews, and honey may also be appropriate, depending on the market and agronomic conditions.

Employ an investment fund for productivity enhancing technologies. To transform small plots of land, irrigation and other technological inputs are necessary. ACS will establish a matching investment fund to promote productivity-enhancing technologies, mostly for water management systems. Funds will be distributed using methodologies that stimulate and build the market for these technologies, and not circumvent the market, or crowd out providers of technologies. Alliances with suppliers and retailers will be formed. Payment and maintenance systems will be designed so that these technologies are within reach of the small-scale producer after the end of assistance. Examples of technologies include: water conduction and distribution systems, water filters, water storage tanks, water harvesting systems, improved seeds and planting materials, biological pest control, water lifting equipment, metallic silos, and post-harvest equipment.

Assist coffee production rebound. Coffee is an important high value crop that can facilitate the permanent exit for thousands of families from poverty; as such, restoring coffee production is critical to the achievement and resilience of poverty objectives. ACS will share the cost of resistant varieties of plants with experienced small coffee producers. ACS will ensure the proper application of the fungicides through extension services. The core of ACS assistance to coffee producers will be through good agricultural practices. Coffee plants that are not well maintained are typically those that are most sensitive



Figure 6: Applying good agriculture practices (increased planting density, improved weed control, more efficient use of fertilizer), farmers have more than doubled their maize and bean yields at little or no additional cost, under the USAID Feed the Future project.

¹⁹ The process for identifying producers will not vary significantly from the current Feed the Future program run by USAID. First, municipalities and communities will be targeted based on their location within the geographic area of concentration: *Corredor Seco*. Second, communities will be selected based on their poverty (income) and undernutrition (stunting under the age of five) levels, as well as their economic potential. Producers living in these communities, to some extent, will be self-selecting. Producers will be asked to be organized and will be asked to take on risks and change practices. This takes a certain level of entrepreneurial spirit, which not all producers will embrace (at first). However, through two years of implementation, and with demonstrable results, farmers that were originally not interested in participating are now seeking to enlist in the program.

to the leaf rust fungus, as well as other diseases. Private sector alliances with coffee buyers are also a part of the solution, and are described in the *Improved Markets* output narrative.

Output 1.2: Improved Markets

Interventions:

- Promote farmer organization and market access
- Develop long-term private sector alliances
- Embed business services with buyers and suppliers.
- Add value to, and improve the reach of, transportation providers.
- Open key border points with El Salvador to facilitate greater regional trade.

Indicators for Output 1.2

- Incremental sales (collected at the farm level) attributed to GAFSP implementation
- Number of public private partnerships (suppliers, brokers, supermarkets, etc.)

Approach. For producers who have not sold to commercial businesses, linkages often start through groups of producers. Farmer organizations can be informal or formal, vary in size, and pursue a variety of economic as well as non-economic objectives.²⁰ Strategies for strengthening producer groups include: assist groups and their representatives in building the capacity to negotiate, secure better market information on quality standards, facilitate transportation of products, initiate collective purchases such as storage facilities, solar dryers, etc. Moreover, while strengthening producer organizations is an effective means for gaining scale and attracting business services, ACS will work on the demand side as well.

Just as poor producers will begin working informally with local traders, the activity will build the capacity of buyers to source and profit from relationships with small producers. ACS strategies include: building the capacity of brokers that are interested in longer-term business relationships, helping transportation providers increase their reach and efficiency to isolated poor farmers, and assisting buyers from the World Food Program (one of the largest grain buyers in Honduras) link with smaller producers through the P4P program.²¹ The project will also assist brokers, processors and input providers, to embed services (transportation, financial, tool provision, fertilizers, etc.) to small producers in their costs.²²

The activity will connect producers with processors and exporters and facilitate relationships between groups and buyers, including supermarkets and their intermediaries.²³ For example, international coffee buyers – such as Starbucks, Green Mountain, and Mondelez International – are keen on strengthening their supply chains and partnering to assist small producers rebound from their losses to leaf rust. ACS will facilitate purchasing relationships between international and domestic buyers and producer organizations, in partnership with IHCAFE, Honduras's coffee promotion agency. With regard to coffee, as well as other agricultural products, ACS will also assess and act on opportunities for taking advantage

²⁰ A recent survey indicated that farmers who were grouped were more likely to receive technical assistance, have access to inputs, credit, transportation, linkages to supermarkets, and have higher earnings.

²¹ The WFP Purchase for Progress (P4P) program is an initiative that aims to facilitate increased agricultural production and sustained market engagement. In Honduras, WFP purchases basic grains from small-scale farmers to distribute through school meals. Participating farmers also gain access to agricultural supplies, credit, and TA.

²² Embedded services occur when the buyer (brokers, processors, retailers, exporters, etc.) or the input supplier also provides "free" services or products as part of the transactional relationship. In these scenarios, the farmer does not pay direct fees for the services or products; service providers (e.g., the input suppliers or buyers) cover the costs—although, of course, the farmer may pay for the product or service indirectly through higher input costs or lower prices received from buyers.

²³ Production increases will not be accomplished in isolation of the market. The first principle is: If there is no market for a particular crop, then farmers should not be encouraged to produce it. Further, pests and fungi can wreak havoc with particular crops. The recent outbreak of coffee rust is one example. Therefore, it is critical to explore a range of high-value crops or products, so that farmers can diversify their risk and move into new crop investments as market conditions change.

of growing regional markets in El Salvador, and other longer-term market opportunities, including expanding fair trade certifications.

Output 1.3: Improving Non-Farm Rural Livelihoods

Interventions:

- Analyze and identify non-agriculture value chains to increase incomes.
- Diversify incomes through off-farm activities.
- Increase employment in new or expanded private sector business ventures and micro, small, and medium enterprises (MSMEs).

Illustrative Indicators for Output 1.3

- New private sector investment in the agriculture sector
- # new jobs created in participating rural MSMEs.

Approach. Many of the poor are in farming out of necessity, not desire. There are communities in the *Corredor Seco* where farming is not feasible due to dry weather and eroded soil conditions. In these circumstances, greater incomes can be more sustainably achieved through employment and off-farm business activities, and not through prolonging subsistence agriculture. Non-farm employment opportunities are often more accessible for rural women. Honduran women engage in a variety of non-farm enterprises, including bakeries, eateries, artisanal activities, and brokering. Before providing non-farm support, a thorough analysis of the income and employment options in these communities will be undertaken. Supporting artisanal goods may be an avenue for change.

For example, a Millennium Challenge Corporation (MCC)-supported program in El Salvador's northern frontier supported artisans, potters, and other crafters, demonstrating substantial improvement in incomes. In close consultation with local stakeholders, ACS will analyze the non-farm value chain, create a strategy to integrate the poor into these industries with potential, and then implement this strategy. Furthermore, support to processors of agriculture products and other small- and medium-sized businesses can also generate employment. Small businesses with employment potential will be supported through a menu of services, including planning, accounting, finance, marketing and sales, transportation and operations, etc. These small, non-agriculture enterprises are important for diversifying household income.

Output 1.4: Improved Access to Affordable Financial and Risk Management Services

Interventions:

- Promote formal savings.
- Support financing through non-traditional lenders.
- Increase the capacity of borrowers.
- Leverage remittances for income-generating and for household and community improvement.

Illustrative Indicators for Output 1.4

- Value of loans
- # of savings accounts
- Portfolio at risk at 60 days.

Approach. ACS will attack rural finance constraints from both the supply and demand sides. Clients who are transforming their farms will need financial services for savings, and later, credit. For the borrower, ACS will provide training in record keeping and loan applications, which are critical for securing and maintaining debt. For larger businesses, such as processors and brokers that work with the poor, the project will help prepare financing plans and applications to lenders for employment-generating, larger-scale investments, such as expanding processing and consolidation facilities, and transportation services. The World Bank-financed Rural Competitiveness Project (COMRURAL) is demonstrating the bankability of small- and medium-sized agribusiness loans as well as their development potential, having already approved 46 business plans financed with matching grants and loans to producer organizations. On the supply side, the activity will develop alliances with relevant input and equipment service

providers, leasing institutions, and possibly buyers, helping them to develop their business plans. There will be a strong linkage between the technology investment fund and the input suppliers, particularly in irrigation. The project will make a concerted effort to partner with input suppliers to ensure market sustainability. Financial products for technologies, including irrigation systems, water pumps, and solar panels, are of particular interest (See Output 1.1).

