Public Disclosure Authorized

Public Disclosure Authorized

PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING

Report No.: PIDA1011

Project Name	Honduras Additional Financing Social Protection (P144928)
Parent Project Name	Social Protection (P115592)
Region	LATIN AMERICA AND CARIBBEAN
Country	Honduras
Sector(s)	Other social services (78%), Public administration- Other social services (22%)
Theme(s)	Social safety nets (100%)
Lending Instrument	Specific Investment Loan
Project ID	P144928
Parent Project ID	P115592
Borrower(s)	Republic of Honduras
Implementing Agency	Secretary of the Presidency, PRAF
Environmental Category	C-Not Required
Date PID Prepared/Updated	29-May-2013
Date PID Approved/Disclosed	30-May-2013
Estimated Date of Appraisal Completion	14-Jun-2013
Estimated Date of Board Approval	08-Aug-2013
Decision	

I. Project Context

Country Context

Despite decent growth over the last decade (average of 4.2 percent, between 2000 and 2012), Honduras still experiences high levels of poverty. Both total poverty and extreme poverty remained did not decline during the decade, and even increase in 5 percentage points in the last two years, to reach respectively 46 and 71 percent of households. Rural households and indigenous communities are disproportionately affected by poverty: in 2012,58 percent of rural households were living in extreme poverty. Social indicators have also shown limited improvements. The gap between rural and urban school enrollment rate (at 15 percent) has not closed in the last decade, and more than 10 percent of children under five years old remain undernourished, the large majority living in rural areas.

Sectoral and institutional Context

Consistent with international best practice, the Government of Honduras (GoH) has developed a safety net program (Bono 10,000) to protect the poor, while at the same time, improving their

human capital. The main objective of the program is to provide income support to families in poverty while also promoting investments in human capital (education and health of children from 0 to 18 years old). The program is financially supported by the World Bank, the Inter-American Development Bank, and the Central American Bank for Economic Integration. The Bono 10,000 Program is now the largest cash transfer program in Honduras, benefiting 215,000 rural and 52,000 urban households, and approximately 1.2 million people. It has proved to be very effective in targeting the poor: a recent impact evaluation has shown that 84 percent of Bono's beneficiaries are poor, and 73.5 percent extreme poor. The Program also provides adequate benefits to these households, of up to $500 per year, representing about 20 percent of annual household food consumption. The Bono 10,000 program can serve as a catalytic for better targeting of other social assistance interventions. In that sense, the GoH has also recently approved a Social Protection Policy that gives Honduras a coherent framework for a coordinated and effective set of specific interventions in social protection, and in which the Bono 10,000 is the flagship intervention.

As is common with safety net programs in lower-income countries, Bono 10,000 faces challenges both in ensuring coverage with limited financing, and in implementation. While program funding is high per international standards (estimated at 0.7 percent of GDP) from a combination of large coverage and relatively high benefits per international standards, the fiscal situation in Honduras has significantly deteriorated (with an estimated 6 percent fiscal deficit in 2012). The financing needs of the public sector are well above available resources in the local market, and while consolidation of other social protection programs and subsidies (estimated at an additional 1.3 percent of GDP) should be undertaken in the years to come, in the short run, the country needs additional support from international development institutions to continue investing in needed social interventions that aim at mitigating poverty.

II. Project Development Objectives

A. Original Project Development Objectives – Parent

The proposed Project would support the Government's objective of building an improved social protection system mainly by improving institutional capacity for designing and implementing a Conditional Cash Transfer (CCT) program. Within this context, the Project#s development objectives are to: (i) strengthen institutional capacity of the Ministry of the Presidency and the PRAF agency to administer and manage a CCT program through the development of mechanisms and instruments for targeting of beneficiaries, monitoring compliance, making payments and transparency; and (ii) increase school attendance among students in grades 1 to 6 and the utilization of preventive health services among families participating in the CCT Program.

B. Current Project Development Objectives – Parent

C. Proposed Project Development Objectives – Additional Financing (AF)

The proposed Project would support the Government's objective of building an improved social protection system mainly by strengthening institutional capacity to design and implement a Conditional Cash Transfer (CCT) program. Within this context, the Project's development objectives are to: (a) strengthen the institutional capacity of government's institutions to manage the Bono 10,000 Program, through the development of transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; (b) increase school attendance among students in grades 1 to 6, and the use of preventive health services among families participating in the Program in rural

areas; and (c) improve the Recipient's capacity to respond promptly and effectively to an eligible emergency.

III. Project Description

Component Name

Institutional strengthening of the Bono 10,000 Program
Co-financing Conditional Cash Transfers
Immediate Response Mechanism

IV. Financing *(in USD Million)*

Total Project Cost:	16.50	Total Bank Financing:	15.00
Total Cofinancing:		Financing Gap:	0.00

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	1.50
International Development Association (IDA)	15.00
Total	16.50

V. Implementation

The Project's main implementing agency is PRAF, which is in charge of: (a) carrying out data collection activities to identify Program beneficiaries; (b) processing payments; (c) maintaining the management information system; (d) in coordination with the Ministry of Education (MoH) and the Ministry of Health (MoH), monitoring and verifying of the compliance with grant co-responsibilities; and e) fiscal sustainability. The Ministry of the Presidency (MoP) provides overall program coordination, and chairs the Program Intersectoral Committee that dictates the general rules and dispositions of the Bono 10,000 Program, such as the operational manual and targeting mechanisms, as well as the program impact evaluation.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	**Yes**	**No**
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		×
Indigenous Peoples OP/BP 4.10	×	
Involuntary Resettlement OP/BP 4.12		×
Safety of Dams OP/BP 4.37		×
Projects on International Waterways OP/BP 7.50		×
Projects in Disputed Areas OP/BP 7.60		×

VII. Contact point

World Bank

Contact: Pablo Ariel Acosta
Title: Senior Economist

Tel: 473-1206
Email: pacosta@worldbank.org

Borrower/Client/Recipient

Name: Republic of Honduras
Contact: Ministry of Finance
Title: Minister of Finance
Tel: 504-2237-4142
Email:

Implementing Agencies

Name: Secretary of the Presidency
Contact: Presidency
Title:
Tel: 5042321611
Email:

Name: PRAF
Contact:
Title:
Tel: 504-220-5240
Email: info@praf.gov.hn

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop