



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 22-Mar-2023 | Report No: PIDC246830

**BASIC INFORMATION****A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P176724		Moderate	Jobs For Urban Youth Through Public Works Pilot
Region	Country	Date PID Prepared	Estimated Date of Approval
LATIN AMERICA AND CARIBBEAN	Honduras	22-Mar-2023	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	CARE	CARE	

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	2.75
Total Financing	2.75
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	2.75
Japan Social Development Fund	2.75

B. Introduction and Context

Country Context

1. Over the past 30 years, Honduras has experienced modest economic growth, insufficient to significantly reduce poverty.[1] Honduras is Central America's second-largest country with a population of over 9.9 million. With a per capita income of US\$2,340 (2020),[2] 49 percent of the population live in poverty according to the international US\$5.50 per day poverty line.[3] Real Gross Domestic Product (GDP) grew at an average annual rate of 3.8 percent over the past three decades, exceeding the Latin American and the Caribbean regional average of 2.6 percent and on par with the average of 3.9 percent for Central America.[4]



However, the country is vulnerable to external shocks and experiences fiscal instability, limited investment, crime, migration, and other challenges to competitiveness.

2. Honduras is also exposed to climate-induced natural hazards, such as tropical cyclones as experienced in 2020,[5] and a considerable proportion of the population is at severe risk from hydro-meteorological and associated extreme events (floods, droughts, and landslides). Climate change is projected to increase the frequency and severity of climate-related hazards through higher temperature, increased frequency of extreme rainfall events, or prolonged dry spells affecting the food security of households in affected areas. These challenges combined with political instability, weak institutions, and the thin economic base for generating more and better jobs, have inhibited economic diversification, undermined productivity growth, and slowed progress in raising incomes and reducing poverty.

3. In 2020, Honduras entered a sharp recession due to external and domestic supply and demand shocks, exacerbated by a high degree of uncertainty amid the COVID-19 pandemic. Honduras declared a state of emergency on March 15, 2020, in response to the COVID-19 pandemic and gradually reopened the economy as new COVID-19 waves hit the country in 2021. As of mid-March 2022, there were over 417,201 confirmed COVID-19 cases and 10,842 deaths, with case counts still growing.[6] The impacts of COVID-19 felt in 2020 were further exacerbated by two tropical cyclones, and the economy contracted by 9 percent year-on-year (y/y) in 2020. The impacts from the Tropical Cyclones Eta and Iota have been significant and have heightened economic and physical vulnerabilities for poor populations and those affected by the COVID-19 pandemic.[7] Disasters like Tropical Cyclones Eta and Iota are becoming increasingly frequent in Honduras as climate change is bringing shorter and more intense rainy seasons. In February 2022, inflation also accelerated to 6.4 percent y/y in the middle of high food and energy prices.[8] Higher food and gasoline prices pose a risk to poverty reduction as they account for a higher share of household income at the bottom of the distribution. The economy is expected to rebound in 2022 supported by an accommodative macroeconomic policy and the restoration of trade and investment. However, a slower economic recovery would pose serious risks to the poor households and youth of losing their livelihoods for a long time.[9]

4. A new Government was elected on November 28, 2021, and took office in January 2022. As Honduras' development challenges have not changed but intensified, the change of the government will provide opportunities to prioritize social welfare and protect the most vulnerable, further support economic reactivation, and strengthen resilience to climate change. The Government has strong interests in this project that focuses on poor and youth livelihoods' improvements and climate change adaptation and seeks the World Bank's assistance in building back better in the aftermath of the 2020 crises and advancing towards sustainable development.

[1] Honduras Tropical Cyclones ETA and IOTA Emergency Recovery Project. P175977 Project Appraisal Document. World Bank.

[2] Macro Poverty Outlook. The World Bank. April 2021.

[3] The international US\$5.50 per day poverty line is referenced for international benchmarking.



[4] Central Bank of Honduras; World Development Index, and WB staff calculations, March 2020.

[5] Tropical Cyclones Eta and Iota caused a significant damage in November 2020 and had catastrophic impacts on local populations, critical infrastructure, crops, private assets, and the economy. They affected nearly all 18 departments and 3.0 million people, with 119,011 evacuated, over 43,000 people in 441 shelters, and 74 deaths as of November 22, 2020.

[6] World Health Organization (WHO) Coronavirus Disease (COVID-19) Dashboard. <https://covid19.who.int/>

[7] The social and economic costs of the tropical cyclones were estimated to approach US\$1.8 billion (7.5 percent of 2020 GDP).

[8] Macro Poverty Outlook. The World Bank. April 2022.

[9] Macro Poverty Outlook. The World Bank. April 2021.

Sectoral and Institutional Context

5. The COVID-19 pandemic severely reduced households' incomes, pushing many into extreme poverty, with the largest impact in the urban areas. According to the 2020 World Bank (WB) High-Frequency Phone Surveys, 68 percent of households reported income losses, and more than one-third reported food insecurity. Projections suggest that an estimated 12.5 percent of the labor force lost their jobs in 2020, primarily women and low-skilled workers in the industry and services sectors. Growth in remittances, that represent 22 percent of GDP and 30 percent of household income for the poorest remittance-receiving households in 2019, decelerated to 3.8 percent (y/y) in 2020 from 13 percent (y/y) in 2019.[10] The pandemic is estimated to have pushed an additional 119,119 households into extreme poverty in 2020 compared to 2019, increasing the number of extremely poor households by 31 percent in urban areas and by 23 percent in rural areas.[11] The new extremely poor households are about evenly split among urban and rural areas (47 percent and 53 percent, respectively).

