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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT FROM THE  
GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND

IN THE AMOUNT OF US\$ 5 MILLION

TO THE

REPUBLIC OF HONDURAS

FOR A

CORREDOR SECO FOOD SECURITY PROJECT ADDITIONAL FINANCING

JUNE 30, 2021

Agriculture And Food Global Practice  
Latin America And Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective Jun 28, 2021)

Currency Unit = Honduran  
Lempira

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1 HNL = US\$ 0.040

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US\$ 1 = HNL 24.826

## FISCAL YEAR

January 1 - December 31

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Regional Director: Anna Wellenstein

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## ABBREVIATIONS AND ACRONYMS

ACS	Alliance for the Dry Corridor ( <i>Alianza para el Corredor Seco</i> )
AF	Additional Financing
BANHPROVI	Honduran Bank for Production and Housing ( <i>Banco Hondureño para la Producción y la Vivienda</i> )
COMRURAL	Honduras Rural Competitiveness Project
CPF	Country Partnership Framework
CSA	Climate-Smart Agriculture
DA	Designated Account
DFIL	Disbursement and Financial Information Letter
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
FM	Financial Management
FSP	Food Security Plan
GAFSP	Global Agriculture and Food Security Program
GBV	Gender-Based Violence
GoH	Government of Honduras
GRID	Green, Resilient, Inclusive Development Framework
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IFPRI	International Food Policy Research Institute
INVEST-H	Honduras Strategic Investment Office ( <i>Inversión Estratégica de Honduras</i> )
IPF	Investment Project Financing
IT	Information Technology
NSmartAg	Nutrition-Smart Agriculture
PAHO	Pan American Health Organization
PDO	Project Development Objective
PIU	Project Implementation Unit
PLR	Performance and Learning Review
PPSD	Project Procurement Strategy for Development
PROSASUR	<i>Corredor Seco</i> Food Security Project
SINAGER	National Risk Management System ( <i>Sistema Nacional de Gestión de Riesgos</i> )
SE	Supervising Entity
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
SOE	Statement of Expenditure
STEP	Systematic Tracking of Exchanges in Procurement
UNOPS	United Nations Office for Project Services
WB	World Bank
WBG	World Bank Group
WFP	World Food Programme



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**BASIC INFORMATION – PARENT (Corredor Seco Food Security Project - P148737)**

Country Honduras	Product Line Recipient Executed Activities	Team Leader(s) Augusto Garcia		
Project ID P148737	Financing Instrument Investment Project Financing	Resp CC SLCAG (9241)	Req CC LCC2C (1308)	Practice Area (Lead) Agriculture and Food

Implementing Agency: Honduran Strategic Investment Office (INVEST-H)

Is this a regionally tagged project?

No

Bank/IFC Collaboration

No

Approval Date 24-Sep-2015	Closing Date 30-Jun-2022	Expected Guarantee Expiration Date	Original Environmental Assessment Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
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**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)



**Development Objective(s)**

The objective of the Project is to enhance food and nutritional security of vulnerable households in Selected Areas of the Corredor Seco.

**Ratings (from Parent ISR)**

	Implementation					Latest ISR
	25-Jun-2018	06-Feb-2019	07-Nov-2019	18-May-2020	13-Nov-2020	29-Jun-2021
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	MS	S	S	S	S	S
Overall Safeguards Rating	S	MS	S	S	S	MS
Overall Risk	S	S	S	S	S	S

**BASIC INFORMATION – ADDITIONAL FINANCING (Corredor Seco Food Security Project Additional Financing - P177149)**

Project ID P177149	Project Name Corredor Seco Food Security Project Additional Financing	Additional Financing Type Scale Up	Urgent Need or Capacity Constraints Yes
Financing instrument Investment Project Financing	Product line Recipient Executed Activities	Approval Date 30-Jun-2021	
Projected Date of Full Disbursement 30-Jun-2023	Bank/IFC Collaboration No		



Is this a regionally tagged project?	
No	

**Financing & Implementation Modalities**

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input checked="" type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

**Disbursement Summary (from Parent ISR)**

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
Grants	30.00	23.80	6.20	79 %

**PROJECT FINANCING DATA – ADDITIONAL FINANCING (Corredor Seco Food Security Project Additional Financing - P177149)****FINANCING DATA (US\$, Millions)****SUMMARY (Total Financing)**

	Current Financing	Proposed Additional Financing	Total Proposed Financing
<b>Total Project Cost</b>	37.80	5.45	43.25
<b>Total Financing</b>	37.80	5.45	43.25
<b>Financing Gap</b>	0.00	0.00	0.00

**DETAILS - Additional Financing**



**Non-World Bank Group Financing**

Counterpart Funding	0.45
Local Beneficiaries	0.45
Trust Funds	5.00
Global Agriculture and Food Security Program	5.00

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any other Policy waiver(s)?

Yes  No

Explanation

Management Waiver for Exceptional Use of Additional Financing under Safeguard Policies to Scale-up Ongoing Pre-ESF IPF Projects

Has the waiver(s) been endorsed or approved by Bank Management?

Approved by Management       Endorsed by Management for Board Approval       No

Explanation

On June 23, 2021 the Project obtained Management Waiver for Exceptional Use of Additional Financing under Safeguard Policies to Scale-up Ongoing Pre-ESF IPF Projects

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Agriculture and Food

**Contributing Practice Areas**



**PROJECT TEAM****Bank Staff**

<b>Name</b>	<b>Role</b>	<b>Specialization</b>	<b>Unit</b>
Augusto Garcia	Team Leader (ADM Responsible)		SLCAG
Viviana Maria Eugenia Perego	Team Leader		SLCAG
Zoila Catherine Abreu Rojas	Procurement Specialist (ADM Responsible)		ELCRU
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Sofia Keller Neiva	Team Member	Program Assistant	SLCAG
Tatiana Cristina O. de Abreu Souza	Team Member	Disbursement Officer	WFACS



**Extended Team**

Name	Title	Organization	Location
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## I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

### A. Introduction

1. **This Project Paper proposes an Additional Financing (AF) in the amount of US\$5 million and a 12-month extension of the Closing Date for the Corredor Seco Food Security Project (PROSASUR, P148737) to June 30, 2023.** An additional grant in the amount of US\$5 million was approved by the Global Agriculture and Food Security Program (GAFSP) on October 1, 2020 to scale up activities over a 24-month period to enhance the food and nutritional security of vulnerable rural households in response to the short and medium-term impacts resulting from the COVID-19 pandemic. The GAFSP confirmed its desire that the World Bank (WB) continues to serve as the Supervising Entity (SE) of the operation.

2. **The Project Development Objective (PDO), project components, activities to be financed, project area, implementation arrangements and safeguard arrangements for PROSASUR would all remain unchanged.** The proposed AF, tagged as a COVID-19 crisis response operation, would provide additional financing to enhance the food and nutritional security of more vulnerable households within the Project's area. The AF has received a Management Waiver for Exceptional Use of Additional Financing under Safeguard Policies to Scale-up Ongoing Pre-Environmental and Social Framework (ESF) Investment Project Financing (IPF) Projects.<sup>1</sup>

### B. Description of the parent Project

3. **While the agri-food sector is a key pillar of the Honduran economy, rural areas are characterized by significant poverty and by food and nutrition insecurity.** Agriculture is the main economic activity of more than 500,000 households, provides a direct source of income to 30 percent of the labor force, and accounts for 12 percent of GDP, rising to 23 percent when backward and forward linkages with other sectors are included. More than half of the poor and two-thirds of the extreme poor live in rural areas, notably in the Dry Corridor. They are disproportionately affected by food and nutrition insecurity: chronic malnutrition is on average twice as common among children in rural areas (28.8 percent) as in urban areas (14.6 percent).<sup>2</sup>

4. **The Dry Corridor is one of the poorest and most economically depressed areas of Honduras.** The Honduran Dry Corridor covers 27.3 percent of the national territory and experiences severe cyclical drought related to *El Niño*. Land degradation on mountain slopes make it extremely vulnerable to the impact of heavy rains and tropical storms. Sixty-five percent of households in the Dry Corridor live below the poverty line and 48 percent are extremely poor,<sup>3</sup> and food and nutrition insecurity are three times higher than the national average, affecting 58 percent of children under age five. Subsistence agriculture is practiced by around half the rural population, and informality in the agricultural sector is widespread.<sup>4</sup>

5. **PROSASUR is funded through a GAFSP grant of US\$30 million and US\$7.8 million of counterpart funding (US\$5.8 million from the Government of Honduras (GoH), and US\$2 million from local beneficiaries).** The Project, approved in September 2015, aims to enhance the food and nutrition security of vulnerable households in 25 municipalities in the departments of Choluteca, El Paraíso and Francisco

<sup>1</sup> The waiver was granted by the World Bank's Operations Policy and Country Services on June 23, 2021.