Remittances²⁴ play an important but elusive role in local development and food security. As out-migration is high in some of the *Corredor Seco*, remittances represent a major source of livelihood. However, remittances can also have a deleterious impact on work ethic and the cost of labor. ACS will assess the remittance market and seek to put incentives into community and enterprise investments. Illustrative activities include: alliances with financial institutions (such as *caja rurales* and microfinance institutions) to create financial products that are collateralized by remittances; and financial products to invest in home improvements that reduce undernutrition (such as connections to clean water and covered kitchen floors). UNDP has begun efforts to link home town associations in the U.S. to their communities in Honduras. Money sent home is matched by UNDP for community and productive investments.

Output 1.5: Improved Infrastructure

Improving secondary and tertiary roadways, particularly farm-to-market roads, is a key element of the PIPSA strategy.

Enhanced competitiveness depends on the efficient transportation of goods. However, the road network in Honduras is 13,603 kilometers in length, of which 2,777 km are paved (20 percent) and 10,826 km are unpaved (80 percent). The road service index (kilometers per thousand habitants) is 0.45, compared to the Central American average of 0.63, and the density index (kilometers per thousand square kilometers area) is 29 compared to the Central American average of 55.²⁵ The rural infrastructure component of ACS aims to connect beneficiaries in the *Corredor Seco* to markets and public services.

Indicators for Output 1.5

- Kilometers of secondary roads
- Kilometers of tertiary roads
- # of jobs created through infrastructure activities
- Change in transportation cost for agricultural goods.

Interventions:

- Cost-benefit analysis to identify roads and other productive infrastructure to upgrade.
- Rehabilitation and opening of rural roads.
- Establishment of sustainable maintenance arrangements with municipalities.

Approach. A majority of secondary roads in the *Corredor Seco* are in poor condition, resulting in limited market access and competitiveness. ACS will address these constraints by rehabilitating secondary roads with double treatment surfaces to ensure durability and a relative resistance to natural disasters. Due to limitation of resources, not all secondary roads in the *Corredor Seco* will be rehabilitated. Roads will be selected based on the economic viability (links to major markets), level of food insecurity, return on investment, and strength of local maintenance plans. Technical assistance in income generation and agriculture development, as well as nutrition and sanitation, will be clustered around the roads to amplify impact. The goal is to rehabilitate 90 kilometers of secondary roads and 450 kilometers of tertiary roads, scattered in the municipalities identified in the *Corredor Seco*. The total cost of this intervention is

²⁴ In 2009, Honduras ranked among the top countries in the world for receiving remittances as a percent of its GDP. In 2010, the Central Bank of Honduras reported that 17.1 percent of GDP was attributable to remittances.

²⁵ The World Bank Second Road Rehabilitation and improvement Project Appraisal Document, May 2008.

estimated at \$55 million, \$15 million of which will be provided by GAFSP mostly for tertiary roads and \$40 million from Central America Bank of Economic Integration (CABEI).²⁶

The rehabilitation of rural roads will be carried out through a local participatory approach. This approach provides several benefits: 1) reducing the cost through a cost-sharing arrangement with municipalities²⁷; 2) transferring technology and building skills, which will facilitate future maintenance by the community and promote sustainability; 3) generating employment opportunities; and 4) engendering a sense of ownership for the roads. Specific activities to be funded include: construction or repair of minor drainage structures; construction or repair of small bridges; formation of the tread; construction of road walls; preventing landslides; and cleaning of sewers and ditches. ACS will fund other productive infrastructure, in a more limited fashion, including marketplaces, storage facilities, and water harvesting facilities, based on the sustainable impact, local ownership, and availability of resources.

Table 6: Summary cost and targets of the infrastructure intervention

Type of interventions	Cost per Km (US\$)	GAFSP		CABEI	
		Target # of Kms	Total Cost	Target # of Kms	Total Cost
Tertiary Roads Rehabilitation	20,000	350	7,000,000		
Tertiary Roads Opening	30,000	100	3,000,000		
Secondary Roads Double Surface Treatment	500,000	10	5,000,000	80	40,000,000
Total		460	15,000,000	80	40,000,000

Rural road and other infrastructure rehabilitation will involve the Public Works, Transportation and Housing Authority (SOTRAPVI), the Honduran Foundation for Social Investment (FHIS), and the municipalities as well as the private sector. This activity will build on the World Bank's successful introduction of routine maintenance by small businesses located on the paved network under its Secondary Road Reconstruction and Improvement project. The initial focus will be on building the capacity of, and contracting with, local small businesses for maintenance agreements.²⁸ Cost sharing through private partnerships with local businesses, as well as with municipal authorities, will be explored to its fullest. Environmental criteria will be used and followed up by audits. Municipalities will also be provided with technical capacity for disaster risk management and road network management. Specific activities will include preparation of a revised road maintenance plan and building technical capacity in road management and in carrying out maintenance programs.

Component 2: Improved Nutritional Status, especially for Women and Children

This activity will build on existing, evidence-based interventions in community child health and nutrition models that have been shown to prevent and adequately address undernutrition during the first 1,000 days of life. This will include nutrition education and behavior change efforts at the household level. There will be an emphasis on strengthening the quality of services and creating an effective service delivery continuum from the community to the clinical level.

²⁶ GOH and CABEI have agreed to match the GAFSP resource in order to expand the infrastructure component of ACS as part of CABEI's productive infrastructure program in Honduras.

²⁷ Under the Farm-to-Market Road project implemented by MCA (under the MCC compact) all 29 municipality beneficiaries provided in-kind and/or cash contributions valued at over \$1.65 million, of which \$437,800 were in cash. The required cash contribution varied from 0 to 10 percent of the total cost, assigned based on the poverty index.

²⁸ In 1998, the Road Fund (*Fondo Vial*) was created as a semi-autonomous agency under SOPTRAVI, to channel resources and manage contracts for the maintenance of the public road network. The fund is currently being strengthened under Phase II of the World Bank's Road Rehabilitation and Improvement project.

Output 2.1: Improved Access to Diverse and Quality Foods and Improved Nutrition-related Behaviors*Interventions:*

- Monitor child growth.
- Leverage agriculture diversification for improved diets.
- Training on better feeding practices.
- Train health workers and volunteers.
- Strengthen referral and counter-referral systems.
- Strengthen implementation of counseling and follow-up of malnourished children.

Indicators for Output 2.1

- Percentage of children 6-23 months that received a minimum acceptable diet
- Percentage of children less than two years old with two consecutive low monthly measurements.

Approach. ACS will leverage more than a decade of GOH investment in supporting a network of community health volunteers. Most of the target communities will have a trained health volunteer. Although there are more than 430 volunteers, the skills of each are not uniform and their access to best practices and linkages with the formal health system are uneven. ACS will continuously communicate with volunteers and encourage them to engage in health and nutrition training opportunities. Nutrition and sanitation assistance will be delivered in tandem with production assistance to achieve both the undernutrition and income outcomes.