6. Young people in urban cities, who have limited opportunities for income generating activities, have been particularly vulnerable to the pandemic and the tropical cyclone shocks. In 2019, youth labor force participation for ages 15-24 was 54 percent versus 72 percent for 25-64-year-olds.[12] Among the 46 percent of youth who were out of the labor force, 22.9 percent of them were people not in employment, education, or training (NEET). Surprisingly, 87 percent of the NEET population was female. Moreover, youth un- and underemployment continue to be concerning. While the unemployment rate among youth stands at 11 percent, 89 percent of youth who have jobs are in informal employment and 38 percent of them are unpaid or self-employed workers. The youth (aged 15 to 24) in wage employment earn on average 35 percent less than adults, with a larger gap in urban (37 percent) than in rural areas (24 percent).[13] Finally, youth unemployment is an urban phenomenon and is higher among better-educated young people: 73 percent of unemployed youth are urban, with half of them in Tegucigalpa's Central District and 25 percent in San Pedro Sula. These urban areas were also impacted by the influx of returning migrants. According to



Centro nacional de información del sector social (CENISS), there were approximately 300,000 returned migrants between Jan 2016 and Jan 2021, and more than 90 percent of them reported migrating due to poor economic conditions. Urban slums have, for decades, been risky areas because of organized crime, often involving marginalized at-risk youth who are NEETs. The pandemic, climate shocks, and corresponding school dropouts, income, or employment losses could further intensify crime and violence. Therefore, to improve public safety and social cohesion, there is an urgent need to support these youth by better integrating them into society and providing them with the necessary skills to improve their living standards.

7. The Government of Honduras (GoH) introduced several emergency measures to mitigate the economic impacts of the pandemic and the Tropical Cyclones Eta and Iota. The GoH-financed '*Operación Honduras Solidaria*' (Operation Solidarity Honduras) program provided 2.2 million food rations to 800,000 households. The GoH also financed the *Bono Unico* (Unique Bonus) program by providing vouchers for food and medicines to 500,000 self-employed and informal sector workers as well as to those who lost their jobs due to the pandemic. Agricultural reactivation programs and programs to access safe water were also introduced as well as the purchase of COVID-19 vaccines and other emergency equipment. Finally, emergency top-up transfers were provided through the existing Conditional Cash Transfer (CCT) Program[14] to the beneficiaries in tropical cyclone-affected areas. These measures accounted for around US\$352 million in 2020, of which US\$76.4 million[15] were financed through the Solidarity and Social Protection Fund for the Reduction of Extreme Poverty (*Fondo de Solidaridad y Protección Social Para La Reducción de la Pobreza Extrema, Fideicomiso*) established in 2013.[16] The remainder was financed with other local resources and external resources.[17]

8. While the GoH made significant efforts on the expansion of the CCT Program and other social assistance programs to address the impact of these environmental and economic shocks, there exist only a few public interventions to support employment opportunities for un- and underemployed young workers in urban settlements. In 2016, the Government launched a National Program for Job Creation and Economic Growth, or "Plan 20/20". The Plan was set out to attract US\$13 billion in investments, raise annual exports from US\$9 billion to US\$18 billion, and generate 600,000 jobs, by the year 2020. Aligned with the Plan, the Government implemented the temporary wage subsidy program, *Con Chamba Vivis Mejor* implemented by the Secretary of Labor and Social Security (STSS) in collaboration with The National Institute for Professional Skills Formation (INFOP). INFOP provides technical training for youth and workers seeking to upgrade their technical and soft skills in preparation for their entry into the labor market. In parallel, in the urban and peri-rural areas, considerable funds have been allocated to create employment opportunities for less-skilled workers through the microcredit program *Credito Solidario*. To increase access to employment opportunities for at-risk youth, the GoH also has experience in implementing the First Employment Program, a skills-based training initiative to increase employability amongst vulnerable youth. The program was part of the Nutrition and Social Protection Project (2011-2013, P082242) and was funded by the WB. The proposed grant incorporates the lessons learned from that earlier project, which are that youth employment programs are more effective when they combine classroom work, internships, and some form of counseling. Other donors such as the Inter-American Development Bank (IDB), Central American Bank of Economic Integration, the United States Agency for International Development, Swiss Cooperation, and the EU have also financed and supported social assistance programs for the vulnerable youth. However, there are still limited interventions



to support informal or underemployed youth who were hit by both the COVID crisis and environmental shocks (tropical cyclones). In addition, few activities to mitigate environmental shocks in informal urban settlements exist.

9. The proposed project seeks to provide livelihood improvement opportunities for at-risk youth including women[18] while financing public works to promote access to climate-shock resilient infrastructure in underserved urban settlements in Choloma and Villanueva. This innovative solution will generate opportunities for youth and women to enroll in skills training and obtain short-term employment through the public works in infrastructure rehabilitation. Youth beneficiary participants will have opportunities to improve their livelihoods and labor market outcomes.[19] The municipalities of Choloma and Villanueva were chosen based on vulnerability levels to climate shocks, particularly the recent cyclones, as well as consultations with community beneficiaries that highlighted urgent local needs for human capital enhancements of at-risk youth, including NEETs, migrants, and indigenous or Afro-descendant populations. Both municipalities are located in the northwestern region of the country in the Sula Valley. While Choloma has a population size of 262,186, Villanueva's population size is 169,609.[20] The selected disadvantaged urban neighborhoods will benefit from improved access to climate-shock resilient infrastructures. The public works will seek to repair and upgrade urban infrastructure damaged by the tropical cyclones, thus strengthening resilience to climate shocks (particularly related to hydrometeorological hazards that are the most common shocks in the country) in the long run. In addition, the implementation of the public works, through a participatory approach with local communities, will help strengthen trust and social capital in urban communities, potentially reducing crime and violence.