<sup>2</sup> Global Nutrition Report, Honduras profile. See <https://globalnutritionreport.org/>.

<sup>3</sup> <https://www.swisscontact.org/en/projects/acs-prosasur>.

<sup>4</sup> International Labour Organization. 2020. *Central American Dry Corridor: An exploration of the potential of a job creation strategy for Guatemala and Honduras*. STRENGTHEN Publication Series, Working Paper No. 23-2020.



Morazán located in the Dry Corridor in the Western and Southern areas of Honduras, where rural poverty is concentrated. It is part of the Government's *Corredor Seco* Alliance (ACS) initiative, supported by the European Union, USAID, and GAFSP.

6. **PROSASUR's PDO is "to enhance food and nutritional security of vulnerable households in selected areas of the Dry Corridor."** The Project is divided into three components. Component 1, "Food Production and Rural Household Income Generation," aims to increase the availability of quality food and revenues of poor and extremely poor households, through a nutrition-smart agriculture<sup>5</sup> (NSmartAg) approach, as a basis for improving nutrition and reducing child stunting in the long run. Component 2, "Nutrition Education and Household Hygiene," aims to improve the consumption of nutritious foods and the nutrition status of pregnant and lactating women and of children less than five years of age, as well as to undertake community activities to promote behavior change for greater nutrition awareness and improve household hygiene practices, so as to be able to secure the benefits of improved nutrition. Component 3 provides monitoring, evaluation, and project management support.

7. **The Project targets 12,000 vulnerable households, mostly living in extreme poverty.** As of December 2020, 84.19 percent of PROSASUR's beneficiaries were living extreme poverty, 8.58 percent were poor, 2.66 percent were at risk of poverty, and the remainder responded to other vulnerability criteria (for example, female-headed households with no stable source of income).

8. **The Project supports production of and access to quality food and reduces income volatility of poor rural residents as a basis for improving nutrition and reducing child stunting.** Technical assistance, training, and extension services are carried out through subprojects based on technically and financially viable demand-driven business plans and/or incremental food security plans. These subprojects increase food and agricultural production, introduce high-value crops, increase market linkages, and expand non-farm revenue generation to complement on-farm incomes and reduce income volatility. The Project builds on existing evidence-based interventions in community child health and nutrition by focusing on access to diverse and quality foods, improved nutrition-related behavior, child growth monitoring, and improved hygiene at the household level. Subproject investments for value chain development were designed for high-value crops for small-scale rural producers' organizations/small enterprises and are expected to generate on-farm and off-farm jobs, including postharvest management and processing. Investments to ensure food security and for high-value crops production are based on climate-smart agriculture (CSA) initiatives intended to promote sustainability and adaptation.

9. **Progress toward achieving the PDO and Implementation Progress (IP) are both rated Satisfactory.** An independent Mid-Term Review (MTR) by the International Food Policy Research Institute (in February 2020), the World Bank's Mid-Term Review mission (also in February 2020), and the latest Implementation Status and Results Report (November 2020), have all concluded that the Project is making satisfactory progress towards achieving its objectives. Most PDO indicators are being achieved or surpassed, and the Project is supporting 11,844 poor and food insecure rural families (99 percent of the end target) in 25 municipalities of the Southern Dry Corridor of Honduras. All legal covenants of the Project are being complied with, and the Project has disbursed US\$23.80 million (79.34 percent of the original grant). Measures imposed by the Government of Honduras since March 2020 to contain the COVID-19 pandemic have resulted in delays in some project activities, but the progressive easing of confinement and social distancing is enabling a pick-up in the pace of implementation. The status of the

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<sup>5</sup> Nutrition-smart agriculture consists of technologies and practices that improve nutrition while increasing farm and agribusiness productivity and income.



PDO-level indicators is as follows:

- The Project has benefitted 11,844 households (4,084 led by women), equivalent to 99 percent of the end target of 12,000 households.
- 70 percent of children under the age of five and their mothers, as project beneficiaries, consume at least four food groups, surpassing the end target for the Dietary Diversity Score (60 percent).
- The annual average increase in sales of households participating in the first batch of 156 Agricultural Business Plans that started implementation in mid-2019 was US\$696 (77 percent of the end target of US\$900).
- Average agricultural productivity has increased to 783.26 kg/ha, surpassing the end target of 685 kg/ha by 14 percent.

10. **Progress made under each component is as follows:**

- Implementation progress of Component 1 is considered Satisfactory. The MTR report indicates that most intermediate indicator targets have been achieved or surpassed. As of June 2021, the Project has formulated and implemented 11,455 subprojects directly benefiting 11,844 households (99 percent of the end target), including 6,551 Food and Nutrition Security Plans benefitting the same number of households (109 percent of the end target). Moreover, the Project has financed 156 Agricultural Business Plans and 103 Non-Agricultural Business Plans (of which 57 percent are for women), and an area of 993 ha has been equipped with irrigation services.
- Implementation progress of Component 2 is considered Satisfactory. The Project reports a general increase in the prevalence of women and children achieving a minimum acceptable diet, no increase in the number of children under five who are chronically or acutely malnourished, and a decrease in the cases of gastrointestinal and upper respiratory infections in children in project areas. There was also a significant reduction in the number of households reporting episodes of moderate or severe hunger. As of June 2021, there were 3,297 children under the age of two participating in a growth monitoring and promotion program as part of the Project (137 percent of the end target). The Project has approved a total of 304 Community Nutrition Plans (121 percent of the end target) and 4,341 Household Hygiene Plans (109 percent of the end target).

### C. Rationale for Additional Financing

11. **In 2020, the global COVID-19 pandemic, combined with tropical storms Eta and Iota, dealt severe blows to the Honduran economy.** The containment and social distancing measures introduced to deal with the COVID-19 pandemic have had an adverse impact on economic activity, especially for informal workers and poor households in urban areas and subsistence farmers in rural areas. Poverty in households under the US\$5.50 line is estimated to have increased from 49 percent to 55.4 percent in 2020—an increase of more than 700,000 people. World Bank High Frequency Phone Surveys in mid-2020 found that nearly 68 percent of households reported losing income and more than one-third reported food insecurity as a result of insufficient resources. Tropical storms Eta and Iota in late 2020 compounded the economic impacts of the pandemic, generating social and economic losses estimated at US\$1.8 billion (7.5 percent of 2020 GDP).

12. **In the short- to medium-term, the COVID-19 pandemic is expected to lead to significant rises in food insecurity, malnutrition, and micronutrient deficiencies, especially in rural areas.** Anemia rates in women and children were already high prior to the pandemic (with an estimated 23.4 percent of women



of reproductive age and 42.4 percent of children under the age of two considered anemic) and dietary diversity was low. In April 2020, the World Food Programme (WFP) conducted a vulnerability assessment with 6,183 households and found that food and nutrition security were severely threatened by poor dietary quality, the slowdown of social programs and reduced community-level monitoring of nutrition. An increase in domestic food prices (reported by almost 80 percent of surveyed individuals), coupled with a sharp reduction in employment and mobility restrictions resulting from the COVID-19 pandemic, undermined the ability to purchase food and other basic items. In fact, 60 percent of households in rural areas reported only being able to purchase food using credit. In the face of food security uncertainty, 88 percent of those surveyed employed coping strategies, including reducing their number of meals and portion size, and a majority reported not having any food reserves. An updated Food Security Classification Snapshot for 2021 by the WFP estimates that, between July and September 2021, 3.3 million Hondurans are likely to face high levels of acute food insecurity across the country, up from an estimated 3.1 million between April and June 2021.<sup>6</sup> The department of Francisco Morazán in the PROSASUR project area is one of three departments assessed to have the most severe food insecurity in Honduras.<sup>7</sup>

13. **The GoH responded swiftly to the pandemic.** The Government's response included conducting COVID-19 testing from the onset, imposing a mandatory national lockdown, and elaborating an emergency response plan. Furthermore, the GoH took action to strengthen national and community-based disease surveillance and invested in public awareness campaigns to encourage the uptake of safe behaviors and practices. The National Risk Management System (SINAGER) has been coordinating pandemic response measures to address these issues, including implementing additional biosecurity measures to facilitate food distribution from production centers to urban areas in coordination with the Ministry of Agriculture, municipal authorities and the private sector. However, the commercialization of food by the informal sector continues to be limited, with a significant impact on the highly vulnerable, including small farmers across the country who are not connected to established markets. SINAGER itself has been facing severe financing gaps, notwithstanding support by the World Bank through existing projects, including PROSASUR (Annex 3 details WB country program adjustments in response to COVID-19). Actions undertaken by the Ministry of Agriculture as part of the national Food Security and Sovereignty Assurance Program (established under Executive Decree PCM-030-2020)<sup>8</sup> are also facing an estimated US\$250 million financing gap out of a total investment of US\$800 million.