ACS will reinforce and, in some cases, introduce homegrown, high-nutrient produce for sale and consumption. Even though some households will have transitioned to growing higher value horticulture, the family members may not eat these fruits and vegetables, preferring traditional corn and beans. Targeting children under the age of five, the program will promote diet diversification through the integration of these vitamin-rich foods. Other strategies include: monthly child growth monitoring; counseling and education to improve food consumption in terms of quality, quantity, and variety of the diet; counseling to improve maternal diets; exclusive breastfeeding for the first six months; infant and young child feeding practices (improving weaning practices for children aged 6-18 months using nutritious and locally available foods); use of fortified staple foods; management of common childhood diseases; Vitamin A supplementation from six months of age in Vitamin A-deficient populations; involvement of men and other caregivers in education regarding nutrition and maternal and child health; and counseling on the benefits of birth spacing. ACS will train community health workers and volunteers in all areas related to nutrition. Investments will also be made in referral and counter-referral systems, analysis of community-level data for decision-making, and development and implementation of monitoring and supportive supervision systems for health workers and volunteers, and the procurement of basic monitoring equipment.

Output 2.2: Improved Sanitation and Hygiene*Interventions:*

- Improve access to potable water.
- Build latrines.
- Low-tech improvement of household floors.
- Facilitate installation of improved stoves to reduce smoke emissions in houses.

Indicator for Output 2.2

- Number of households with improved sanitary conditions

Approach. Many of the benefits of increased nutrition intake will not be realized if children are suffering from diarrheal and respiratory diseases. When water is not readily available, hygiene is frequently poor, which increases the risk of pathogen contamination and exposure to illnesses. To prevent nutrient loss,



Figure 7: Kitchen before and after PIPSA household improvements (USAID Feed the Future, 2012)

this activity will work to improve home conditions and community infrastructure, which will be integrated with the other activities promoting better nutrition and community nutrition service delivery. Producer farmers will be trained to understand the importance of investing part of their income in household improvements that relate to better health, reduction of preventable diseases, and overall family well-being. Priority investments include: improved stoves, latrines, clean water sources, and concrete floors. ACS will also promote personal and domestic hygiene. Activities will incorporate farm safety and integrated pest management trainings to ensure proper use of pesticides to prevent illnesses.

Component 3: Improved National Capacity in Monitoring and Evaluation

Output 3.1: PIPSA and ACS Agriculture and food security M&E systems established

Interventions:

- Build capacity for monitoring and evaluation
- Establish data collection and analysis, and monitoring systems;
- Carry out baseline and impact evaluations.

Approach: Consistent with component five of the GAFSP Framework—*Technical Assistance, Institution-Building, and Capacity Development*—the proposal places emphasis on monitoring and evaluation. Monitoring and evaluation investments will occur at two levels: for the overall investment plan—the PIPSA—and at the project level—for the Alianza para el Corredor Seco.

Indicators for Output 3.1

- Agriculture and food security monitoring and evaluation system created
- # of professionals trained in monitoring and evaluation system
- # of donors and GOH entities reporting in line with PIPSA
- # of impact evaluations conducted

- *Monitoring and evaluation for the PIPSA.* As recommended by the independent peer review, establishing a system to monitor, measure, and share results—successes, setbacks, and failures—is critical for the overall strategy of the GOH to succeed. This is especially true as implementation involves an array of ministries and agencies within the GOH, as well as development and private sector partners, NGOs, etc. With funds from GAFSP, SAG will improve its monitoring and evaluation system that will measure progress and share information in order to pinpoint bottlenecks and problems so they can be addressed, and to help efficiently allocate

available resource to optimal choices. The monitoring and evaluation system will be the government's data point for all food security programs – both GOH and donor funded – and the centerpiece for the new updated PIPSA.

- *Monitoring and evaluation for the ACS.* Performance data for the ACS will feed into the PIPSA through a monitoring and evaluation system with the implementing agency. During negotiation for this award, a performance monitoring plan will be agreed to with the GAFSP supervising entity. The plan will systematize the analysis of this information and assessment of progress toward achieving goals and objectives. Indicators and data will be synchronized with the updated PIPSA.²⁹ Monitoring will focus on regular and periodic collection to track implementation and results. Impact evaluation efforts also will measure the achievement of expected outcome level results, particularly reductions in poverty and undernutrition. A third-party M&E partner will conduct the impact evaluation, including establishing a baseline³⁰ at project start-up.

2.3 Implementation Arrangements

Strategic direction. Shared public-private governance of large investments, with checks and balances, has worked well in Honduras. And, as explained in Part 1, the GOH established the Food Security Council (CONASAN), which includes a diverse membership consisting of executive-level participation from GOH ministries as well as from private sector and civil society. Per Honduran law, the CONASAN provides strategic direction for the PIPSA and the ENSAN. Given their membership and mandate, this group represents an ideal advisory group for the implementation of GAFSP. That said, the GOH will refine the design of the board in consultation with the supervising entity (the World Bank); illustratively, the Minister of Agriculture for matters associated with the ACS will head the CONASAN.³¹ To complement the role of the Minister of Agriculture as the chairperson of the ACS advisory board, and as the leading agency in PIPSA oversight, SAG will have authority for monitoring and evaluation for the PIPSA. SAG will first update the PIPSA to address areas of improvement, most particularly in the area of monitoring and evaluation. Then, SAG will consult the updated strategy widely. Funds from the GAFSP will be used to establish a monitoring system that will be able to track against PIPSA and MDG goals. The system will collect data among all GOH and partner investments, enabling better information flow, coordination between sectors, and decision making. SAG will continue, with its own funds, to improve the enabling environment for agriculture, including strengthening market information systems, etc. Hence, with regard to the role in ACS, SAG's role will be critical, but strategic in orientation.

Project and stakeholder management. While SAG will retain strategic oversight, the day-to-day management will be given to another GOH organization with stronger implementation capacity. The Millennium Challenge Account-Honduras (MCA-H) is considered the optimal choice within the GOH, although the ultimate project manager will be selected in close consultation with the supervising entity

²⁹ Impact will be measured by goal and key objective indicators and associated targets at intermediate result level. Impact evaluation data will be obtained from sample surveys collected directly from beneficiaries.

³⁰ A baseline will be established at project start-up for all indicators (standard and custom) to ascertain the pre-project status of each indicator. This baseline will be used as a reference for both the performance monitoring and impact evaluation. In addition to data collected through surveys and field visits, information from the national census (Population, Ag and Health Census) will also be used, particularly for high-level indicators. The baseline will also be measured for a control group (not enrolled in project) to assess attribution in the impact evaluation.

³¹ The role and authorities of the board will be defined through examining other successful examples of organizational governance. Roles and authorities for the board may include operational and financial performance, approving the annual work plan with the supervising entity, reviewing progress, hiring and firing the executive director, etc.

Table 7: Stakeholder management

Group and Role	Role	Influence	Strategies
Households and Producers	Family farmers are the clients.	They will need to take on new farming practices and crops.	Demonstrate success through good agriculture practices, increasing productivity; this will minimize the risk associated with diversifying crops.
Buyers and Intermediaries	Purchase from small producers, embed other services in cost of product.	Key in establishing market channels for poor, and to provide market information	Reduce the risk for buyers and intermediaries to sources from small producers through upgrades to small producers.
Input Suppliers	Provide key inputs to increase productivity; may also provide input on credit.	They will supply our HH with the inputs needed to increase yields, key source of info.	Form alliances with input suppliers to facilitate improvement of productivity and information flow.
Financial Institutions	Including <i>caja rurales</i> , trade credit, input financing, etc. Financing is important for fixed investments.	Medium – Credit is key for investment for increasing poor, short-term HH income.	Bring greater agriculture lending to rural areas through building of bankability of borrowers, financial product development and design, and helping non-financial intermediaries (input suppliers) provide services on credit.
Producer Groups	Farmer grouping through associations and brokers help to facilitate access to markets.	Producer groups governance is critical for establishing links, and bringing scale to buyers.	Target producer groups will be selected based on criteria, and to the extent possible, process for assistance will be based on potential for impact.
Health Volunteers	Provide basic info/services needed to improve nutrition (child monitoring, improving HH diets, referral to health services).	If they are weak, nutrition outcomes will be impacted.	Project will leverage and improve the community level nutrition services and monitoring, based on an integrated child health model (<i>Atención Integral a la Niñez en la Comunidad</i>).
Women	Major project client, particularly single mother homes (many adult males immigrate).	Success of project depends on women economic participation.	Mainstream gender strategies into all activities; new technologies will free up time; training at venues that are sensitive to women; provide childcare during trainings; encourage non-farm income generation, etc.
Honduran Universities and Research Institutions	They will provide applied research, new technologies, best practices from other contexts.	Increased and sustained production depends on innovative solutions such as climate resistant varieties of seeds and crops.	Develop and disseminate solutions for crop issues with pests, climate resilience, etc.
Municipalities	Will provide local enabling environment and have a key role in infrastructure.	Major influence on how well accepted project is by rural farmers and infrastructure is maintained.	Involvement and commitment from local political figures; provide local enabling environment for jobs and growth; will be engaged in maintaining rural roads.

