

**ADMINISTRATION AGREEMENT**

**between**

**THE NORDIC DEVELOPMENT FUND**

**and**

**THE INTER-AMERICAN DEVELOPMENT BANK**

**regarding the project**

**“Grant Co-financing Contribution to the Inter-American Development Bank for Project HO-L1088, titled “Integration and Urban Coexistence Program (IUCP) (HO-X1027)”**

**THIS ADMINISTRATION AGREEMENT** is entered into between the Nordic Development Fund (“NDF”), and the Inter-American Development Bank (the “Bank”) (together referred to as the “Parties”, and individually either of them, a “Party”).

**WHEREAS**, the Bank has designed and approved project HO-L1088, titled “Integration and Urban Coexistence Program (IUCP)” (HO-X1027) (the “Project”), as described in the attached Project Document (the “Project Document”);

**WHEREAS**, NDF has agreed to support the execution of the Project by providing a project specific grant contribution to be administered by the Bank; and

**WHEREAS**, the Bank is prepared to receive and administer the contribution funds to be made available by NDF.

**NOW, THEREFORE**, the Parties hereby agree as follows:

#### **TRANSFER AND MANAGEMENT OF FUNDS**

1. NDF will make available to the Bank a contribution of EUR 240,000 (two hundred forty thousand Euros) (the “Contribution”) to be administered by the Bank to finance the Project.
2. The Contribution will be solely for the purposes indicated in the Project Document. Any material deviations from the objectives and activities of the Project described in the Project Document will require NDF’s written approval.
3. Following the signature of this Administration Agreement by the Parties, NDF shall transfer the Contribution to the Bank in one single installment, upon the Bank’s written request. The Contribution will be deposited in an account indicated by the Bank in writing. Upon receipt of such deposit, the Bank will convert the amount of the Contribution into United States dollars and will deposit them into an account held by the Bank in said currency for the administration of the Contribution (the “Account”).
4. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank’s applicable policies and procedures, including those applicable for third party resources administered by the Bank. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management resources from other donors and will have no further liability to NDF in respect thereof.

5. a) The Contribution will be accounted for separately from the Bank's assets, and will be administered separately from other contributions received by the Bank, but may be commingled with other contributions from NDF.  
  
b) The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank will not be responsible for foreign exchange risk in the receipt, conversion or administration of Contribution funds. Any adverse impacts of potential foreign currency fluctuations during the implementation period shall be discussed by the Parties and appropriate remedial measures and amendments shall be negotiated if necessary. Notwithstanding the foregoing, neither NDF nor the Bank shall be obliged to contribute any additional funds as a result of any foreign currency fluctuations.  
  
c) Pending disbursement in connection with the Project, the Bank may at its discretion invest and reinvest the resources of the Contribution, following the Bank's investment policies, procedures and practices. Income earned from such investment and reinvestment shall be credited to the Account and returned to NDF, upon request from NDF or when the Account is closed, whichever occurs later.
6. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain a fee equal to five percent (5%) of the total amount of the Contribution, which may be withdrawn by the Bank from the Contribution, once the Contribution is converted into United States dollars. In addition, the Bank may also use the resources of the Contribution to cover the costs charged to the Bank related to the maintenance and transactions of the Account.

## **IMPLEMENTATION**

7. The Bank's policies and procedures will be applicable to any relevant operational, financial and fiduciary aspects of the Project, including the procurement of goods, works, and consulting and other services, carried out with the Contribution, as required by the different components of the Project. Further, NDF accepts that:
  - a) the resources of the Contribution will be completely untied; and
  - b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country.
8. The Bank shall inform NDF of any review missions undertaken by it related to the Contribution and provide to NDF a report setting out the main findings or results of such mission. The Bank shall invite NDF to join any Project review missions, including supervision missions and the mid-term review during the implementation of the Project and upon its completion. NDF shall be responsible for its own costs and obtaining any official approvals that may be required with respect to participation in any Project review missions.

9. NDF will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will NDF be liable for any costs incurred by the Bank in terminating the engagement of any such person.

## **REPORTING AND AUDIT**

10. The Bank shall provide NDF with:

- a) reports on implementation of the activities funded under the Contribution and other reports and information as NDF may reasonably request concerning the progress of the Project that the Bank can provide in its normal course of business, and ii) promptly, no later than six months following the completion of the Project, a final Project report;
- b) at least semi-annually non-audited activity or financial reports of the Project, as such reports are provided by the Project's executing agency to the Bank, pursuant to the technical assistance or financing agreement entered between the executing agency and the Bank and, ii) promptly, and no later than six months from financial closure of the Project, a terminal financial report showing the receipts, income and expenditures under the Account and the remaining balance, if any. The Bank may provide a copy of any audited reports of the Project available to the Bank; and
- c) should NDF require an external audit of the Account, NDF shall request the Bank for such an external audit in writing upon completion of the Project. The cost of this audit shall be charged against the Account, provided funds are available after settlement of all expenditures related to the Project. Alternately, upon agreement by NDF and the Bank the cost of such external audit shall be paid separately by NDF.