14. **PROSASUR is referred to in the national Food Security and Sovereignty Assurance Program as a priority project in the agricultural sector under the country's Food Security and Early Recovery Strategy post COVID-19.** The PROSASUR team has responded swiftly and agilely to continue providing support to vulnerable households in the project area while complying with the mandatory national curfew to contain the spread of the pandemic, including by deploying US\$0.25 million to improve biosafety measures among beneficiaries and local health centers. Moreover, the two contracted implementing agencies, CARE and CREATIVE, have put biosecurity protocols in place to reactivate project implementation and have successfully leveraged the use of technology for the provision of technical assistance, including sending written guidance, videos and photographs through mobile phones. Farmers schools and growth monitoring sessions have been carried out with small groups, following strict biosecurity procedures and

<sup>6</sup> World Food Programme. 2020. *República de Honduras: Situación SAN por Efectos del COVID 19*. PMA: April 2020, and World Food Programme. 2021. "Honduras: Integrated Food Security Phase Classification Snapshot December 2020 – September 2021".

<sup>7</sup> The other two departments under PROSASUR, Choluteca and El Paraiso, are also classified by WFP in the "crisis" food insecurity category.

<sup>8</sup> Actions envisaged under the Program are aimed at achieving the organization, registration and traceability of national food production and the categorization of producers, both national and foreign.



social distancing protocols.

15. **While the current PROSASUR structure and implementation arrangements can continue to support GoH's short and medium-term COVID-19 response, much greater financial and technical support is needed.** The impacts of the crisis in terms of acute and chronic malnutrition and of micronutrient deficiencies in project areas are severe. Widespread job losses have also irreversibly impacted household incomes, which will further worsen food insecurity and prolong the duration of the crisis in rural areas through direct impacts on the demand for food and agricultural produce. The Project's US\$6.2 million undisbursed balance from GAFSP has been fully committed to PROSASUR's core activities of promoting food and nutritional security among extremely poor households in 25 Dry Corridor municipalities, but the available funds are extremely limited compared to the needs in the area. While PROSASUR is attending to almost 12,000 eligible households within the project area, an estimated 38,000 additional households in those same municipalities are eligible for support.

16. **PROSASUR has a unique opportunity, as well as the concrete ability, to provide critical COVID-19 food security and biosecurity support to vulnerable beneficiaries with a simple project scale-up of the existing Project activities.** The Project is already developing and financing small grants for food safety, community nutrition and home hygiene in the form of subprojects for families, communities, and farmer groups in 25 municipalities in the Dry Corridor. With additional funding and using the same implementation arrangements, the Project can quickly support additional vulnerable households in the communities that it is currently targeting and thereby strengthen the Project's response to the crisis prompted by the COVID-19 pandemic.

## II. DESCRIPTION OF ADDITIONAL FINANCING

17. **The proposed AF maintains the original PDO, components, project target area, implementation, and safeguards arrangements of the parent PROSASUR Project.** The PDO will be achieved by supporting investments targeted at: (i) contributing to short-and medium-term food, nutrition, and hygiene needs; and (ii) enhancing food, nutrition and hygiene education and the capacity to sustain these benefits and build food system resilience going forward. The proposed strategy is to intensify and diversify home food production for consumption and for sale, thus supporting the availability of diverse, micronutrient rich foods, in conjunction with the activities of nutritional education and household hygiene, while ensuring that the Project's biosecurity activities are strengthened to support the COVID-19 response.

18. **The proposed activities would scale up successful investments that are being implemented by PROSASUR while strengthening the focus on actions that support the COVID-19 response.** While PROSASUR finances a broader set of activities, the proposed AF will only support the most relevant activities to respond to and mitigate the COVID-19 food and nutrition security crisis, while fostering the building better agenda. Specifically, the AF will scale-up the following activities: (i) food security plans with NSmartAg and CSA approaches; (ii) community nutrition plans; (iii) household hygiene plans; (iv) specialized technical assistance to raise awareness of the importance of household health and nutrition; and (v) coordination with local municipalities and local health centers. Further, the AF will reinforce biosecurity measures and help to reverse the effects of the pandemic among the most vulnerable by: (i) providing additional nutritional supplements; (ii) upgrading and equipping existing health centers at the local level; and (iii) providing technical assistance to improve the ability of beneficiaries and health centers to prevent and halt the spread of the virus.

19. **The activities supported by the proposed AF are intended to support food and nutrition security**



**among targeted beneficiaries.** The proposed interventions fall under Pillar 3 (“Protect purchasing power of poor households to continue to access food and nutrition”) and Pillar 4 (“Protect the most vulnerable from worsening their nutritional status”) of the *COVID-19 and Food and Nutrition Security: Menu of Options for Response*,<sup>9</sup> developed by the Agriculture and Food Global Practice of the World Bank. In particular, Food Security Plans (FSPs) will improve the quantity and quality of the agriculture produce available to farmers for consumption, while favoring the creation of production surpluses that can be sold on local markets for extra income. Household hygiene plans, on the other hand, will improve nutrition by ensuring that safe food handling and hygiene practices are followed by households. Community nutrition plans and communication campaigns will contribute to consumer education raising awareness for positive behavior change with respect to nutrition habits. Coordination with health centers will enhance the quality of the health and nutrition services available to beneficiaries in project areas. Finally, the distribution of micronutrients will provide key nutritional supplements to women and children.

**20. The proposed interventions would target an additional 2,000 vulnerable households and strengthen the services of 94 health centers in the same project area as PROSASUR.** PROSASUR has already been financing the provision of some basic equipment for rural community health centers (including furniture, cookware, etc.), as well as the provision of micronutrients and food supplements for children and mothers participating in Community Nutrition Plans in rural communities. The AF would enable the Project to scale up and improve the provision of this type of support, focusing it more directly on alleviating the impacts of the COVID-19 crisis, strengthening the services of 94 health centers in the project area and targeting an additional 2,000 vulnerable households.

**21. PROSASUR has a solid mechanism for targeting beneficiaries.** The targeted beneficiaries are: (i) poor and extremely poor households, beneficiaries of the Government’s cash transfer *Bono Vida Mejor* program, and those who pass an additional poverty verification test; (ii) highly vulnerable households that have low food stocks and have no stable means of income; and (iii) female-headed households or households with the presence of pregnant women, nursing mothers, and children under five years of age or other children with nutritional risks. The process of identifying eligible beneficiaries begins with the preparation of a socioeconomic datasheet, which uses the information gathered in the cash transfer program, complemented by specific additional information. To date, 90 percent of the Project’s beneficiaries are households below the poverty line. The Project will continue to support the participation of women (35 percent of current beneficiaries) and youth as direct beneficiaries of the new investments and will prioritize the municipalities that have been most affected by the pandemic.

**22. The proposed AF is aligned with the World Bank Group (WBG) Honduras Country Partnership Framework (CPF) FY16–FY20, discussed by the World Bank Board of Executive Directors on December 15, 2015, and the Performance and Learning Review (PLR) of the CPF for the same period considered on July 9, 2019.**<sup>10</sup> The proposed AF will contribute to CPF Focus Areas 1, “Fostering inclusion” and 3, “Reducing vulnerabilities to enhance resilience” by: (i) supporting food and nutrition security and income generation among the most vulnerable; and (ii) reducing the agricultural sector’s vulnerability to climate, weather-related, and global-health threats.

**23. The proposed AF is also consistent with the WBG’s framework for Green, Resilient, Inclusive**

<sup>9</sup> [https://worldbankgroup.sharepoint.com/:w:/r/sites/Agriculture/\\_layouts/15/Doc.aspx?sourcedoc=%7B3945864C-3913-4856-9FB4-A3840D7A3A21%7D&file=Food%20and%20Nutrition%20Security%20Responses%20to%20COVID-19\\_Menu%20of%20Options%205282020.docx&action=default&mobileredirect=true&cid=b21accde-d734-49b1-ad6b-ec01de638679&wdLOR=cD139271B-4441-40FE-9C31-F1E7EDB96E48](https://worldbankgroup.sharepoint.com/:w:/r/sites/Agriculture/_layouts/15/Doc.aspx?sourcedoc=%7B3945864C-3913-4856-9FB4-A3840D7A3A21%7D&file=Food%20and%20Nutrition%20Security%20Responses%20to%20COVID-19_Menu%20of%20Options%205282020.docx&action=default&mobileredirect=true&cid=b21accde-d734-49b1-ad6b-ec01de638679&wdLOR=cD139271B-4441-40FE-9C31-F1E7EDB96E48)

<sup>10</sup> CPF Report No. 98367, PLR Report No. 136491.





**Development (GRID).** The AF will: (i) contribute to mainstreaming climate-smart and nutrition-smart practices, supporting farmers to increase their adaptive capacity and resilience to climate change impacts; and (ii) contribute to inclusion by targeting subsistence farmers and extremely poor households, and by ensuring the participation of women, children, and youth.

24. **Finally, investments under the proposed AF are aligned with the WBG’s 2020 COVID-19 Crisis Response Approach.** They will contribute to the objectives of Pillar 1 (“Saving Lives”), by providing technical assistance to health centers on COVID-19 prevention and handling, Pillar 2 (“Protecting Poor and Vulnerable People”), by providing well-targeted food-security and nutrition-security support to poor and vulnerable groups, including women and children, and Pillar 3 (“Job creation”) by promoting temporary employment opportunities for local unskilled labor on-farm and off-farm.

#### A. Project components

##### **Component 1: Food production and rural household income generation (GAFSP US\$1.45 million, Beneficiaries US\$0.2 million)**

25. **Investments under Component 1 will focus on improving agricultural productivity and the nutritional security of beneficiary households, as in the parent PROSASUR Project.** The component will support FSPs<sup>11</sup> with: (i) input provision such as biofortified seeds and fertilizers; (ii) technical assistance on CSA and NSmartAg technologies including post-harvest management for reduction of food losses and waste and for the preservation of the nutritional value of produce; and (iii) basic assets for safe production for the next planting seasons and other measures to incentivize agricultural production and biosecurity measures. Furthermore, the component will improve the ability of beneficiaries to produce healthy and nutritious food. Investment under the FSPs will prioritize requirements for on-site water storage and distribution to gardens/orchards, including basic drip irrigation equipment, along with the appropriate technical assistance and training.<sup>12</sup> The FSPs will also enhance sanitary practices by developing biosecurity plans with farmers, supporting the implementation of social distancing measures, and providing safety equipment.

26. **Broadening investments in water-efficient practices and technologies under Component 1 will provide short-term (in the case of short-cycle horticulture and basic grains) and medium-term (for perennial and tree crops) food security benefits.** Climate-smart watering equipment, techniques, and crop choices will improve the availability of water for irrigation through enhanced storage and utilization capacity and will allow beneficiaries to control the timing and precision of water applications for agriculture, improving resilience to drought, mitigating the impacts of seasonal weather and climate constraints, and allowing staggered harvesting, benefiting both family consumption and marketing or bartering of produce.<sup>13</sup>

##### **Component 2: Nutrition education and household hygiene (GAFSP US\$2.94 million, Beneficiaries US\$0.25)**

27. **The objective of Component 2 is to protect and improve the nutritional status of the most**

<sup>11</sup> In addition to FSPs, Component 1 of PROSASUR supports two additional types of subprojects (Agricultural Business Plans and Non-Farm Business Plans), which are more commercially oriented. However, the AF will only focus on FSPs, in line with its particular emphasis on food security and nutrition security.

<sup>12</sup> All these investments will rely on rainwater or rainwater harvesting. Water storage foreseen under the proposed AF only refer to micro-irrigation small household water harvesting/collection and storage devices (e.g. rooftop collection of rainfall water).

<sup>13</sup> These investments will take place in the current Project footprint and will not require land acquisition or restrictions to land use that may cause physical and/or economic displacement.



**vulnerable households in the project area.** As in the parent PROSASUR, the component aims to improve nutrition outcomes through: (i) the implementation of Community Nutrition Plans that support the increased availability and consumption of nutritious foods; (ii) the provision of training to health workers to strengthen their skills in monitoring child growth, as well as in preventing and managing malnutrition among children under five; and (iii) the implementation of Household Hygiene Plans that consist of minor works (such as equipment for water filters, latrines, hand-washing basins with soap, metallic storage containers and slab floors). In addition, the component will support COVID-19-motivated activities that: (i) support the food-security and nutrition-security responses by providing micronutrient supplements for women of reproductive age and infants aged 6-24 months, and (ii) boost local capacity to respond to the pandemic by providing specialized training to health workers and by assisting 94 community health centers in the project area with basic sanitary inputs, equipment and infrastructure enhancements (micronutrient powders, equipment for weight and height measurements, handwashing stations and water filters), thereby building on the current support provided to these health centers and indirectly benefiting the total population of the 25 municipalities currently supported by the Project.

28. **The distribution of micronutrient supplements will target women and children and will help to mitigate the adverse impacts of COVID-19 on the nutritional status of the most vulnerable groups in both the short and medium term.** The national lockdown imposed to prevent the spread of COVID-19 has led to less availability of and access to nutritious food (in terms of both quantity and quality) and to the adoption of monotonous and micronutrient-deficient diets. While PROSASUR has contributed substantially to nutrition security in project areas, anemia among women of reproductive age and children under two remains high and dietary diversity is still low. Thus, the procurement and distribution of micronutrient supplements – iron and folic acid for pregnant women, women in reproductive age groups and adolescent girls; and multiple micronutrient powders for infants aged 6-24 months – is needed to supplement their diet and prevent further deteriorations in nutritional status. Moreover, investments in hygiene, especially to ensure household water availability, will help prevent infections that can lead to malnutrition and complement community water management investments under Component 1.

29. **Investments under Components 1 and 2 are designed to contribute to longer-term resilience building for the local food system and for household nutrition and hygiene.** In addition to catering to critical needs for household hygiene and food production, these components lay the groundwork for next-stage investments consistent with sustained household welfare and economic recovery. For example, investments and capacity building for improved water resource management will allow families to intensify and diversify production, generating surplus produce and economic incentives to move beyond subsistence production. Activities to be implemented under these components will also increase the availability and diversity of locally available nutritious food and will improve broader food-system resilience. Furthermore, they will provide temporary employment opportunities for local unskilled labor (for example in small construction and maintenance works for Household Hygiene Plans). Improvements in water storage and in the surrounding watershed will provide multiple long-term benefits, while investments in the community health centers will help sustain project investments in household hygiene improvements. Finally, educational activities underpinning these investments will build long-term community awareness and support continued adoption of the proposed household hygiene measures.

### **Component 3: Monitoring, evaluation, and project management (GAFSP US\$0.61 million)**

30. **The proposed allocation for the component would finance the operation of the Project Implementation Unit (PIU) until its Closing Date.** The monitoring and evaluation system of PROSASUR has a robust database with information on beneficiaries related to their crops, production levels, storage



and consumption, *inter alia*. Based on this experience, resources will be allocated for the conceptual design and piloting of an IT-based tool to monitor small-scale basic grain production. The tool will be anchored to the Project's information system, whose beneficiaries will be part of the piloting exercise. The tool will also be part of a broader agricultural market intelligence initiative at the national level promoted by the WB-financed COMRURAL project series (P158086, P168385, P174328), to which it will contribute key information on the impacts of the COVID-19 crisis on agricultural production and food and nutrition security.

## B. Implementation

31. **Activities under the proposed AF will follow the existing satisfactory project implementation arrangements of PROSASUR.** As highlighted above, there is an existing unmet demand for PROSASUR support by highly vulnerable beneficiaries in the same project area who could not be attended by PROSASUR due to funding limitations. Without requiring further adjustments to project design and implementation arrangements, additional funding will enable the Project to reach an additional 2,000 vulnerable households, helping them mitigate COVID-19 impacts and increase their resilience, while at the same time supporting the national food security strategy in response to the pandemic.

32. **PROSASUR has the technical and operational capacity in place to quickly deploy the proposed additional funding.** PROSASUR's Project Implementation Unit (PIU) is housed in the Honduras Strategic Investment Office (*Inversión Estratégica de Honduras*, INVEST-H), a government agency under the General Coordinator of the Presidency of the Republic of Honduras. INVEST-H is implementing PROSASUR's Components 1 and 2 through two competitively selected private sector consulting firms (CARE and CREATIVE) as project operators and can carry out activities under the proposed AF with the same implementation arrangements. Both consulting firms have more than 180 employees located in the project area to guarantee the timely provision of technical assistance, as well as coordination with the local governments of the 25 municipalities and with community health centers in the area. Their presence in the area will allow for quick identification of the new beneficiary households, seamless implementation of subprojects, and continued coordination with the 94 health centers to strengthen the COVID-19 response and provide improved nutrition-related services for beneficiaries. The AF will continue leveraging the existing coordination that PROSASUR maintains with other key actors and institutions at the national and local level, such as the Ministry of Agriculture and health authorities.

33. **The two consulting firms have established satisfactory levels of procurement and financial management, allowing for activities under the proposed AF to be implemented in a timely manner.** In compliance with their contracts, both consulting firms are implementing procurement and financial management policies acceptable to the World Bank and with no shortcomings reported to date in the financial and operational audits, including the implementation support and post-review procurement processes conducted periodically by the World Bank. Even before the AF is declared effective, the existing technical and fiduciary capacity of the PROSASUR PIU will enable the pre-selection of communities and potential beneficiaries, coordination with key partners at municipal and community levels, the drafting of terms of reference for consultancies, and the preparation of technical specifications and bidding documents, so that procurement processes can be launched soon after the proposed AF becomes effective.