(the World Bank). The MCA-H has proven management, procurement, and project-level monitoring and evaluation expertise. As the legacy organization of the \$205 million Millennium Challenge Corporation compact, the MCA-H is an Agency of the Government of Honduras.³² MCA-H has demonstrated the capacity to implement across numerous sectors that this integrated food security program demands, and already is implementing CABEI infrastructure loans in the *Corredor Seco*. The GOH will leverage private sector and NGO expertise through contracting for services. The MCA-H and the implementing partners will be responsible for managing a range of stakeholders, briefly described in table 7.

Co-investment arrangement. USAID aims to invest in ACS at a level of approximately \$25 million, to further its Feed the Future and local capacity building objectives. The division of labor between USAID and GAFSP financed efforts will largely be geographic. The USAID area of focus will be in delivery of agriculture and nutrition assistance in the western part of *Corredor Seco* (departments of La Paz, Intibuca, and Lempira). GAFSP will fund agriculture and nutrition activities in the other *Corredor Seco* departments. CABEI would match GAFSP funds (\$40 million), largely for secondary roads. GAFSP and the CABEI would finance infrastructure investments throughout *Corredor Seco* (CS).

Table 8: Planned ACS Investments

Investment Area	Western CS	Rest of CS	Impact
Ag productivity and market development	USAID	GAFSP	Increase in incomes
Small-scale irrigation and other technological inputs	USAID	GAFSP	Increase in production
Rural infrastructure	GAFSP & CABEI	GAFSP & CABEI	Access to markets
HH-level nutrition and potable water	USAID	GAFSP	Decrease in undernutrition

2.4 Amount of Financing Requested

The \$40 million in GAFSP investment will buy \$105 million in an integrated food security program that can demonstrate the capacity of the GOH to lift its poorest citizens from poverty through its own institutions. The number of families lifted above poverty is not directly linked to infrastructure, but to income and market investments. Although rural roads are essential for increasing economic activity and market access, the GOH does not have an estimate for how much rural infrastructure activities will positively impact the overall outcome of lifting 24,000 families above extreme poverty. The two funding scenarios, high and low, in the following table retain the same number of households lifted above the extreme poverty line. The only line item that changes in these scenarios is the number of kilometers of rural roads improved. If awarded GAFSP funds, the GOH, CABEI and the World Bank (as supervising entity) will determine the impact of rural infrastructure on extreme poverty, and develop indicators to track the impact on local economic development. Hence, the target of 24,000 households out of extreme poverty will likely increase depending on further analysis of the impact of improved infrastructure.

Of the total cost \$105 million, \$46.5 million will be invested in incomes, market development, and nutrition, resulting in an average cost per households [lifted out of poverty] per year of \$323. The average annual cost per household of the USAID Feed the Future program is \$333. (See Table 9)

³² The article 3 of the legislative decree #233-2005 approved on September 21, 2005 creates MCA-H as a government entity responsible of the implementation and the administration of the MCC compact – completed in Dec 2010. The same decree identified a five-member Board of Directors with voting right composed of the Vice-President, the Finance Minister, the Minister of Industry and Commerce, and two representatives of the civil society. The Minister of Agriculture, the Minister of Public Works seat in the Board as observers with no voting right.

Table 9: Cost Summary of the *Alianza para el corredor seco*

Project Component	Scenario 1 (High)				Scenario 2 (Low)			
	Total Cost per Component	GAFSP Requested	GOH through CABEL loan	USAID Contribution	Total Cost per Component	GAFSP Requested	GOH through CABEL loan	USAID Contribution
Increased Rural Income	92,492,080	33,801,409	39,889,262	18,801,409	72,492,080	23,801,409	29,889,262	18,801,409
Raised Agricultural Productivity	18,191,410	9,095,705		9,095,705	18,191,410	9,095,705		9,095,705
Improved Markets	12,444,630	6,222,315		6,222,315	12,444,630	6,222,315		6,222,315
Improved Non-Farm Rural Livelihoods	3,982,282	1,991,141		1,991,141	3,982,282	1,991,141		1,991,141
Improved Access to Sound and Affordable Financial and Risk Management Services	2,984,497	1,492,248		1,492,248	2,984,497	1,492,248		1,492,248
Improved Infrastructure	54,889,262	15,000,000	39,889,262		34,889,262	5,000,000	29,889,262	
Improved Nutritional Status, Especially for Women and Children	8,955,706	4,477,853		4,477,853	8,955,706	4,477,853		4,477,853
Improved Access to Diverse and Quality Foods and Improved Nutrition-related Behaviors	2,322,998	1,161,499		1,161,499	2,322,998	1,161,499		1,161,499
Improved Sanitation and Hygiene	6,632,708	3,316,354		3,316,354	6,632,708	3,316,354		3,316,354
Improved National Capacity in Monitoring and Evaluation								
PIPSA and ACS Agriculture and food security M&E systems established	3,500,000	1,750,000		1,750,000	3,500,000	1,750,000		1,750,000
Project Total Cost	104,947,786	40,029,262	39,889,262	25,029,262	84,947,786	30,029,262	29,889,262	25,029,262
Targets								
# of Households lifted out of poverty as a result of the Agricultural TA	24,000	12,000		12,000	24,000	12,000		12,000
# of kilometers of rural road rehabilitated/opened*	540	460	80		285	225	60	
# of km of Tertiary Road rehabilitated at \$20,000/km		350				175		
# of km of Tertiary Road opened at \$30,000/km		100				50		
# of km of Double Surface Secondary Roads built at \$500,000/km		10	80				60	

* See detail on cost per kilometer in Table 6 as estimated by CABEL and MCA-H.

2.5 Preferred Supervising Entity

The GOH prefers the World Bank as the supervising entity. The World Bank finances millions in rural economic development programs in Honduras and the region, many of which line up with the objectives of this program. Investment areas in common between GAFSP and the World Bank include: road rehabilitation, water sanitation, and rural productivity increases through agriculture. The ongoing World Bank-financed program, the Rural Competitive Program (COMRURAL), is also increasing margins and incomes for rural producers, in partnership with SAG, and operates in part of the territory of the Corredor Seco. Moreover, the World Bank has unparalleled expertise in transparent and efficient public procurement. Transferring this expertise will be key to assisting the GOH to carry out large, integrated food security investments without continued donor involvement. The World Bank has also played an important role in the preparation of this proposal. If selected for further consideration, the executive branch, as represented by UTSAN, will finalize the design with the supervising entity in collaboration with SAG. GOH representatives to finalize the proposal include: Mariano Jimenez, Executive Director of UTSAN, and Minister of Agriculture, Jacobo Regalado.

2.6 Timeframe of Support (2014-19)

The proposed intervention will cover a five-year period starting in 2014. The GOH seeks this long timeframe because the proposed activities require several crop cycles to sufficiently increase incomes. In some cases, farmer clients will invest in new fruit trees and coffee plants, and both will take some time to add value and resilience to producer incomes. Changing the culture of subsistence farming takes more time than was anticipated during the preparation of the original PIPSA. As described in the project approach, extremely poor and poor families will start with increasing the productivity of grains. After improved practices have demonstrated increased yields, producers will be more willing to take on risk with new, higher value crops. Both CABEI and USAID will be ready to begin investing in fall 2013.