10. No projects currently seek to achieve livelihood's improvements and access to climate resilient infrastructure synergies in the underserved urban settlements in these municipalities in Honduras. Through a participatory consultation process, the Japan Social Development Fund (JSDF) funds will be used to pilot a public work scheme that will provide training and short-term employment to improve the livelihoods of youth and to generate evidence of its impact and cost-effectiveness. Provided the intervention is successful, the pilot could be scaled up with other financing sources and reach a higher number of beneficiaries in urban areas under the framework of the national CCT program financed by the WB via the Social Protection Integration Project (P152057) or other future projects. Over the last five years, this CCT Program has sought opportunities to transition its beneficiaries to productive inclusion programs. This JSDF grant will allow the piloting of this innovative solution of transitioning beneficiaries to productive inclusion programs (through training and short-term employment), to inform the CCT Program for a potential future expansion.

11. As the main recipient of the WB's investment and technical assistance portfolio in Honduras for the social protection sector, this project will be jointly designed and implemented with SEDESOL. The new public institution for the social protection sector, Secretariat of Social Development (SEDESOL) was created on April 6, 2022 to replace the Secretariat for Development and Social Inclusion (SEDIS). SEDESOL has been established as a governmental body to govern the social policy of Honduras, to facilitate socio-economic



development and to help the most vulnerable communities of the country through the design, evaluation and monitoring of social programs, and the coordination with other institutions in other sectors.

12. The project proposes to work with Cooperative for Assistance and Relief Everywhere (CARE) Honduras to implement the project. CARE is a major international non-governmental organization (NGO) with ample experience in delivering emergency relief and long-term international development projects. CARE has vast experience in implementing WB Projects and working with marginalized communities. CARE has working experience in 11 departments and 61 municipalities in Honduras since 1954. The project selected CARE Honduras as the implementing agency based on its in-depth experience in implementing projects that contribute to improve the livelihoods of the poor households in Honduras. CARE also has extensive experience in implementing programs in the areas of climate change, urban infrastructure, youth employment, and skills training, which are relevant to this project. Since CARE has a presence in both the Choloma and Villanueva municipalities, it has enough knowledge of the local context, an in-depth understanding of the needs of the poorest and most vulnerable underserved groups in the project area as well as a solid relationship with communities and local governments. Moreover, CARE has developed the necessary experience and competence to manage core functions such as program management, regional coordination, community mobilization and facilitation, capacity building, procurement, Financial Management, and results monitoring. Therefore, this project proposes the CARE's representative office in Honduras, as the implementing agency responsible for the execution of this grant under the coordination of SEDESOL.

[10] Macro Poverty Outlook. The World Bank. April 2021.

[11] World Bank estimates based on 2019 Honduran Multi-Purpose Permanent Household Survey (*Encuesta Permanente de Hogares de Propósitos Múltiples*, EPHPM). The EPHPM is referred to as the National Household Survey in this document. These poverty estimates are based on using all 2019 EPHPM waves while official poverty estimates use the June wave only.

[12] WB Jobs Group staff calculation based on *Encuesta Permanente de Hogares de Propósitos Múltiples* (2019) following standard guidelines of market labor indicators.

[13] Veronica Michel and Ian Walker. 2019. "Honduras Jobs Diagnostic." World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO.

[14] Up to 2021, the CCT program was named Grants for a Better Life Program (*Bono Vida Mejor*, BVM). The new administration in 2022 will revamp and rename the program to Solidarity Network (*Red Solidaria*).

[15] *Fideicomiso* Assessment Preliminary Report. World Bank Group 2021.

[16] The *Fideicomiso* receives 20 percent of national revenues from the preceding year's sales taxes. It finances social programs including the CCT Program, active labor market programs, and financial inclusion programs aiming to reduce poverty.



[17] According to SEFIN, in 2020, the GoH assigned US\$308 million for COVID-19 response from the following sources: domestic financing, National Treasury, external financing, and donations (contributing 42.1, 37.9, 19.2 and 0.8 percent, respectively). Similarly, US\$60 million to respond to the tropical cyclones, financed from external financing, the National Treasury and donations (contributing 59.7, 39.5, and 0.9 percent, respectively). The *Fideicomiso* is considered part of the National Treasury funding.

[18] At-risk-youth in this project refers to youth coming from households in challenging socioeconomic circumstances, registered or not in the National Social Registry (CENISS) as vulnerable, poor or extreme poor, including male and female aged 18-30 years who are neither working nor studying or in training (NEETs) and at risk of being excluded from social and economic development opportunities due to human capital, gender, violence, and migration disparities.

[19] Labor market outcomes are defined as having more education, knowledge, and skills to increase their chances of finding employment, improving their skills while on the job (thus, more likely to remain employed), and obtaining higher earnings over a lifetime. Education GPS OECD <http://gpseducation.oecd.org>.

[20] Instituto Nacional de Estadística 2018

Relationship to CPF

13. The project is aligned with the FY16-20 Country Partnership Framework (CPF) for Honduras, discussed by the Board of Executive Directors on December 15, 2015, as well as with the Performance and Learning Review (PLR) of the CPF for the same period considered on July 9, 2019.[21] Specifically, this project is aligned with Pillar 1 ‘Fostering Inclusion’ and its objective to ‘Expand Coverage of Social Programs’, Pillar 2 ‘Bolstering conditions for growth’ by improving employment opportunities for youth, and Pillar 3 ‘Reducing Vulnerabilities’ of the CPF by: (i) Boosting resilience to disasters and climate change; and (ii) Building crime and violence prevention capacity of local government. While the overall objectives of the CPF and subsequent PLR remain valid, in response to the outbreak of COVID-19, the WB’s program was refocused to support the GoH’s response to the pandemic in line with the WB Group COVID-19 Response Paper.[22] This project is aligned with this refocusing. While addressing immediate needs for livelihood improvements during and after the pandemic, this project will contribute toward the achievement of the Pillars in the CPF.

14. In addition, this project is aligned with the GoH’s COVID-19 Economic Recovery Plan[23] and with the GoH’s long-term vision outlined in the Vision of the Nation 2010-2038 and the Plan of the Nation 2010-2022.[24] Both the Vision of the Nation and the Plan of the Nation place at the core of their objectives: protection of the poor and the vulnerable, improving employability and job creation, and improved coverage of secondary education and health.