34. **A dedicated team will continue monitoring the compliance of the Project with the World Bank's environmental and social safeguards.** The AF will continue to be implemented under existing safeguards, given the approval of the Waiver of the Environmental and Social Framework, the Environmental and



Social Directive for Investment Project Financing, and the Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups. Both the PIU of INVEST-H and the implementing consultants have environmental and social specialists to support the implementation of actions to comply with environmental and social safeguards. No new safeguards policies are triggered under the proposed AF. However, the environmental and social specialists at INVEST-H and the consulting firms will require additional training to apply the commitments set forth in the approved Waiver, including on COVID-19 Specific Risk Considerations, Gender-Based Violence (GBV), sexual exploitation and abuse and sexual harassment, among others. The AF will take advantage of the existing coordination that PROSASUR maintains with health sector authorities at both national and local levels. If necessary, because of the pandemic situation, monitoring and implementation support will be conducted by the WB team remotely, through virtual missions.

35. **Project results will continue to be monitored through rigorous independent impact evaluation by IFPRI.** The impact of PROSASUR is measured with a rigorous experimental design that incorporates a panel survey, randomly assignment of villages to participate in the project, single difference, and difference-in-difference (DID) estimation, and other econometric methods. This framework will be continued and expanded to include an analysis of the benefits of the proposed AF.

### III. KEY RISKS

36. **The proposed AF's overall risk is assessed as *Moderate*.** Below is an assessment of the risks considered Substantial or higher for the proposed AF.

37. **The integrated fiduciary risk is considered *Substantial*.** Procurement Risk is rated as *Moderate*, since procurement activities will be carried out by the same two project operators that have implemented the parent Project satisfactorily to date, and since these activities are of relatively small value and low procurement complexity. Project features are not complex and expenditures to be financed are like the previous PROSASUR, INVEST-H PROSASUR-PIU existing capacity, and the experience developed. Financial Management (FM) Risk is assessed as *Substantial* after risk mitigation. Key FM risks and challenges pertain to potential delays in GoH approval of the counterpart funds required to carry out project closing activities. Examples include: (i) financing the salaries of key personnel for project closing activities and final activities to be carried out by the two consulting firms after the Closing Date; and (ii) extending the contracts of the operators (CARE and CREATIVE) which are currently valid till October and December 2021, respectively. To mitigate the above risk, the following mitigating measure has been agreed as part of the FM action plan: including a specific budget allocation for the Project in the national budget, immediately after Project Approval, to avoid delays with counterpart funds required to cover project closing activities. With this mitigating measure, the initial integrated fiduciary risk for this operation is assessed as *Substantial*.

38. **Other risks. Climate Change and Disaster Risks are *Substantial*.** Honduras is vulnerable to extreme climate events that may severely affect agricultural producers and the food security of vulnerable households, and the adaptive capacity of the country remains low. To mitigate this risk, climate-smart and nutrition-smart approaches to promote resilience and address climate vulnerability will be fully integrated in the proposed AF.



## IV. APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis

39. **Technical activities under the proposed AF will expand the successful implementation of key aspects of PROSASUR and will increase its economic benefit.** The proposed AF will continue supporting PROSASUR's food and nutrition security objectives by reaching an additional 2,000 of the most vulnerable households in the project area. These households will benefit from an estimated additional 1,000 Food Security Plans and 1,200 Household Hygiene Plans (with some households benefitting from both), together with additional training and technical assistance to continue improving the adoption of climate-smart and nutrition-smart agricultural technologies and practices to increase their resilience to climate vulnerability and COVID-19 impacts in their family farming systems. All activities will build on existing, evidence-based interventions by PROSASUR in beneficiary communities, which are being documented by the Project's ongoing impact evaluation and monitoring and evaluation system. At Appraisal, PROSASUR was estimated as having an Economic Rate of Return of 17.8 percent and a Net Present Value of US\$9.7 million equivalent at a 12 percent discount rate. While a new Economic and Financial Analysis (EFA) was not undertaken for the specific activities of the proposed AF, the original EFA's modeling remains robust and applicable to the additional activities under the proposed AF, and the increased coverage of the proposed AF is expected to increase project benefits.

### B. Financial Management

40. **The proposed AF will be implemented by INVEST-H using the same FM arrangements as for the parent Project.** Project budgeting, accounting, financial reporting, and disbursements will be fully centralized by the PIU at INVEST-H and will follow the same internal control processes applied to the PROSASUR project. INVEST-H has acceptable institutional capacity and long-standing experience with implementation of WB-financed projects. Based on the results of the last FM supervision, the FM team concluded that the Project's FM performance continues to be assessed as "Moderately Satisfactory." Moderate shortcomings in financial management exist but do not prevent the timely and reliable provision of information required to manage and monitor the implementation of the project. Therefore, the overall FM arrangements are considered adequate to support the expanded activities under the proposed AF.<sup>14</sup>

41. **FM arrangements for this Project will fundamentally be the same as for the ongoing PROSASUR Project.** Changes or variations are noted in the sections below.

42. **Flow of Funds.** A new Designated Account (DA) will be opened for PROSASUR in addition to the current Designated Account under the Parent Grant. Likewise, new operating accounts (*libretas*) will be opened for the new Grant. INVEST-H will be responsible for the financial management of the activities carried out by the clusters and for managing AF treasury operations in a fully centralized manner. Payments are processed through SIAFI, interfaced with UEPEX. Funds from the DA are transferred to the operating accounts (*libreta*) in lempiras or US Dollars, as applicable, for payment to vendors.

43. **Disbursement methods include reimbursements, advances, and direct payments.** The use of advance payments will be the primary method of disbursement. Deposits into the DA as advances would

<sup>14</sup> According to the last Financial Management supervision of PROSASUR project, completed in April 2021, the FM arrangements in place were found to be acceptable and project FM performance was assessed as Moderately Satisfactory. There are no overdue audits or unresolved fiduciary issues.



follow Bank’s disbursement policies and procedures, as described in the Disbursement and Financial Information Letter (DFIL) and Disbursement Guidelines. The ceiling for the DA will be based on the quarterly forecast submitted. Supporting documentation required for disbursement and sample Statement of Expenditure (SOE) will be reflected in the DFIL.

44. **It is expected that documentation on SOEs will be submitted at least quarterly.** All SOEs documentation will be maintained for post-review and audit purposes for up to three years after the final withdrawal from the grant account.

45. **The agreed FM actions and the timing for completing them are shown in the Action Plan below:**

Activity	Responsible Actor	Compliance Date
Request for PROSASUR funds is made to BANHPROVI, <sup>15</sup> so that a line item for PROSASUR be included in the national budget to be approved by the legislature.	INVEST-H	Within thirty days of Effectiveness
Extend the operator’s (CARE’s and CREATIVE’s) contracts until the new project Closing Date. This, following the Bank procurement team advice.	INVEST-H	After Effectiveness
Project Operational Manual is updated and approved by the WB, incorporating the procedure to select the new 2,000 household recipients under the proposed AF.	PROSASUR-PIU	By Effectiveness
External auditors contracted.	INVEST-H	No later than 3 months after Effectiveness

**C. Procurement**

46. **Procurement under the AF will be carried out in accordance with the World Bank’s Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services,** dated July 1, 2016 (revised in November 2020) and is subject to the World Bank’s Anti-Corruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The Project Procurement Strategy for Development (PPSD) will be updated to describe how the new procurement activities included under the proposed AF will contribute to the achievement of the PDO and deliver value for money under a risk-based approach. It also provides adequate supporting market analysis for the selection methods detailed in the Procurement Plan. The proposed AF will continue to apply Mandatory Procurement Prior Review Thresholds detailed in the WB’s Procurement Procedure, Annex I. The AF will use the STEP to plan, record, and track procurement transactions.

47. **Since the AF will follow the implementation arrangements and project activities of the parent Project, no changes are expected to procurement arrangements.** INVEST-H will continue to implement the Project through two competitively selected private sector consulting firms as project operators, which will continue carrying out project activities under the proposed AF with the same implementation

<sup>15</sup> BANHPROVI (Honduran Bank for Production and Housing) is the administrator of the FINA II Trust fund, where the counterpart funds of PROSASUR come from. Once a year, BANHPROVI presents to the Ministry of Finance the budget item to be approved in the legislature.



arrangements.