2.7 Risks and Risk Management

Activity assumptions are largely manageable. Those risks that are less manageable are highlighted below at three levels: first political, then environmental (pests and drought), and lastly, operational (at the farm and household level). There are other assumptions: capacity for the project to recruit qualified extensionists to live in secondary Honduran cities; the capacity of the project to identify financial service providers to reach out to service the poor; and stable prices. However, these risks are largely known and manageable. Citizen security issues continue to plague urban areas with some of the highest homicide rate in the world. However, the rural areas in the *Corredor Seco* have the lowest homicide rates in the country. It is assumed that citizen security issues will not significantly impact project operations.

Table 10: Summary of ACS implementation risks and assumptions

MAIN ASSUMPTIONS	PRIMARY RISK	MITIGATION STRATEGIES	RISK RATING AFTER MITIGATION
POLITICAL			
Presidential election results will not impact the policy support for food security.	Poorly designed and implemented policies, such as input donations for poor producers and credit forgiveness, erode self-initiative and market orientation.	Strong donor coordination about the importance of market orientation in food security program has already begun; UTSAN and donors are informing the political candidates of the PIPSA and this GAFSP country proposal so that progress is maintained.	High
ENVIRONMENTAL			
No major drought and no major drop (>20%) in annual crop prices.	High vulnerability to negative environmental events.	Activity emphasis on low-cost agricultural technology, and low tech/small footprint water capture.	High
No major pests impact productivity and incomes.	As we see from the Roya Crisis, diseases and pests can wipe out crops.	Help farmers diversify crops, so that no farmer is completely reliant on one crop. Good agriculture practices will often hedge for most disease and pest issues. Moreover, linkages with universities and research units, such as FHIA, and U.S. universities to introduce resistant varieties.	Low
OPERATIONAL			
Funds will be managed well; goods and services will be transparently and efficiently procured.	Funds are mismanaged, and that procurement lacks transparency and efficiency.	The GOH prefers to implement this program through the MCA-H, which has proven financial and procurement management track record, and has already been audited by donors, and will undergo a thorough institutional risk assessment by USAID this summer. Additionally, the program will be subject to strong oversight through the program advisory board, which will include members from civil society.	Low
Men/women farmers have the ability to learn new husbandry, are willing to invest extra time to do so, and become comfortable assuming higher-risk crops.	Cultural challenges in moving farmers out of generations-old, basic grain cultivation.	Project design relies on farmer-to-farmer learning, demonstration of higher value crops and income potential.	Low
Men/women use income increases to improve homes, diversify diet, and invest in families.	Incomes increase, but do not benefit children, not resulting in significant changes in stunting rates for children.	Extension services will be integrated – there will be no household income assistance with nutrition/water/sanitation assistance. Gender component will be very strong, as women tend to invest more reliably in the family.	Medium

2.8 Consultation with Local Stakeholders and Development Partners

In preparation of this proposal, hundreds of miles were logged even before the close of 2012, researching the optimal strategies to increase incomes and decrease undernutrition, enabling the GOH to advance its PIPSA and MDG objectives. Dozens of interviews and focus groups were conducted. Project site visits were undertaken with multiple donors. Particular emphasis was placed on gathering information from women producers, given their important role in food security, as well as municipal level food security Mesas, which are a cross-section of community leaders, producers, and health workers. Projects visited included those from FAO, CIDA, the World Bank, IDB, and USAID. UTSAN headed the proposal team, with technical support from SAG, MCA-Honduras, RUTA, USAID, and the World Bank.

Figure 8: Joint visit of UTSAN and USAID/Honduras to *Corredor Seco* March 12-15, 2013.



Once the call for country proposals was issued, a joint UTSAN and USAID trip to the field was undertaken to validate the integrated strategy envisioned for the *Corredor Seco*. Interviews with stakeholders were held in departments that form part of the *Corredor Seco* (see map). Focus groups and questionnaires were used to gather and reinforce firsthand information. Interviews were held with brokers, producer groups, bank branches, savings and loans associations, and customs transit points were inspected. The trip underscored the constraints and opportunities associated with the market in El Salvador, the role of remittances, and access to water, as well as the transportation infrastructure. Meanwhile, the SICA organization (RUTA) began its evaluation of the PIPSA, assessing the past performance, and preparing for the PIPSA update.

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Annex 1

Honduras data on MDG 1 indicators

Indicators	National	Corredor Seco ¹	Source
The proportion of people living below \$1 (PPP) per day poverty line	24.1%	60.4%	Instituto Nacional de Estadística (INE), May 2012
Poverty Gap ²	52.8%	N/A	Instituto Nacional de Estadística (INE), May 2012
Percentage of households of the poorest quintile in national income ³	19.9% (362,744 households)	N/A	Instituto Nacional de Estadística (INE), May 2012
The prevalence of underweight children under 5	11.4%	18.2%	Demography and Health Survey (ENDESA) 2005-2006
The prevalence of stunted children under 5	25%	36.2%	Demography and Health Survey (ENDESA) 2005-2006
Percentage of the population below the minimum dietary energy consumption	N/A	N/A	
Percentage of children above minimum Consumption of food rich in vitamin A	78.8% 6-35 months old children	75.6% 6-59 months old children	Demography and Health Survey (ENDESA) 2005-2006
Percentage of children above minimum Consumption of food rich in Iron	70.7% 6-35 months old children	69.3% 6-59 months old children	Demography and Health Survey (ENDESA) 2005-2006
Percentage of women above minimum Consumption of food rich in vitamin A	84.4%	80.3%	Demography and Health Survey (ENDESA) 2005-2006
Percentage of women above minimum Consumption of food rich in Iron	78.2%	73.5%	Demography and Health Survey (ENDESA) 2005-2006

¹ The INE population survey of May 2012 provides information of poverty by dominion (National, Urban: Central District, San Pedro Sula and other Urban; and Rural) only, not by Department or Municipality. For this reason, data for the *Corredor Seco* are not available.

² INE defines the Poverty Gap as "*Brecha de Pobreza, diferencia agregada entre el ingreso de las personas (u hogares) pobres y el valor de una canasta básica de bienes y servicio (o línea de pobreza), expresada como porcentaje de este último valor y dividida para la población total*".

³ The Survey provides only data related to households' income not their consumption. Data on this indicator are available only at the national level.

Annex 2

Preliminary PIPSA Implementation Progress

The preliminary PIPSA implementation progress indicates that progress is being made, although it should be more rigorously monitored. Data in the table below do not include performance from some of the program/projects contributing to the PIPSA, due to deficiency in the current monitoring system. The Ministry of Agriculture (SAG) is in process of updating its PIPSA, which will also include plans to better align government and donors investments with the indicators and objectives of the PIPSA. The updated and improved version of the PIPSA due for release in October 2013, is expected to include a complete implementation progress report for the 2011-2012 period.

Indicador	Meta preliminar	Fuente	2011	2012	Grado de cumplimiento	Observaciones
# hogares rurales pobres incorporados a una cadena de valor dirigida por el mercado	100,000	COMRURAL, PRONAGRO, Pronegocios	392	9,427	Bajo	
Incremento en el valor de las exportaciones de productos alimenticios	+70%	Banco Central de Honduras	84%	9%	Medio	Incluye frescos y productos agrícolas con valor agregado
Incremento en el valor de exportaciones de frutas y verduras frescas	+60%	Banco Central de Honduras (BCH) INE	14%	42%P	Superada la meta para el periodo (62%)	
Incremento del valor de las exportaciones de café	+20%	Banco Central de Honduras	88.0%	5.4%	Superada la meta para el periodo (98%)	Dependen del precio internacional del café
# de productores recibiendo asistencia técnica y entrenamiento	100,000	EMPRENDESUR, PRONADERS, COMRURAL, DIGEPESCA, ACCESO, PROPARQUE	67,796	75,022	Superada	
# de mujeres y jóvenes recibiendo asistencia técnica y entrenamiento	40,000	COMRURAL	8,170	8,549	Bajo	
# de programas de investigación aplicada implementados	100	DICTA	12	14	Bajo	Incluye investigación y pruebas comerciales

# de fincas demostrativas implementadas	20	DICTA (Preliminar)	20	44	Superada	
# de productores adoptando nuevas tecnologías	20,000	DICTA PRONAGRO, COMRURAL, PRONEGOCIOS	22,708	34,355	Superada	Incluye nuevas variedades, cultivos y prácticas agrícolas mejoradas. Desagregado por género
# de productores y otros agronegocios implementando BPAs y BMs	Por determinar	Reportes de socios implementadores	N/D	7,000		Incluye procesadoras implementando HACCP
# de productores y otros agronegocios certificados	Por determinar	SENASA	314	491		Ej. GLOBALGAP. Orgánico, comercio justo, ISO
Valor de nuevos préstamos agrícolas de proveedores de financiamiento convencionales (bancos)	\$160 millones	BANADESA	\$36.2 MM	\$34.5 MM	Medio bajo	Bancos prestando a agronegocios de todo tamaño, incluyendo productores comerciales, exportadores y procesadores
# de proveedores de financiamiento entrenados y recibiendo asistencia técnica	2,000	EMPRENDESUR, INA/PASAH, INA/PADTA, INA/PAN	6,831	9,943		Incluye cajas rurales, MFIs, bancos, proveedores de crédito vía insumos
# productores entrenados en administración financiera	50,000	SEDUCA, DICTA, ACCESO, APCS, INA	16,161	15,947	Positivo	Incluye cajas rurales, MFIs, bancos, proveedores de crédito vía insumos (Datos Preliminares)
Kms de carreteras rurales construidas o rehabilitadas	2,000	PRONADERS, Fondo Vial, SEPLAN	220	2,110	Meta cumplida	(Datos Preliminares)
Incremento de área con riego	27,000 ha	PRONAGRI, PRONADERS, COMRURAL, DICTA, EMPRENDESUR	6,114	10,750.68	Positivo	
# productores beneficiados directamente de inversión en sistemas de riego	9,300	PRONAGRI, DICTA, PRONADERS, EMPRENDESUR	18,315	22,750	Superada	
Incremento de hogares pobres obteniendo títulos de propiedad	+25%, arriba de la línea de base anual	Instituto nacional Agrario & Instituto de la Propiedad (validado por reportes de socios implementadores)	335%	281%	Superada	Línea de base: 2010

# Bonos Solidarios brindados por año	180,000	SAG	133,895	130,504	Entre 72% y 74% de la meta prevista	
# Bonos 10 mil brindados por año	10,000	SAG SEFIN	135,679	91,534	Superada	
# microempresas arrancando	5,000	Reporte de socios implementadores; autoridades de registro	282	808	Bajo	Se incluyen Planes de Negocios elaborados por proyectos de competitividad. (Datos Preliminares)
# mujeres y jóvenes obteniendo empleo a tiempo completo	20,000	USAID-ACCESO	N/D	2,332	Bajo	

Annex 3

GOVERNMENT OF HONDURAS PUBLIC SPENDING IN AGRICULTURE 2007-2012 (in Lempiras)¹

Institution / Year	2007	2008	2009	2010	2011	2012	2013*
Secretariat of Agriculture and Livestock	1,037,114,032	1,278,415,046	1,069,739,153	881,103,605	1,147,671,454	1,124,770,901	1,147,687,803
Ministry of Natural Resources and Environment	681,566,228	1,263,572,621	495,367,370	1,426,611,323	1,411,382,756	907,265,147	813,100,197
Directorate of Science and Agricultural Technology	57,576,194	467,451,825	269,691,086	161,083,256	234,166,402	297,332,729	171,570,312
National Directorate for Sustainable Rural Development	368,498,082	201,498,350	146,181,879	212,460,798	274,892,315		
National Fund for Sustainable Rural Development	151,757,932	63,064,315	8,645,620	28,547,743	24,926,898		
National Program for Sustainable Rural and Urban Development ²						322,458,331	506,711,941
National Agrarian Institute	158,766,400	198,144,868	321,218,635	344,015,200	363,800,000	363,800,000	371,800,000
National School of Forestry	41,501,000	43,515,255	47,980,302	49,006,267	53,950,000	60,950,000	72,900,000
Honduran Forest Development Corporation	161,253,000	208,985,800					
National Institute of Forestry Conservation and Development ³			285,705,490	300,634,169	333,643,181	378,202,491	485,630,451
Honduran Institute of Agricultural Marketing	24,945,994	45,710,174	45,710,174	54,360,068	57,000,000	54,682,416	62,900,000
National Bank for Agricultural Development	558,211,600	350,840,000	505,185,020	741,944,900	758,105,560	810,894,966	941,536,775
Office of Environment and Natural Resources	8,550,254	8,328,421	12,483,789	15,884,502	15,998,754	15,923,840	13,647,847
TOTAL	3,249,740,716	4,129,526,674	3,207,908,517	4,215,651,830	4,675,537,319	4,336,280,821	4,587,485,326
Central government Executed Budget	50,211,973,314	63,263,676,169	70,970,524,927	68,902,275,825	80,016,291,701	88,969,696,463	89,544,421,629
Share of Agriculture in Public Spending	6.47%	6.53%	4.52%	6.12%	5.84%	4.87%	5.12%

NOTES

1. Methodology developed by FAO in their study on "Agricultural and Rural public spending" to 18 countries in the Latin American region between 1985-2011. Source of information for the preparation of the report has been defined using the "Public Sector Budget Execution Reports" which is published by the Ministry of Finance (MOF), pursuant to the provisions of Articles 42, 43, 44, 53 and 100 of the Organic Budget Law. This analysis includes expenditure oriented to promote equity and reduce rural poverty, and does not include road and highway spending and rural electrification.

2. National Program for Sustainable Rural and Urban Development resulted from the merging of the National Directorate for Sustainable Rural Development and the National Fund for Sustainable Rural Development

3. National Institute of Forestry Conservation and Development resulted from the restructuring of the Honduran Forest Development Corporation