15. The project will also contribute to the WB’s twin goals, the WB Group Climate Change Action Plan (2016–2020 and 2021–2025),[25] and the Gender Equality Strategy (2016-2023).[26] Natural disasters and climate change shocks disproportionately affect the poor and the vulnerable as evidenced by the projected increase in poverty and inequality in 2020,[27] and the fact that about 60 percent of those affected by the



Tropical Cyclones Eta and Iota are poor.[28] By supporting employability opportunities for the youth to mitigate the prolonged effects of shocks, including those that are climate change-induced, this project will largely benefit the poor and those vulnerable to climate change impacts. In line with the WB's plan to enhance action toward resilience to climate change leaving no one behind (Climate Change Action Plan, Priority III, and high-impact area vi) and the Gender Equality Strategy, the project will pay special attention to people living in extremely vulnerable areas, including stemming from observed and anticipated climate change impacts, and vulnerable groups, including youth, women, children, return migrants, and indigenous peoples.

[21] CPF Report number 98367, PLR Report Number 136491.

[22] World Bank Group COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track (English). Washington, D.C.: World Bank Group.

[23] Honduras. Plan para la Reactivación Económica 2020-2021.
<https://presidencia.gob.hn/index.php/gob/el-presidente/8120-plan-para-la-reactivacion-economica-2020-2021-estara-centrado-en-la-persona-humana-mipyme-y-generacion-de-empleos>.

[24] <https://observatorioplanificacion.cepal.org/es/planes/vision-de-pais-2010-2038-y-plan-de-nacion-2010-2022-de-honduras>.

[25] World Bank, IFC, MIGA. 2016. World Bank Group Climate Change Action Plan (CCAP) 2016-2020. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/24451> License: CC BY 3.0 IGO. World Bank Group. 2021. World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35799> License: CC BY 3.0 IGO.

[26] World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction and Inclusive Growth (English). Washington, D.C: World Bank Group.
<http://documents.worldbank.org/curated/en/820851467992505410/World-Bank-Group-gender-strategy-FY16-23-gender-equality-poverty-reduction-and-inclusive-growth>.

[27] Macro Poverty Outlook. The World Bank. April 2021.

[28] Honduras Tropical Cyclones ETA and IOTA Emergency Recovery Project P175977 Project Appraisal Document. World Bank.

C. Project Development Objective(s)

Proposed Development Objective(s)

16. The PDO is to provide training and short-term employment to improve the livelihoods of at-risk youth and increase the availability of climate resilient infrastructure in urban settlements in Choloma and Villanueva.



17. This Project will provide technical- and soft-skills training to 750 youth (of which half are women) and provide short-term employment to 120 youth through the public works scheme for urban infrastructure upgrading. The project will finance the upgrading of climate-shock resilient infrastructure through the public works scheme in selected localities aiming to benefit around 3,600 inhabitants of urban settlements in Choloma and Villanueva.[29] Therefore, the total number of beneficiaries is 4,500 people.

[29] The project will focus on urban and community infrastructure to increase resilience to severe weather associated with climate change in urban poor settlements.

Key Results

PDO Level Indicators

Improved livelihoods

1. Youth participants that graduate from the project-supported technical and soft-skills training and receive the certification (number; disaggregated by gender, youth, indigenous population).
2. Youth participants that report having improved livelihoods from the interventions offered by the Project (number; disaggregated by gender, youth, indigenous population).

For this Project, “improved livelihoods” of the youth participants will be measured as either having wage or self-employment, increased income, or increased work hours. Details for this indicator will be developed during appraisal. At this point, the end target is expected to be confirmed once the baseline is measured.

Increased community resilience through public works

1. Inhabitants directly benefitting from upgraded climate-shock resilient infrastructure projects in line with national or municipal infrastructure standards (Number).

D. Preliminary Description

Activities/Components

Activities/Components

18. The project will implement a pilot comprised of a public works scheme for urban infrastructure upgrading and technical and soft skills training in informal urban settlements in Choloma and Villanueva. The project will include three components: Component 1 will aim to develop the technical and soft skills of the youth to participate in short-term employment; Component 2 will aim to provide youth with short-term employment through the public works scheme for urban infrastructure upgrading; and Component 3 will support project management and administration, monitoring and evaluation, and knowledge dissemination. The project’s relevant infrastructure needs were informed by participatory consultations with local municipalities, community beneficiaries, and the Secretariat of Development and Social Inclusion (SEDIS,



Secretaría de Desarrollo e Inclusión Social – now SEDESOL).[30] The project will be implemented by CARE, an NGO, with the support of SEDESOL, which is responsible for implementing the national CCT Program. The project implementation period is four years. Once evaluated, this model could be expanded through the CCT Program as a transition strategy from social assistance to productive inclusion programs. The components of the project are described below.

Component 1. Technical and soft skills training and certification (US\$749,324)

19. This component aims to provide technical training on construction work and soft skills training to urban youth and female (18-30 years old) beneficiaries of Choloma and Villanueva to facilitate their livelihoods improvement and to support their future labor market entry. The component will support the youth who are not studying in the traditional formal education or training systems during working hours (except studying in an alternative modality), and youth who are not formal workers. This Component 1 will provide a package of combined short-term technical training on construction tasks and soft skills training before a short-term employment opportunity can be provided in the rehabilitation works under Component 2. By better integrating the youth in community activities, supporting their development of soft skills, and creating income generating opportunities to improve their livelihoods, this package can potentially reduce youth participation in organized crime and violence, improve public safety, and strengthen social capital among community members. The literature demonstrates evidence on the importance of interventions targeting “soft” skills among young adults, which reduced criminality and antisocial behavior in developing countries.[31] Moreover, access to legal labor market opportunities can potentially serve as a protective factor against antisocial behavior through an income effect.[32]

20. Selection and participation of youth: Through promotion activities carried out by CARE, any youth (18 - 30 years old) in targeted neighborhoods will be invited to apply for the project (both for the training and the short-term employment). First, upon youth selection, technical and soft-skills training will be provided by the project under Component 1. Then, they will apply for short-term employment under Component 2.

21. The eligibility criteria of youth were informed through participatory consultations with the local beneficiaries and municipalities led by CARE. To enhance the livelihoods of youth who are economically disadvantaged, the eligibility criteria include youth who have resided in the municipality during the last 6-36 months, ages 18 through 30, who are not studying in the traditional formal education system during working hours (except studying in an alternative modality) and are not formal workers.[33] Additional prioritization criteria will be used if the number of applicants exceeds the project’s expected number of beneficiaries. The additional criteria determined by preliminary consultations with local municipalities and direct beneficiaries will include youth whose household head is a woman, who belong to households with a returned migrant or internally displaced households (due to violence or natural disaster), who are from Indigenous or Afro-Honduran households, who are disabled, and single mothers or mono-parental household heads. CARE will document the consultation process to maximize the potential for economic inclusion and minimize elite capture.



22. The project will cover stipends to participating youth during the training offered under this component.[34] To encourage applications from women who have family and care responsibilities, stipends for mothers will be higher than for the regular trainees to cover access to childcare during the program. These needs were informed by participatory consultations with local municipalities and the beneficiaries.

23. Training and certification process. When the project starts, a baseline study and analysis will be carried out to understand the labor market demands for the construction sector in the two targeted municipalities to identify the specific types of jobs on-demand in similar selected rehabilitation works. In addition, a baseline study will collect information to understand youth profiles including their education, skills gaps, and employment status, as well as to identify barriers that youth/females face when trying to access the labor market in those municipalities. Since the training will also include gender-oriented content aimed at reducing discriminatory social norms or stereotypes on traditional gender roles, the status of gender and violence in the selected municipalities will be also assessed to inform the design of a training module on these relevant areas. This baseline analysis will be critical to validate the selected type of rehabilitation works financed under Component 2 and to ensure the appropriate design and focus of the training under this component. Most importantly, the analysis will ensure that the skills learned through the project's training are demanded by the local labor market.

24. Instituto Nacional de Formación Profesional (INFOP), a public vocational training institution will provide both technical and soft skills training for the youth – including females - in Villanueva and Choloma. CARE will contract INFOP to carry out the training. The technical skills training will mainly focus on skills and knowledge on urban infrastructure upgrading such as design, construction, and maintenance of roads and footpaths, land stabilization, school or community centers rehabilitation, rainwater, and sanitary drainage rehabilitation. The training content will benefit the youth participants to develop professional, technical skills. The content will be designed using a baseline study on labor market demands for the construction sector that will be financed by the project.[35] To improve community resilience to climate shocks and to ensure its sustainability, during the technical skills training, the participants will learn about environmental management (such as waste management) and disaster risk management by understanding climate change impacts/prevention measures to support existing climate change mitigation and adaptation activities in the context of Honduras which is prone to climate shocks. The technical skills training will be in person for a total of eight days over a two-month period.[36]

25. The technical skills training will be complemented by soft skills development focusing on labor market orientation (information and network) and associated services, and on the development of socio- emotional skills (such as self-awareness, self-esteem, emotional intelligence, empathy, interpersonal and communication skills, problem solving and conflict resolution, critical thinking, and decision making). The training needs to develop soft skills were highlighted in preparatory consultations with beneficiaries. These transferable skills will be useful across different occupations and sectors and will be crucial to achieving optimistic workforce outcomes (employment, performance on the job, wages, and entrepreneurial success), and to facilitating violence and crime prevention.[37] The soft skills training will also include modules to encourage conscientiousness, persistence, and self-efficacy which will be helpful during the job search to motivate youth to continue with their job search in the face of challenges. The soft skills training will be in-



person for a total of eight days over a two-month period. To address gender issues, the soft skills training will include a module aimed at reducing discriminatory social norms or stereotypes on traditional gender roles through the delivery of mentoring and coaching sessions focused on these gender aspects to all the participants. These skills will help mitigate psychological or behavioral barriers for women to enter the local labor market and help change their attitudes or views on women's and men's roles in society.[38] The combined technical and soft skills training has been analyzed in a growing number of studies and demonstrated to be the most effective way to deliver training packages for youth.[39]

26. Upon completion of the combined training, program participants will receive a certificate indicating their readiness for participation in the infrastructure upgrading projects. The branded certificate will be issued by INFOP and will reflect the participant's name to provide credible information for prospective employers. The participants will be encouraged to use the certificates when submitting job applications. Recent research has shown that skill assessments, certificates, and/or reference letters can be key instruments to improve employment opportunities and earnings by reducing the flow of information between the job applicant and the prospective employer in a developing country setting.[40]

27. In addition, some of the trained youth will be identified to become part of the network of *promotores comunitarios* (community mentors) whose key role will be to promote the project, accompany and guide other youth in their communities during their technical and soft skills training and during their short-term employments under Component 2. The community mentors will facilitate participatory consultation and community based approach by sustaining engagement and communication with the youth in the targeted communities.

28. In this context, this component will finance: (i) promotion activities for reaching-out and enrollment of beneficiaries; (ii) baseline survey/ data collection on labor market demands for the construction sector and barriers for youth entry in the two targeted municipalities and the status of gender and violence in the selected municipalities to inform the design of the training modules; (iii) baseline survey/data collection to identify and develop profiles of potential beneficiaries in the two targeted municipalities; (iv) the hiring of a training institution to design and deliver the technical and soft skills training workshops; (v) stipends for youth to participate in the training sessions;[41] (vi) the preparation of a plan to strengthen the network of *promotores comunitarios*; (vi) the implementation of environmental and social instruments or plans prepared and consulted as required by the WB during project preparation; and (vii) corresponding operating costs, including for youth reach out activities in the targeted municipalities, and graduation, and workshop activities to complete the program in coordination with SEDESOL and local governments. Under this component, technical and soft skills training to youth beneficiaries will facilitate their livelihoods improvement and support their future labor market entry.

Component 2. A public works scheme for urban infrastructure upgrading (US\$1,196,952.50):

29. **This component will finance urban infrastructure upgrading works in selected underserved localities, impacted by the tropical cyclones, of Choloma and Villanueva, through competitive bidding processes to hire local work contractors.** The infrastructure contracts will include a key clause for the need to provide



employment opportunities to selected at-risk youth as apprentices after they are certified in the technical training related to the construction sector and in the soft-skills training provided under Component 1. A community approach will be introduced where the communities will be engaged in the participatory planning and implementation of the infrastructure upgrading projects. At-risk-youth will improve their livelihoods through participation in short-term employment in the apprenticeship program and through the application of the knowledge learned via training. This will help not only build physical infrastructure resilience to climate shocks but also strengthen social capital at the community level.

30. Selection of urban infrastructure upgrading projects: Participatory consultations were carried out by CARE with the local municipalities and community members to pre-identify the need, the type and scope of rehabilitation works. Consultation committees also included local government authorities in the municipality and representatives of regional sectoral institutions. During the consultation process, the current municipalities' investment plans were reviewed. The selection of urban infrastructures also followed the selection criteria developed by CARE, and were found acceptable by the WB, in coordination with SEDIS (currently SEDSOL). The selection criteria for infrastructure upgrading works include: Urban infrastructure upgrading works that (i) are labor-intensive; (ii) provide opportunities to generate employment for youth, especially for women and internally displaced persons; (iii) contain elements of adaptation or mitigation to climate change impacts and strengthen physical resilience to climate shocks; and (iv) are recognized as relevant in the municipal investment plans and have a sustainability strategy for the future operation and maintenance of the corresponding works. All the projects should be selected based on the community's needs and high demands. Under these criteria, and based on the participatory consultations, CARE created a pre-defined list of infrastructure upgrading projects after examining the cost and feasibility, and potential impacts for beneficiaries. CARE also considered other projects and tasks (for example, supervisory tasks) to ensure the active participation of female youth. The estimated number of jobs for low-skilled men and women to be generated during the construction, operation, and maintenance phases were also considered during this selection process.

31. Based on the preliminary consultations described above, CARE together with the local municipalities and community members pre-identified the list of proposed infrastructure upgrading projects. In Choloma, these potential projects would include improvements in school facilities (concrete channel for internal storm drainage of the facilities; reconstruction of off-site discharge channel; cleaning of ditches); reconstruction of drinking water systems; reconstruction of a community center; sewerage system expansion: construction of rainwater drainage; improvement of recreation areas; construction of a multipurpose court; and dam runoff channel improvement. In Villanueva, the potential infrastructure upgrading projects would include rehabilitation of a sanitary sewage system and reconstruction of the provincial bridge. After the Project Initiation Note's approval, CARE and the local municipalities will further conduct a community participatory process to confirm the community infrastructure needs and to validate the preselected upgrading projects as well as to complete and document corresponding requirements to comply with WB ESF guidelines.[42] To enhance the sustainability of the works as well as the municipalities' ownership and commitment, the corresponding municipality will contribute to the investment projects through monetary or non-monetary contributions.[43]



32. Youth participation. The youth participants, who graduate from technical and soft-skills training offered under Component 1, will also be able to apply for short-term employment through the public works scheme for urban infrastructure upgrading projects.[44] To ensure good quality of projects and accountability of local contractors, the contractors will be free to select and manage their workers. However, the contractors will be encouraged to hire youth that have graduated from the training. Their contracts will include a clause on the priority criteria for hiring the youth and mandatory quotas for hiring the youth participants in Component 1. The eligibility criteria of youth were informed through participatory consultations with the local beneficiaries and municipalities led by CARE.

33. The Cooperative for Assistance and Relief Everywhere (CARE) will pay salaries to the youth during their participation as apprentices in this short-term employment intervention. To ensure effective self-targeting, salaries will be set below the local minimum wage. The amount of salaries will be re-assessed in consultation with CARE and local municipalities to ensure it is appropriate to provide incentives for take-up. CARE will also provide training and induction workshops for the contractors to ensure that they also understand the social objectives and rationale of the project. In addition, a local contractor will be hired to supervise the technical design, compliance with infrastructure standards and quality of infrastructure works. CARE will oversee and supervise the contractors during all the implementation stages and make sure that the participating youth are provided with acceptable working conditions. To ensure accountability of the contractor on the social aspects, the works' contracts will include an agreement with CARE to ensure the quality of the youth work experience and the delivery of the works. A letter of recommendation for potential employers will be issued by the contractors for the youth participants upon the finalization of the infrastructure upgrading.

34. Implementation: CARE will contract non-profit organizations, community-based organizations, or local private companies/contractors through competitive bidding processes. CARE will supervise and oversee the contractors and works' implementation. Separate contracts will be issued for: (i) project evaluations, and (ii) design and supervision of works. Depending on the size of the projects, the youth will work between 216 to 360 days (per youth).

35. In this context, this component will be financing: (i) the infrastructure upgrading projects -including consultants to design the infrastructure upgrading projects; contractors to carry out the infrastructure upgrading projects (competitive bidding processes); and a supervisory entity for the technical design of the infrastructure upgrading projects; (ii) the induction and training workshops for works contractors on this project social and safeguards aspects; (iii) the design of the pilot systematization and institutionalization strategy; (iv) salaries for the youth while they participate as apprentices in the short-term employment; and (v) focus groups discussions and workshops for project stakeholders to coordinate and deliver the works. Under this component, participant youth will improve their livelihoods by obtaining short-term employment opportunities through the public work in urban infrastructure. In addition, inhabitants will directly benefit from upgraded infrastructure projects that improve their living conditions and strengthen resilience to climate-shocks.