#### D. Social (including Safeguards)

48. **As the Management Waiver of the Environmental and Social Framework, the Environmental and Social Directive for Investment Project Financing, and the Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups has been granted, the parent Project and the proposed AF will continue to be implemented under the operational policies.** The parent Project and the proposed AF do not include any physical investments that will require land acquisition or restrictions to land use, causing physical and/or economic displacement and hence, OP 4.12 on Involuntary Resettlement will remain untriggered. Similarly, the parent Project and the proposed AF's project area does not overlap with the presence of Indigenous Peoples as defined in OP 4.10 and, consequently, this policy also remains untriggered. The Social Performance Rating of the parent Project has consistently been rated Satisfactory, and the recommendations of the Environmental and Social Management Framework (ESMF) are being implemented, including a gender equity and social inclusion approach. The parent Project has undertaken actions to enhance social inclusion beyond mere safeguards compliance, particularly regarding Persons with Disabilities, and has raised awareness on GBV. It has an active Grievance Redress Mechanism (GRM) that was updated into a stand-alone document in April 2020 and is currently receiving and responding to complaints at cluster and central levels with a matrix that is updated quarterly and shared with the Bank. The GRM is publicly accessible through several channels and provides the option of confidentiality.

49. **The Recipient developed an ESMF that was disclosed on June 12, 2014, which remains applicable to the activities of the proposed AF.** However, in line with the requirements of the Management Waiver, the ESMF was updated to address safeguard policy compliance and consistency with good practice management of additional potential risks and impacts, such as discrimination and social inclusion, labor, meaningful consultation and participation, Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), exposure to COVID-19, and the GRM. The draft updated ESMF was consulted with key stakeholders through a virtual meeting on June 21, 2021 which included a discussion on how the AF would engage with stakeholders during implementation.<sup>16</sup> The updated ESMF was disclosed prior to Appraisal on June 23, 2021 in the Recipient site <http://www.investhonduras.hn/acs-prosasur/> with an email to provide an opportunity for feedback. The results of key stakeholder consultations were integrated in the final version of the ESMF which was disclosed at <http://www.investhonduras.hn/acs-prosasur/> and the WB external website on June 29, 2021 before project Approval. Soon after Approval, the Recipient will also share physical copies of the updated ESMF with stakeholders in the municipalities of intervention through the implementing partners.

50. **Both the PIU and the implementing partners have dedicated social staff to support the implementation and monitoring of safeguards instruments.** The proposed AF will continue with the gender and social inclusion approaches already in place for the parent Project and will undertake the necessary actions to comply with the commitments set forth in the Management Waiver. However, additional training will be provided to adequately address the additional potential risks and impacts arising from the implementation of the proposed AF, and to put in place the corresponding mitigation measures.

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<sup>16</sup> A total of 59 people (30 men and 29 women) participated in the consultations representing municipalities, environmental municipal units, community organizations, producers, monitoring staff of PROSASUR and implementing partners, among others.



## E. Environment (including Safeguards)

51. **The proposed AF will trigger the same six environmental safeguard policies as the parent Project and its Environmental Assessment Category is B, since no large scale, significant and/or irreversible adverse impacts are expected.** Since the Management Waiver of the Environmental and Social Framework and the Environmental and Social Directive for Investment Project Financing has been granted, the parent Project and the proposed AF will continue to be implemented under the same operational policies. There are seven Safeguards Policies triggered under PROSASUR, of which six are Environmental Safeguard Policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP 4.09), Physical Cultural Resources (OP/BP 4.11), and Safety of Dams (OP/BP 4.37). Safety of Dams (OP/BP 4.37) is triggered as the Project might finance the construction or rehabilitation of small dams within the original project area that might provide water for project-funded micro-irrigation systems. For small dams, potential adverse impacts are addressed through OP/BP 4.01, Environmental Assessment as recommended by OP/BP 4.37 Safety of Dams, and measures are included in the Environmental and Social Management Framework (ESMF). There are two protected areas within the Project's area: Yerba Buena Biological Reserve in Francisco Morazán and Cerro Guanacaure Multiple-Use Area in Choluteca.

52. **The ESMF will guide implementation of these safeguards.** The ESMF under the parent Project was updated to include activities proposed for COVID-19-related investments. The ESMF will be subject to continuous improvement while project implementation advances and lessons learnt accumulate. It can also be applied within the wider ACS framework as pertinent or deemed useful.

53. **INVEST-H has a satisfactory record in adequately implementing applicable environmental safeguards management measures.** Both INVEST-H and the two implementing partners (CARE and CREATIVE) rely on dedicated Environmental staff to support implementation.

## F. Legal Operational Policies

54. **The World Bank's Operational Policy – Projects on International Waterways (OP 7.50) was triggered when PROSASUR was prepared,** since the Project was going to finance Agricultural Business Plans that would include small water catchment and irrigation works that could affect the riparian country of Nicaragua due to their proximity to the Negro River. In accordance with OP 7.50, Nicaragua was notified, and a positive response was received by the Bank. The proposed AF will not finance any additional Agricultural Business Plans and all on-farm and in-household investments to improve food and nutritional security financed under FSPs rely on rainwater harvesting. Therefore, the AF triggers no additional OP 7.50 process requirements.

## V. WORLD BANK GRIEVANCE REDRESS

55. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank





Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).



## VI. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

## VII. DETAILED CHANGE(S)

### COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Food production and rural household income generation	28.60	Revised	Food production and rural household income generation	30.25
Nutrition education and household hygiene	4.80	Revised	Nutrition education and household hygiene	7.99
Monitoring, evaluation and	4.40	Revised	Monitoring, evaluation	5.01



project management			and project management	
<b>TOTAL</b>		<b>37.80</b>		<b>43.25</b>

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-17904	Effective	30-Jun-2021	30-Jun-2022	30-Jun-2023	30-Oct-2023

**Expected Disbursements (in US\$)**

Fiscal Year	Annual	Cumulative
2015	0.00	0.00
2016	0.00	0.00
2017	2,584,122.70	2,584,122.70
2018	3,654,834.48	6,238,957.18
2019	9,188,693.13	15,427,650.31
2020	4,372,005.87	19,799,656.18
2021	4,001,243.68	23,800,899.86
2022	8,699,100.14	32,500,000.00
2023	2,500,000.00	35,000,000.00

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Substantial	● Moderate
Macroeconomic	● Substantial	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Moderate
Fiduciary	● Substantial	● Substantial



Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other	● Substantial	● Substantial
Overall	● Substantial	● Moderate

**LEGAL COVENANTS – Corredor Seco Food Security Project Additional Financing (P177149)**

**Sections and Description**

The Recipient shall carry out the Project in accordance with the Implementation Arrangements set out in Section I, Schedule 2 of the Grant Agreement.

Schedule 2, Section II. A.

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

**Conditions**

Type	Financing source	Description
Effectiveness	Trust Funds	<p>Article V</p> <p>5.01 This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied:</p> <p>(a) that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action; and</p> <p>(b) that the Project Operational Manual and the Subproject Manual have been updated in a manner satisfactory to the Bank.</p>
Disbursement	Trust Funds	<p>Schedule 2. Section III. B. 1</p> <p>Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:</p> <p>(a) for payments made prior to the Signature Date;</p> <p>(b) for payments made under Category 1 (a) and 2 (a) unless the Recipient has entered into an Operator Contract with the Operator assigned to Cluster 1; and</p> <p>(c) for payments made under Category 1(b) and 2</p>



		(b) unless the Recipient has entered into an Operator Contract with the Operator assigned to Cluster 2.
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**VIII. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**COUNTRY: Honduras**

**Corredor Seco Food Security Project Additional Financing**

**Project Development Objective(s)**

The objective of the Project is to enhance food and nutritional security of vulnerable households in Selected Areas of the Corredor Seco.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Enhance food and nutritional security of vulnerable households in select areas of the Corredor Seco</b>								
Average yield achieved in food crops by participating HH of component 1 (Number)		570.75			627.80	627.80		685.00
Households benefitting directly from the Project (Number)		0.00	800.00	5,000.00	8,000.00	10,000.00	11,000.00	14,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: Adding 2,000 additional households to direct beneficiaries</b>							
Average of annual incremental sales of participating HH under		0.00		40.00	200.00	450.00	700.00	900.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Business Plans (Amount(USD))								
Dietary diversity score in participating HHs of component 2 (Percentage)		49.91		40.00	40.00	40.00		60.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Food production and rural household income generation (Action: This Component has been Revised)</b>								
Client days of training provided (number) (Number)		0.00		8,000.00	16,000.00	24,000.00	30,000.00	32,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: training provided will be increased</b>							
Client days of training provided - Female (number) (Number)		0.00		1,200.00	2,400.00	3,600.00	4,500.00	9,194.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: at the moment, 35% of client-days of training provided are to females. maintaining the same percentage with respect to the additional 2000 client-days and adding to the current value of the indicator as per latest ISR.</b>							
Area provided with irrigation and drainage		0.00						1,050.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
services (Hectare(Ha))								
<b>Action: This indicator has been Revised</b>	<b>Rationale: additional area covered under new food security plans</b>							
Area provided with irrigation and drainage services under Business Plans (Hectare(Ha))		0.00						700.00
Agricultural subprojects implemented under Business Plans (Number)		0.00		4,000.00	8,000.00	10,000.00	10,000.00	150.00
Number of benefiting HH for agricultural subprojects implemented under Business Plans (Number)		0.00						3,500.00
Households benefiting of an agricultural subproject implemented under a Food Security Plan (Number)		0.00						7,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: adding 1,000 households under FSPs</b>							
Business development subprojects implemented (Number)		0.00		10.00	50.00	100.00	100.00	100.00
Business development subprojects implemented led by women (Number)		0.00						50.00





Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Clients who have adopted an improved agr. technology promoted by the project (CRI, Number)		0.00	0.00	0.00	1,500.00	3,200.00	6,400.00	7,700.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <b>additional 700 clients adopting improved technologies promoted by the project</b>							
Clients who adopted an improved agr. technology promoted by project – female (Number)		0.00		225.00	480.00	960.00	1,050.00	2,446.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <b>at the moment, 40% of clients who adopted an improved agricultural technology promoted by the project were female. the new target maintains the same percentage with respect to the additional 700 clients and adding to the current value of the indicator as per latest ISR.</b>							
Increasing the links with the market (Percentage)		0.00			10.00	20.00		30.00
Increase subsistence consumption (Percentage)		0.00			5.00	10.00	15.00	20.00
<b>Nutrition education and household hygiene (Action: This Component has been Revised)</b>								
Client days of nutrition training provided (Days)		0.00						17,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <b>adding 5000 client days</b>							
Number of children under age of two attending the growth monitoring program		0.00						3,000.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
(Number)								
Household hygiene investments (Number)		0.00						5,200.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: adding 1,200 household hygiene plans</b>							
<b>Monitoring, evaluation and project management</b>								
Evaluations carried out (Number)		0.00	1.00			2.00		3.00
Timely semiannual monitoring reports (Number)		0.00	2.00	4.00	6.00	8.00		13.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: 3 more semiannual monitoring reports</b>							

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Average yield achieved in food crops by participating HH of component 1	Total number of kg of corn and beans divided by the number of hectares of land cultivated by participating HH of component 1. Then, the percentage increase	Baseline, mid-term, and end of the Project	Baseline, mid-term, final surveys		INVEST-H



	will be calculated against the baseline data of yields (570.75 kg/ha) and compared with the targets (kg/ha) for Y4, Y5, and end target.				
Households benefitting directly from the Project	Number of households benefiting from agricultural, business development and household hygiene SPs. For community nutrition SPs at least four trainings are needed. (Component 1: 6000; Component 2: 2000; Component 1+2: 4000)	Quarterly	Registry of Beneficiaries; Monitoring System		INVEST-H
Average of annual incremental sales of participating HH under Business Plans	Average of sales of cash crops and/or non-farm products of a household during the reporting year minus the total value of sales in the base year of component 1	Annual	Business plans (baseline), Extension agents (monitoring)		INVEST-H
Dietary diversity score in participating HHs of component 2	Number of individual food items or groups consumed daily by children under 5 and their mothers.	Baseline, mid-term, and end of the project	Project surveys	Measured at the HH or individual level through a questionnaire	INVEST-H

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Client days of training provided (number)	This indicator measures the number of client days of training provided i.e. the number of clients who completed training multiplied by the duration of training expressed in days.	Quarterly	Monitoring System		INVEST-H
Client days of training provided - Female (number)		Quarterly	Monitoring System		INVEST-H
Area provided with irrigation and drainage services	Area provided with new and improved irrigation (cumulative).	Quarterly	Monitoring System	Subproject reports	INVEST-H
Area provided with irrigation and drainage services under Business Plans	Area provided with new and improved irrigation under Business Plans.	Quarterly	Monitoring System	Subproject reports	INVEST-H
Agricultural subprojects implemented under Business Plans	# Business plans implemented by groups of farmers	Quarterly	Monitoring System		INVEST-H
Number of benefiting HH for agricultural subprojects implemented under Business Plans		Quarterly	Monitoring System		INVEST-H
Households benefiting of an agricultural subproject implemented under a Food Security Plan	# HH benefiting of agricultural SP under a food security plan, as individual or as member of a group	Quarterly	Monitoring System		INVEST-H



Business development subprojects implemented	# business plans implemented by groups	Quarterly	Monitoring system		Quarter
Business development subprojects implemented led by women					
Clients who have adopted an improved agr. technology promoted by the project	This indicator measures the number of clients of the project who have adopted an improved agricultural technology promoted by the project.	Quarterly, after year 3 of project implementation.	Monitoring System.		INVEST-H
Clients who adopted an improved agr. technology promoted by project – female		Quarterly, after mid-term review.	Monitoring System		INVEST-H
Increasing the links with the market	Includes farm and non-farm business plans	Quarterly, after mid-term review.	Monitoring System		INVEST-H
Increase subsistence consumption	Increase in consumption of traditional products by farmers' families.	Quarterly after mid-term review.	Monitoring System		INVEST-H
Client days of nutrition training provided	# HH members followed training multiplied by the duration of training, expressed in days	Quarterly	Monitoring System		INVEST-H
Number of children under age of two attending the growth monitoring program	Number of children under age of two attending the growth monitoring	Quarterly	Monitoring System		INVEST-H



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	program, with Project support.				
Household hygiene investments	HH receiving water filters, eco- stoves, slab floors, latrines	INVEST-H	Monitoring System		Annual
Evaluations carried out	Carry out baseline, mid-term and final evaluations.	Baseline, mid-term and end of project.	Monitoring System		INVEST-H
Timely semiannual monitoring reports	Reports derived from monitoring system	Semiannually	Monitoring System		INVEST-H

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**ANNEX 1: Updated Project Budget**

Component	GAFSP			Counterpart Funding					TOTAL (US\$)
	Original Budget (US\$)	Additional Financing (US\$)	Total Budget (US\$)	Government of Honduras - Original Budget (US\$)	Government of Honduras - Additional Financing (US\$)	Local Beneficiaries - Original Budget (US\$)	Local Beneficiaries - Additional Financing (US\$)	Total Budget (US\$)	
Component 1: Food production and rural household income generation	22,200,000	1,450,000	23,650,000	4,800,000		1,600,000	200,000	6,600,000	<b>30,250,000</b>
Component 2: Nutrition education and household hygiene	4,100,000	2,940,000	7,040,000	300,000		400,000	250,000	950,000	<b>7,990,000</b>
Component 3: Monitoring, evaluation, and project management	3,700,000	610,000	4,310,000	700,000				700,000	<b>5,010,000</b>
<b>TOTAL (US\$)</b>	<b>30,000,000</b>	<b>5,000,000</b>	<b>35,000,000</b>	<b>5,800,000</b>		<b>2,000,000</b>	<b>450,000</b>	<b>8,250,000</b>	<b>43,250,000</b>



**ANNEX 2: Proposed changes to the Results Framework**

PDO LEVEL	Unit of measure	Baseline	Previous report (December 2019)	Progress to June 2020	End target	Incremental target	Total target
Average yield achieved in food crops by participating HH of component 1	Kg/Ha	570.75	-	783.26	685.00	-	685.00
Average of annual incremental sales of participating HH under Business Plans	US\$ per household	0	-	133.00	900.00	-	900.00
Dietary diversity score in participating HHs of component 2	Percentage of the target population have a score of 4	49.91	-	70	60	-	60
Households benefitting directly from the Project	# households	0	6,462	9,617	12,000	2,000	14,000
<b>Component 1: Food Production and Rural Household Income Generation</b>							
Client days of training provided (of which women's client days)	# of client days (cumulative)	0	18,697.75 (6,604)	22,101 (7,728)	30,000	2,000	32,000
Area provided with irrigation and drainage services under Business Plans and Food Security Plans	# ha with new irrigation (cumulative)	0	431.69	453	1,000	50	1,050
Agricultural subprojects implemented under Business Plans (number of benefiting HH)	# agricultural SPs	0	60 (901)	61 (911)	150	-	150
HH benefitting of an agricultural subproject implemented under a Food Security Plan	# HH	0	5,494	5,997	6,000	1,000	7,000
Business development subprojects implemented (of which are led by women)	# business development SPs (cumulative)	0	44 (22)	54 (30)	100	-	100
Clients who adopted a Project promoted agricultural technology (of which by women)	# farmers who have adopted the promoted technology	0	1,189 (499)	5,162 (2,166)	7,000	700	7,700
Increasing the links with the market	% of business plans achieve agreements with market agents for 2 years for more	0	0	0	30	-	30
Increasing subsistence consumption	% Increased subsistence consumption	0	0	45	20	-	20
<b>Component 2: Nutrition Education and Household Hygiene</b>							
Client days of nutrition training provided	# of client days	0	10,228.85	10,451	12,000	5,000	17,000
Number of children under age of two attending the growth monitoring program	# number of children under age of two	0	3,287	3,287	3,000	-	3,000
HH hygiene investments	Number of HH	0	2,806	3,208	4,000	1,200	5,200
Community Nutritional Subprojects	# community nutritional subprojects (communities, health centers)	0	104 (244)	114 (279)	120 (250)	-	120 (250, 94)
<b>Component 3: Monitoring, Evaluation and Project Management</b>							
Evaluations carried out	Number of Evaluations	0	1	2	3	-	3
Timely semiannual monitoring reports	# monitoring reports produced	0	6	7	10	3	13