* The 2013 data are approved figures

Annex 4

PIPSA Implementation: Financial Contribution

COMPONENTE	Proyecto/ programa	Fuente de Financiamiento	2011	2012	Total	Fondos externos	GOH
			US\$	US\$	US\$		
Competitividad y Crecimiento del Sector	PRONADERS	GOH	1,187,698.07	686,367.36	1,874,065.43		1,874,065.43
	ACCESO	USAID	3,920,000.00	6,370,000.00	10,290,000.00	10,290,000.00	
	DIGEPESCA	GOH	31,209.30	35,819.99	67,029.29		67,029.29
	PROPARQUE	USAID		800,000.00	800,000.00	800,000.00	
	EMPRENDESUR	IFAD	7,841,466.50	22,024,440.54	29,865,907.04	29,865,907.04	
			12,980,373.87	29,916,627.89	42,897,001.76	40,955,907.04	1,941,094.71
Expansión del Acceso a Mercados	EMPRENDESUR	FIDA		237,280.47	237,280.47	237,280.47	
	COMRURAL	BM	444,096.13	532,239.79	976,335.92	976,335.92	
	EMPRENDESUR	FIDA		928,429.52	928,429.52	928,429.52	
	PRONEGOCIOS	BID	10,400.00	12,056.00	22,456.00	22,456.00	
	ACCESO	USAID	1,680,000.00	2,730,000.00	4,410,000.00	4,410,000.00	
	SENASA	GOH	3,134,888.45	1,233,420.86	4,368,309.31		4,368,309.31
		GOH		38,205,633.14	38,205,633.14		38,205,633.14
			5,269,384.59	43,879,059.78	49,148,444.36	6,574,501.91	42,573,942.45
Apoyo Intersectorial	EMPRENDESUR	FIDA		5,980.22	5,980.22	5,980.22	
			-	2,694,118.00	2,694,118.00		
	PRONADERS	GOH		1,446,750.35	1,446,750.35		1,446,750.35
	Fondo Vial	GOH		14,339,054.82	14,339,054.82		14,339,054.82
	COMRURAL	BM	-	230,582.92	230,582.92	230,582.92	
	EMPRENDESUR	FIDA		30,947.65	30,947.65	30,947.65	
	PRONAGRI	GOH		-	-		
	DICTA	GOH	235,109.72	199,340.74	434,450.46		434,450.46
	PRONADERS	GOH	423,806.48	395,830.02	819,636.50		819,636.50
	PRONADERS	GOH	423,806.48	395,830.02	819,636.50		819,636.50
			1,082,722.68	19,738,434.74	20,821,157.42	2,961,628.79	17,859,528.62
Entorno Facilitador para los Agronegocios	COMRURAL	BM	276,907.00	430,576.01	707,483.01	707,483.01	
	ACCESO	USAID	560,000.00	910,000.00	1,470,000.00	1,470,000.00	
	EMPRENDESUR	FIDA		2,990.11	2,990.11	2,990.11	
	DIGEPESA	GOH	-	743,016.22	743,016.22	743,016.22	
	BANADESA	GOH	26,213,411.70	24,467,136.01	50,680,547.71		50,680,547.71
	COMRURAL	BM	696,845.56	3,457,246.77	4,154,092.32	4,154,092.32	
	PRONADERS	GOH	4,825,879.26	1,006,350.81	5,832,230.07		5,832,230.07
	PRONEGOCIOS	BID	307,873.00	662,866.00	970,739.00	970,739.00	
			32,880,916.52	31,680,181.93	64,561,098.45	8,048,320.67	56,512,777.78
Temas Transversales	DICTA	GOH	12,769,070.01	9,070,003.87	21,839,073.88		21,839,073.88
	Bono 10,000	BID	7,836,990.60	7,475,277.92	15,312,268.51	15,312,268.51	
	PESA	FAO/Canadá		12,425,849.00	12,425,849.00	12,425,849.00	
	PROSADE	ACDI		6,867,184.47	6,867,184.47	6,867,184.47	
	ACCESO	USAID	1,600,000.00	2,600,000.00	4,200,000.00	4,200,000.00	
	PRONEGOCIOS	BID	665,594.00	3,883,976.00	4,549,570.00	4,549,570.00	
	PROMECOM	FIDA, BCIE	1,402,424.62	1,884,094.76	3,286,519.38	3,286,519.38	
	Horizontes del Norte	FIDA	-	133,430.92	133,430.92	133,430.92	
	DIGEPESCA	GOH	-	253,300.24	253,300.24		253,300.24
	PRONADERS	GOH	665,594.00	3,883,976.00	4,549,570.00		4,549,570.00
			24,939,673.23	48,477,093.18	73,416,766.41	46,774,822.28	26,641,944.12
TOTAL EJECUTADO DURANTE 2011 Y 2012			77,153,070.88	173,691,397.52	250,844,468.40	210,630,361.40	291,058,575.40

Annex 5

PIPSA Development Process: Participation Evidence

FECHA	CADENA	LUGAR	OBJETIVO	PARTICIPANTES
11/13/2010	GRANOS BASICOS	Tegucigalpa	Reunión con la Comisión de Convenio-Compra Venta Maíz Banco	25
11/11/2010	HORTÍCOLA (CEBOLLA-PAPA)	Santa Rosa de Copán	Reunión de Comité de Cadenas	13
1/7/2011	CACAO	Catacamas, Olancho	Capacitación a Facilitadores de ECA's	40
1/15/2011	CACAO	La Lima, Cortés	Compartir y analizar información de producción de cacao y de mercado, situación actual del sector, y alternativas de solución.	20
2/17/2011	HORTÍCOLA (CEBOLLA-PAPA)	Siguetepeque, Comayagua	Reunión de Comité de Cadenas	10
2/20/2011	BOVINA CARNE	Tegucigalpa	Discusión propuesta para la obtención de fondos para la ejecución del programa Ganadero desarrollado por el CATIE, a través de los Programas de Competitividad.	20
2/22/2011	BOVINA CARNE	Tegucigalpa	Reactivación CAFOGA-Cámara	9
2/23/2011	CACAO	La Lima, Cortés	Reunión de Comité de Cadena nacional. Presentación y discusión del POA 2011	21
2/24/2011	HORTÍCOLA (CEBOLLA-PAPA)	San Pedro Sula	Firma del AMC de la cadena Hortícola	20
2/26/2011	BOVINA CARNE	Juticalpa, Olancho	Presentación propuesta de riego para los productores de la región por parte de la Dirección de Riegos y drenajes.	20
3/8/2011	BOVINA CARNE	Siguetepeque, Comayagua	Reactivación CAFOGA-Cámara	12
3/15/2011	APICOLA	Tegucigalpa	Firma, Publicación y Lanzamiento del AMC Apícola	44
3/15/2011	HORTÍCOLA (CEBOLLA-PAPA)	San Pedro sula	Reunión de Comité de Cadena	22
3/15/2011	GRANOS BASICOS	Juticalpa, Olancho	Capacitación Mancha Asfalto	103
3/18/2011	APICOLA	Tegucigalpa	Documento Agenda Interinstitucional del Marco Regulatorio del AMC	15
3/21/2011	GRANOS BASICOS	Tegucigalpa	negociación precio de maíz	25
3/22/2011	GRANOS BASICOS	Comayagua	Capacitación Mancha Asfalto	175
3/25/2011	APICOLA	Tegucigalpa	Asamblea Nacional de la ANAPIH	45
3/26/2011	GRANOS BASICOS	Tegucigalpa	Reunión sector productor y Gobierno: Auditoría de industrias y balanceados.	15
3/31/2011	CACAO	La Lima, Cortés	Reunión de Comité de Cadena: Taller de Comercialización de cacao con Chocolates Halba	20
4/1/2011	BOVINA CARNE	Comayagua	Reunión de comité de cadenas para revisar el Plan de acción de la cadena de carne-Bovina y revisión de la temática de capacitación para productores.	10
4/1/2011	BOVINA CARNE	Siguetepeque, Comayagua	Plan Esystratégico de la CAFOGAH	10
4/4/2011	CACAO	La Lima, Cortés	Reunión de Comité Técnico de la cadena con la finalidad de definir el listado de materiales genéticos a promover y propagar en Honduras.	20
4/6/2011	HORTÍCOLA (CEBOLLA-PAPA)	Tegucigalpa	Reunión de Comité de Cadena	20
4/13/2011	BOVINA-LECHE	San Pedro sula	Reunión con los actores de la cadena Láctea con el consultor Rolfkral sosa Acosta con el fin de conocer las necesidades del sector en formación personal como insumo para la formulación de un Programa de Cooperación para Honduras con énfasis en riesgo social y económico.	50
5/2/2011	APICOLA	La Ceiba, atlántida	VIII Congreso Centroamericano y del caribe de integración y Actualización Apícola	250
5/3/2011	APICOLA	Intibucá	Reinión Grupo Ad-Hoc Apícola	12
5/4/2011	APICOLA	Tegucigalpa	Generación de Capacidades y actualización en el marco de las cadenas agroalimentarias	45
5/5/2011	APICOLA	El paraíso, La Paz, Francisco Morazán, Choluteca-Valle,	Conformación de los Comités de la cadena Apícola Departamentales	92
5/13/2011	BOVINA-LECHE	Siguetepeque, Comayagua	Reunión de Comité de Cadenas	10
5/13/2011	BOVINA CARNE	Siguetepeque, Comayagua	Seguimiento Plan Estratégico de la CAFOGAH	11
5/17/2011	BOVINA CARNE	Tegucigalpa	Presentación de proyecto Halal a la CAFOGAH	19
TOTAL DE PARTICIPANTES				1223