Component 3. Project management and administration, monitoring and evaluation, and knowledge dissemination (US\$806,016.49): This component will provide technical support for project management and administration, monitoring and evaluation, and knowledge dissemination.

Sub-Component 3.1: Project management and administration (US\$672,226.49):

36. CARE will be responsible for the overall implementation of the project. Key responsibilities will include procurement, financial management, safeguards, communication and knowledge management, selection, and supervision of local contractors, and monitoring and evaluation. To support project implementation, one project technical analyst, one project operational assistant, one procurement specialist, and one Financial Management (FM) specialist will be hired as consultants. Costs related to project launch, audits, mid-term reviews, implementation, and completion reports will be covered under this sub-component.

37. This project will be jointly designed with SEDESOL, which is the main recipient of the WB's investment and technical assistance portfolio in Honduras for the social protection sector. SEDESOL is the coordinating institution governing the social policies of the country and will provide support for the overall coordination and monitoring of the project and communications with local governments. CARE will be responsible for coordinating field activities with SEDESOL, for example, selection of infrastructure projects, beneficiary outreach, profiling, and monitoring and evaluation to expand the linkages of this project to the national CCT program. The project will finance operational expenditures to cover the participation of SEDESOL staff in field consultations and supervision. CARE will sign an implementation agreement with SEDESOL to define the roles and responsibilities for implementation support and sharing information on beneficiaries and the project's results.

Sub-Component 3.2: Monitoring and evaluation (US\$115,630.00):

38. The project will be rigorously assessed for potential future scale-up. It will ensure monitoring and evaluation (M&E) of urban infrastructure works' completion and maintenance, and of beneficiaries' experiences and outcomes, particularly their employability after the project ends.

39. As part of M&E activities, this sub-component will finance the following activities and outputs supporting project design, implementation, and evaluation: (i) baseline surveys, (ii) mid-line and end-line surveys; (iii) the impact evaluation analysis; (iv) development of key indicators with Specific, Measurable, Achievable, Replicable, Time-bound targets, (v) monitoring of project results with data collection system, analysis, reporting guidelines and quality control mechanism, and (vi) evaluation of progress, outcomes, and impacts. The monitoring activities will allow for adjustments to the project when needed to show efficiency gains and results.

40. CARE will be responsible for day-to-day project implementation/monitoring and developing a detailed M&E framework. An M&E specialist will be hired to supervise the monitoring and evaluation of all the project activities mentioned above. CARE has developed an efficient digital monitoring system for its operations, which will be adapted to the JSDF pilot and strengthened further with WB assistance. This system will allow the team to assess the project's implementation progress and its results in real-time. The capacity of CARE's



monitoring system will be assessed comprehensively during appraisal. In addition, CARE will lead a project steering committee to ensure the quality of project management and delivery at the local level. This committee will include members of the community and beneficiaries, and local and central government authorities and will meet regularly to support project implementation and monitor results.

41. As part of the project impact evaluation, the sub-component will finance a qualitative evaluation of project activities to understand the perception of direct and indirect beneficiaries. Focus group discussions and in-depth surveys with community leaders, neighborhood residents, and construction firms will be conducted to identify the strengths and weaknesses of the project and take corrective measures if any. This activity will generate a report on the effectiveness and efficiency of the infrastructure rehabilitation and training scheme. The project's impacts on youth participating in the training and short-term employment will be assessed through both qualitative and quantitative methods to assess potential scale-ups of the project models. Focus groups discussions and in-depth interviews will be conducted with small groups of youth to gather qualitative evidence on their experiences. In addition, youth participants will answer a detailed quantitative survey questionnaire at enrollment, right after completing the training, and a few months after leaving the project to collect data on their characteristics and outcomes. The detailed quantitative survey questionnaire will also be administered to comparable youth not participating in the project (i.e. a control group) to enable a more robust statistical inference of project impact.[45] These two types of evaluations (qualitative and quantitative) will be used to produce a report describing the perceptions of the youth and the impact of the project on their socioeconomic outcomes as well as exposure to and participation in crime and violence.

Sub-Component 3.3: Knowledge dissemination (US\$18,160.00):

42. Knowledge-sharing workshops or seminars with local communities, municipalities, the national government, and sector institutions including SEDESOL, public entities, international development partners, particularly the Japanese authorities, and all other stakeholders will take place throughout the project implementation. A communications and knowledge management specialist will be hired to oversee knowledge dissemination activities since the project launch stage, involving the publication of blog posts, briefs, radio broadcasting, and social media posts about the project. Lessons learned from the project will be used to inform the potential scale-up of the project model (i.e. training and short-term employment programs). These lessons will be disseminated to stakeholders and beneficiaries through formal publications, and internal and external workshops at project completion. The project will also promote gender-responsive policymaking and resource allocation by increasing the necessary knowledge of local implementing agencies, municipalities, and relevant policy- and decision-makers. At least two virtual dissemination events with government counterparts, development partners, and stakeholders will be held. Video conferences will be leveraged to maximize outreach at little cost, especially if there are still COVID-19-related travel restrictions. Outputs prepared under this component will be leveraged inside the WB with support from the JSDF Unit and other WB global units via blog posts to disseminate widely lessons learned in an accessible format.



[30] On April 2022, Secretariat of Social Development (SEDESOL) was created to replace the Secretariat for Development and Social Inclusion (SEDIS).

[31] Blattman, C., Jamison, J., & Sheridan, M. (2015). Reducing Crime and Violence: Experimental Evidence on Adult Noncognitive Investments. NBER Working Paper.