### ANNEX 3: Country Program Adjustments

- 1. The COVID-19 pandemic has significantly impacted Honduras' economy, leading to increases in poverty and inequality.** Real GDP declined by 9 percent year-on-year in 2020 due to a sharp fall in trade, investment and consumption amid the global recession, extended lockdowns, and damages caused by the hurricanes. As of mid-May 2021, there were over 224,000 cases of COVID-19 and more than 5,890 deaths in Honduras, leading to deep social and economic impacts. Based on WB High Frequency Phone Surveys, nearly 68 percent of households reported income losses, and more than one-third of households reported food insecurity due to lack of resources in mid-2020. In addition, a projected 12.5 percent of people lost employment in 2020. Poverty is projected to have increased from 49 to 55.4 percent in 2020 under the US\$5.50 line, and although the economy is expected to begin recovering in 2021, real GDP is not expected to reach its pre-pandemic level until 2023.
- 2. As part of its response to COVID-19, the GoH implemented strict containment measures and an active policy response, which helped mitigate the impact of the crisis.** The authorities deployed a targeted fiscal response, with targeted policies to cushion their impact on economic activity and welfare, requiring new borrowing for US\$2.5 billion (10 percent of the GDP). The GoH prioritized healthcare and humanitarian services, including basic needs support to the poor, as well as support to firms. A low ratio of nonperforming loans and adequate capitalization of the banking sector helped contain financial sector risks.
- 3. The pandemic was exacerbated by Tropical Cyclones Eta and Iota, with significant damage to infrastructure, livelihoods, and crops.** Eta made landfall in Central America on November 3, 2020 followed by Iota on November 16, 2020, together causing significant destruction in the country with 3.9 million people affected. The social and economic costs of the cyclones in Honduras are expected to approach US\$1.8 billion (7.5 percent of 2020 GDP), while the ongoing pandemic continues to complicate disaster relief and recovery efforts.

#### WB Support in Response to the Crisis

- 4. Honduras's Country Partnership Framework for FY16-FY20 and its corresponding Performance Learning Review are organized under three pillars with seven objectives:** The first pillar '*Fostering Inclusion*' has as its objective to "Expand coverage of social programs." The second pillar '*Bolstering Conditions for Growth*,' has four overall objectives: (i) Improve reliability of key infrastructure; (ii) Increase access to finance; (iii) Strengthen the regulatory framework and institutional capacity; and (iv) Enhance rural productivity. The third pillar '*Reducing Vulnerabilities*' includes two objectives: (i) Boost resilience to disasters and climate change; and (ii) Build the crime and violence prevention capacity of local government. The overall WB's program for Honduras as outlined in the CPF remains valid, but small adjustments have been introduced in response to the pandemic. These adjustments are fully aligned with the four pillars of the *COVID-19 Crisis Response Approach Paper* namely: (i) Saving Lives; (ii) Protecting Poor and Vulnerable People; (iii) Ensuring Sustainable Business Growth and Job Creation; and (iv) Strengthening Policies, Institutions and Investments for Rebuilding Better (Table 7.1).
- 5. The WB's COVID-19 response strategy initially focused on the immediate response to save the lives threatened by the virus, and to protect the poor and vulnerable from the economic impacts** by repurposing its existing portfolio and preparing new operations to swiftly support the GoH's emergency response: (i) the WB accelerated preparation of a Honduras Disaster Risk Management (DRM) Development Policy Credit with a Catastrophe Deferred Drawdown Option (CAT DDO, P172567) for US\$119 million (approved in April 2020); (ii) a US\$20 million Honduras COVID-19 Emergency Response Project (P173861) was approved in April 2020, followed



by a US\$20 million AF to the same project (P176015) approved in April 2021; (iii) the Immediate Response Mechanism (IRM) was triggered under the Honduras Rural Competitiveness Project (COMRURAL I, P101209) for US\$2.2 million, and a US\$0.5 million Contingent Emergency Response Component (CERC) was triggered under the DRM Project (P131094) for the COVID-19 response; and (iv) two water projects were approved in June 2020 – Water Security in the Dry Corridor of Honduras (P169901, US\$70 million) contributing to food security and nutrition, and the Urban Water Supply Strengthening Project (P173125, US\$45 million) seeking to improve municipal water management and increase access to clean water. Finally, in response to Tropical Cyclones Eta and Iota, the WB approved the Honduras Tropical Cyclones Eta and Iota Emergency Recovery Project (P175977) for US\$150 million in December 2020 and is working with the GoH to finalize the requirements to trigger the CERC for approximately US\$21 million under COMRURAL II (P168385) to respond to the emergencies created in the agriculture sector.

**Table 7.1. WB Engagement in Honduras with Adjustments to Respond to COVID-19**

Original CPF Program FY16-FY20	Country Program Adjustment to COVID-19	Pandemic Response
<p><b>Pillar I: Fostering Inclusion</b></p> <ul style="list-style-type: none"> <li>Expand coverage of social programs</li> </ul> <p><b>Pillar II: Bolstering Conditions for Growth</b></p> <ul style="list-style-type: none"> <li>Improve reliability of key infrastructure</li> <li>Increase access to finance</li> <li>Strengthen regulatory framework and institutional capacity</li> <li>Enhance rural productivity</li> </ul> <p><b>Pillar III: Reducing Vulnerabilities</b></p> <ul style="list-style-type: none"> <li>Boost resilience to disasters and climate change</li> <li>Build crime and violence prevention capacity of local governments</li> </ul>	<p><b>I. Protecting Lives</b></p> <ul style="list-style-type: none"> <li>Prevent, detect, and respond to the threat posed by COVID-19.</li> <li>Broaden and deepen engagement in social protection programs.</li> </ul>	<p><b>DRM CAT DDO 1</b> (P172567) – FY20</p> <p><b>Honduras COVID-19 Emergency Response IPF</b> (P173861) – FY20</p> <p><b>AF to Honduras COVID-19 Emergency Response IPF</b> (P176015) – FY21</p> <p><b>AF Social Protection Integration IPF</b> (P175718) – FY21</p>
	<p><b>II. Protecting Livelihoods</b></p> <ul style="list-style-type: none"> <li>Support competitive, innovative, and climate-resilient agribusiness initiatives.</li> <li>Support the upgrade of rural public and community infrastructure to improve connectivity.</li> <li>Response and recovery needs and strengthen institutional capacity to manage a resilient and inclusive recovery and reconstruction.</li> </ul>	<p><b>Tropical Cyclones Eta and Iota Emergency Recovery IPF</b> (P175977) – FY21</p> <p><b>Integrating Innovation for Rural Competitiveness in Honduras IPF (COMRURAL III)</b> (P174328) – FY21</p>
	<p><b>III. Protecting the Future</b></p> <ul style="list-style-type: none"> <li>Strengthen and rebuild better national systems for public health preparedness.</li> <li>Strengthen disaster risk management capacity.</li> </ul>	<p><b>Improving Access and Governance in Health IPF</b> (P176532) – FY22</p> <p><b>DRM CAT DDO 2 (new)</b> – FY22</p>

6. **Moving forward, the priorities for the IDA19 pipeline will focus on:** (i) *Protecting Lives* by expanding the coverage of the country’s safety net system through the AF Social Protection Integration Project; (ii) *Protecting Livelihoods* through a scale up of the Bank’s long-term engagement in rural agricultural cooperatives, and support to micro, small and medium enterprises working with the financial sector to provide support for small



business recovery to producer organizations and stimulate rural development through COMRURAL III; and (iii) *Protecting the Future* through a new investment operation in health to address the sector's structural, governance, and infrastructure challenges. In addition, the Bank is also considering a new CAT DDO operation to strengthen Honduras's disaster risk management capacity, which would be financed under IDA20.

### **Selectivity, Complementarity, Partnerships**

7. **The WB's response will continue to build on strong policy dialogue and collaboration with the GoH and is part of a broader support effort by International Financial Institutions to complement financing needs.** There has been coordination with the Inter-American Development Bank and the Central America Bank for Economic Integration on the COVID-19 and Tropical Cyclones Eta and Iota response to ensure complementarity in the response from International Financial Institutions. In addition to broader discussions with the "G-16" donor coordination group, the WB has partnered with PAHO to implement a Pandemic Emergency Financing Facility for US\$1.3 million, and has begun contracting UN Agencies such as the WFP and UNOPS for transport and related services for the delivery of protective equipment and other supplies under WB-financed projects.