Fuente: Secretaría de Agricultura y Ganadería

Annex 6

LOGICAL FRAMEWORK – Alianza Para el Corredor Seco					
		NARRATIVE SUMMARY	TARGETED INDICATORS (Objectively Verifiable Indicators)	DATA SOURCES (Means of Verification)	IMPORTANT ASSUMPTIONS
DEVELOPMENT HYPOTHESES	If Purpose, then Goal	Program Goal Sustainably Reduce Global Poverty and Hunger	Measures of Goal Achievement 1 Prevalence of poverty in the zone of influence (ZOI) 2 Prevalence of underweight and stunted children under 5 in the ZOI.	<ul style="list-style-type: none"> Third party impact evaluation will conduct household surveys for project clients and for a control group. Demography and Health Survey 	<ul style="list-style-type: none"> Political stability will continue following the November election
		Purpose: 1 Increased Rural Incomes	Conditions that will indicate purpose has been achieved (End-of-Project Status) 1.1 % growth in agricultural GDP (target: 4% contribution) 1.2 Per capita expenditures (\$) of rural households (proxy for income) (target: US\$ 4,775 annually)	<ul style="list-style-type: none"> Central Bank of Honduras Third party impact evaluation will conduct household surveys for project clients and for a control group Project monitoring data Demography and Health Survey 	<ul style="list-style-type: none"> Government of Honduras continues to focus on the poor Government of Honduras continues to sustain community-based health delivery systems, including provision for AIN-C in their decentralized contracts No major no major drop (>20%) in annual crop prices.
	If Outputs, then Purpose	2 Improved Nutritional Status, especially for Women and Children	2.1 Prevalence of stunted children under 5 in target areas. (20 percentage points decrease) 2.2 Prevalence of underweight children under 5 in target areas. (20 percentage points decrease)		

MANAGEABLE INTEREST		Output 1.1 Raised agricultural productivity	Magnitude of Outputs necessary and sufficient to achieve purpose 1.1.1. Gross margin per unit of land of selected product 1.1.2. Average yield achieved in maize and bean (Target: Corn 30 qq/mz and Bean:10 qq/mz) 1.1.3. # of hectares under improved technologies or management practices as a result of ACS implementation (target: 24,000 ha)	<ul style="list-style-type: none"> • Project reports • Performance evaluation 	<ul style="list-style-type: none"> • Farmers willing to accept new crops and technologies • No extreme weather • No major drought or flooding) • No major pests impact productivity and incomes.
		Inputs for Output 1.1 1.1.a. Provide hands-on training and technical assistance in good agricultural practices (GAP) and crop-specific technical assistance based on market requirements. 1.1.b. Transfer technologies to improve productivity and introduce high-value horticultural crops 1.1.c. Enable access to water management technologies, such as drip irrigation, mini dams, storage tanks, rainwater harvesting systems, treadle pumps	Level of Effort/Expenditure for each activity 8,960,134 4,148,994 4,982,282 <hr/> 18,191,410		

		Output 1.2: Improved Markets	1.2.1 Incremental sales (collected at the farm/firm level) attributed to FTF implementation (target: US\$ 123.2 million) 1.2.2 # MSMEs accessing new market opportunities through a broker (target: 10,000)	<ul style="list-style-type: none"> Project reports Performance evaluation 	<ul style="list-style-type: none"> Brokers are willing to work with a large number of small farmers Farmers are willing to work together to access new markets
		Inputs for Output 1.2 1.2.a Promote farmer grouping 1.2.b Develop long-term private sector alliances and linkages for farmer groups. 1.2.c. Embed business services with buyers and input suppliers 1.2.d. Add value to, and improve the reach of, transportation providers. 1.2.e Open key border points with El Salvador to facilitate greater regional trade.	Level of Effort/Expenditure for each activity 1,617,802 2,737,818 4,111,158 2,244,464 1,733,388 <hr/> 12,444,630		
		Output 1.3: Improved Non-Farm Rural Livelihood	1.3.1 New private sector investment in the agriculture sector or food chain attributable to ACS implementation (target: US\$ 20 million) 1.3.2 # new jobs created in participating rural MSMEs (Full Time Equivalents – FTEs) (target: 12,000)	<ul style="list-style-type: none"> Project reports Performance evaluation 	

		Inputs for Output 1.3 1.3.a Analyze and identify non-agriculture value chains to increase incomes 1.3.b Diversify incomes through off-farm activities 1.3.c Increase employment opportunities for the poor in new or expanded private sector business ventures and MSMEs	Level of Effort/Expenditure for each activity 597,342 1,792,026 1,592,914 <hr/> 3,982,282		
		Output 1.4: 1.4 Improved Access to Sound and Affordable Financial and Risk Management Services	1.4.1. Value of agricultural rural loans (Target: \$3 million) 1.4.2. Number of saving accounts (Target: 6000) 1.4.3 Portfolio at risk at 60 days 1.4.4 Number of people with an insurance policy as a result of ACS assistance (Target:	<ul style="list-style-type: none"> Project reports Performance evaluation 	<ul style="list-style-type: none"> Lenders are willing to lend to poor farmers
		Inputs for Output 1.4 1.4.a Promote formal savings 1.4.b Support financing through non-traditional lenders 1.4.c Increase the capacity of borrowers 1.4.d Leverage remittances for income-generating and for household and community improvement	Level of Effort/Expenditure for each activity 655,59 435,661 870,562 1,022,6759 <hr/> 2,984,497		

		Output 1.5: Improved Infrastructure	1.5.1. Kilometers of secondary roads 1.5.2. Kilometers of tertiary roads 1.5.3. # of jobs created through infrastructure activities 1.5.4. Change in transportation cost for agricultural goods.	<ul style="list-style-type: none"> Project reports Performance evaluation 	<ul style="list-style-type: none"> Funds will be managed well; goods and services will be transparently and efficiently procured
		Inputs for Output 1.5 1.5.a Cost-benefit analysis to identify roads and other productive infrastructure to upgrade 1.5.b Rehabilitation and opening of rural roads 1.5.c Establishment of sustainable maintenance arrangements with municipalities	Level of Effort/Expenditure for each activity 580,749 52,561,835 1,746,678 <hr/> 54,889,262		

		Output 2.1: 2.1 Improved Access to Diverse and Quality Foods and Improved Nutrition-related Behaviors	2.1.1 Prevalence of children 6-23 months that received a minimum acceptable diet (target: 20% increase) 2.1.2 Prevalence of maternal anemia 2.1.3 Prevalence of exclusive breastfeeding of children under six months 2.1.4 Percentage of mothers utilizing improved feeding practices 2.1.5 Percentage of children less than two years old with two consecutive low monthly measurements	<ul style="list-style-type: none"> Project reports Performance evaluation 	<ul style="list-style-type: none"> Families are open to new diets
		Inputs for Output 2.1 2.1.a Monitor child growth 2.1.b Train families on better feeding practices and leverage agriculture diversification for improved diet 2.1.d Train health workers and volunteers, strengthen referral and counter-referral systems; and strengthen implementation of counseling and follow-up of malnourished children.	Level of Effort/Expenditure for each activity 948,893 865,928 508,177 <hr/> 2,322,998		
		Output 2.2: Improved Sanitation and Hygiene	2.2.1. Number of households with improved sanitary conditions	<ul style="list-style-type: none"> Project reports Performance evaluation 	<ul style="list-style-type: none"> Men/women use income increases to improve homes, diversify diet, and invest in families.

Inputs for Output 2.2		Level of Effort/Expenditure for each activity		
2.2.a	Improve access to potable water	2,746,678		
2.2.b	Build latrines	1,497,785		
2.2.c	low-tech improvement of household floors	1,622,232		
2.2.d	Facilitate installation of improved stoves to reduce smoke emissions in the house	766,013		
		6,632,708		