[32] Machin, S., & Meghir, C. (2004). Crime and Economic Incentives. The Journal of Human Resources, 39(4), 958–979.

[33] Those not hired by formal companies and covered by social security systems.

[34] The technical skills training will be for a total of eight days over a two month period.

[35] Based on the baseline survey, the training content will be finalized and skills for other sectors will be considered.

[36] In the preparation stage, the training duration will be reexamined based on beneficiaries' needs.

[37] USAID. (2016). Key Soft Skills for Cross-Sectoral Youth Outcomes. Washington, DC: USAID's Youth Power: Implementation, Youth Power Action.

[38] Bertrand, M. (2011). New perspectives on Gender. Handbook of Labor Economics, 4: 1543-1590.

[39] USAID. (2016). Key Soft Skills for Cross-Sectoral Youth Outcomes. Washington, DC: USAID's Youth Power: Implementation, Youth Power Action.

[40] Carranza, Garlick, Orkin and Rankin. (2020). Job Search and Hiring with Two-Sided Limited Information about Work seekers' Skills. Policy Research Working Paper; No. 9345. World Bank, Washington, DC. © World Bank.

[41] CARE will carry out digital payments to enhance implementation fidelity and payment transparency. Financial inclusion would be reinforced as part of the soft skills training, including opening Bank accounts for beneficiaries, embarking on financial literacy, and promoting digital banking and savings for beneficiaries.

[42] This participatory social audit mechanism will be regulated through operational guidelines that will be developed by CARE to regulate the participation of the different actors for implementation support and social audit of the project.

[43] After the Project Initiation Note's approval, CARE and the local municipalities will discuss and determine types and levels of contributions.

[44] The selection criteria of at-risk youth is detailed in the description of Component 1 above.



[45] Exact methodology to be determined at appraisal stage (randomization among eligible participants or non-experimental methods) and subject to project resources allowed by the JSDF for M&E.

Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

The Environmental and Social Risk Classification is Moderate. The Project is expected to improve labor market outcomes among selected at-risk youth and increase community resilience to climate shocks in informal settlements in Choloma and Villanueva. The following environment and social standards (ESS) are relevant for the Project at Concept Stage: ESS1. Assessment and Management of Environmental and Social Risks and Impacts; ESS2. Labor and Working Conditions; ESS3. Resource Efficiency and Pollution Prevention and Management; ESS4. Community Health and Safety; ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; ESS8. Cultural Heritage; and ESS10. Stakeholder Engagement and Information Disclosure. Environmental. The Environmental Risk Rating is Moderate because



the scope and scale of the Project's environmental impacts will be (i) predictable and expected to be temporary and/or reversible; (ii) low in magnitude; (iii) site-specific, without likelihood of impacts beyond the actual footprint of the Project; and (iv) low probability of serious adverse effects to human health and/or the environment. Environmental risks will stem from the upgrading and repairing of public infrastructure such as roads, drainages, or public spaces, affected by the hurricanes, improving sanitation conditions through disinfecting streets and sanitizing public spaces, and risks related to COVID-19. The anticipated key concerns are (i) generation of construction related wastes; (ii) nuisance related to dust generation, vibration, and noise; and (iii) occupational health and safety hazards for the workforce. Such impacts are expected to be site-specific (once geographically determined), limited in scope and duration, and easily mitigated with proven technologies and measures. Social. Social risks for the Project are considered moderate and include: (i) potential exclusion of vulnerable youth from benefiting from apprenticeships and training activities, including Indigenous and Afro-Honduran youth, youth with disabilities, young women, and LGBTI youth; (ii) potential health and safety risks to youth performing works if appropriate safe and secure work conditions are not met, which includes ensuring youth is not employed in hazardous occupations and that they've concluded necessary training modules prior to starting work; (iii) risks related to project activities being implemented in a context of high crime and violence in the selected municipalities; and, (iv) risks of GBV, including Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH), in work sites if proper training and monitoring mechanisms are not established, particularly for young women working in work sites along men and under limited supervision. Risks of child labor are expected to be low as contractors are expected to follow strict age verification mechanisms when hiring youth trainees to ensure no person under 18 years of age is hired. Implementing Agency capacity. CARE-Honduras has demonstrated experience implementing safeguards policies under WB-funded projects as well as capacity beyond these policies and in line with requirements within the ESF, including experience mainstreaming participatory processes within their projects, addressing barriers to ensure the inclusion of vulnerable groups among project beneficiaries, designing gender strategies and implementing internal policies to address SEA/SH risks. Although CARE's capacity has been assessed during the Implementing Agency selection process, capacity to manage environmental and social risks by contractors is not yet known. The Bank will ensure effective monitoring mechanisms are included in all ESF instruments and that CARE hires sufficient capacity to adequately monitor contractors and project sites. During project preparation and as Project design is finalized, CARE's capacity as well as Project E&S risks will be further assessed, as part of the preparation of draft EFS instruments, and, if necessary, the risk rating may change. To adequately address and mitigate project environmental and social risks and impacts, CARE will prepare specific environmental and social instruments aligned with ESF requirements and the relevant ESSs. Mechanisms to mitigate environmental and social risks will be included in the Project's ESF instruments, including an Environmental and Social Commitment Plan (ESCP), specific participation and engagement strategies within the Stakeholder Engagement Plan (SEP), an Indigenous Peoples Planning Framework (IPPF) which will include criteria for the preparation of Indigenous Peoples Plans when required, an Environmental and Social Management Plan (ESMF) and a Labor Management Procedures (LMP). Prior to Project appraisal/approval, the CARE will prepare advance draft versions of the ESCP, SEP and ESMF, which will provide the necessary level of detail to inform stakeholder engagement and Bank decision-making. Other instruments will be prepared within a timeframe (after Project effectiveness and before



starting implementation of Project activities) agreed with the client and reflected in the ESCP, in a manner satisfactory to the Bank.

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