## **CONSULTATIONS, AMENDMENTS, TERMINATION AND DISPUTE SETTLEMENT**

11. As soon as possible upon completion of the Project, the Bank shall return to NDF any remaining uncommitted Contribution funds, including, if applicable, any income from investment or reinvestment in accordance with Article 5(c) above, unless otherwise agreed to in writing by the Parties.
12. For the avoidance of doubt, the Bank hereby confirms that all approvals have been formalized for the Project and no further internal approvals are pending..
13. The Bank shall endeavor to maximize opportunities to highlight the identity of NDF's contribution to the Project (e.g., through related signage, documentation and public information about the activities, including the use of NDF's logo), and invite NDF representatives to participate in key events related to the Project. NDF shall be responsible for its own costs with respect to any participation in such events, unless the NDF and the Bank agree otherwise in a case-by-case basis.

14. a) The Bank shall inform NDF promptly of any condition which significantly interferes, or threatens to interfere, with the performance by the Bank of its commitments under this Administration Agreement.

b) The Bank shall notify and consult with NDF whenever the Bank identifies a major change of scope in relation to any activities financed under the Contribution. If any such changes occur, which in the opinion of the Bank or NDF impairs significantly the developmental value of the Project, NDF and the Bank shall consult on measures to resolve the problem and possible courses of action. In the event of such changes, NDF, however, may decide to terminate this Administration Agreement or agree with the Bank on an amendment thereof.

15. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement or the Project will be the following:

a) For the Bank:

Inter-American Development Bank  
1300 New York Avenue, NW  
Washington, D.C. 20577  
UNITED STATES OF AMERICA  
Attention: Chief, Grants and Co-financing Management Unit  
Office of Outreach and Partnerships (ORP/GCM)  
Tel.: ++ 202-623-1774  
Fax: ++ 202-623-3171  
E-mail: [orp-gcm@iadb.org](mailto:orp-gcm@iadb.org)

b) For NDF:

Nordic Development Fund  
P.O Box 185, Fabianinkatu 34FIN - 00171 Helsinki  
FINLAND  
Attention: Managing Director  
Tel.: ++358 618 002  
Fax: ++ 358 9 622 1491  
E-mail: [info.ndf@ndf.fi](mailto:info.ndf@ndf.fi)

16. This Administration Agreement will come into force on the date of its signature by each of the Parties and shall remain in full force and effect until the date on which the Contribution has been fully disbursed by the Bank and all activities financed under the Contribution shall have been completed as set out in the Project Document. An estimated execution timetable is stated in the Project Document.

17. If at any time either Party determines that the purposes of this Administration Agreement can no longer be effectively or appropriately carried out either Party may give notice of

termination of this Administration Agreement. Such termination shall enter into effect three (3) months after notice has been received, subject to the settlement of any outstanding obligations made prior to the notice being received. In the event of termination by either Party, both Parties shall cooperate to ensure that all arrangements made hereunder are settled in a fair and orderly manner. Upon termination the Bank shall return the Contribution funds to NDF in accordance with Article 11 above.

18. The Parties may amend any provision of this Administration Agreement in writing.
19. Subject to consultation with the other Party and their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available.
20. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.
21. The Parties acknowledge and agree that the Contribution constitutes the sole financing for the Project provided by NDF. The Administration Agreement will be considered joint financing for purposes of the provisions of the "Cooperation Agreement between the Nordic Development Fund and the Inter-American Development Bank for the Cofinancing of Programs and Projects", amended and restated as of January 26, 2010 (the "NDF-IDB Cofinancing Agreement"). For the avoidance of doubt, the provisions of NDF-IDB Cofinancing Agreement will apply to this Administration Agreement, except that in the event of conflict, the provisions of this Administration Agreement will prevail.

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22. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

**IN WITNESS WHEREOF**, the Nordic Development Fund and the Inter-American Development Bank, each acting through its duly authorized representative, have signed this Administration Agreement in two (2) original counterparts in the English language, on the dates stated thereunder.

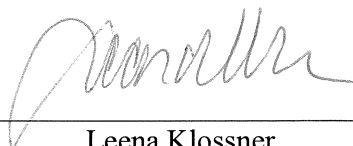
**NORDIC DEVELOPMENT  
FUND**



Pasi Hellman  
Managing Director

Date: 18 Dec 2013

**NORDIC DEVELOPMENT  
FUND**



Leena Klossner  
Deputy Director

Date: 18 Dec 2013

**INTER-AMERICAN  
DEVELOPMENT BANK**



Bernardo Guillamon  
Manager  
Office of Outreach and Partnerships

Date: DECEMBER 6, 2013

## TECHNICAL COOPERATION DOCUMENT

### HONDURAS

#### I. PROJECT OVERVIEW

<b>Country:</b>	Republic of Honduras
<b>Name of the technical-cooperation operation:</b>	Adaptation to climate change in poor neighborhoods of Tegucigalpa
<b>Number of the technical-cooperation operation:</b>	HO-X1027
<b>Name of the associated project:</b>	Integration and urban coexistence program
<b>Number of the associated loan:</b>	2895/BL-HO
<b>Project team:</b>	Belinda Pérez Rincón (FMM/CHO), Project Team Leader; Nalda Morales and Juan Carlos Martell (FMP/CHO); Enrique Alvarado (consultant/CHO); Taos Aliouat (LEG/SGO); and Marina Massini (IFD/FMM)
<b>Donor:</b>	Nordic Development Fund (NDF)
<b>Beneficiary:</b>	Honduran Social Investment Fund (FHIS)
<b>Executing agency:</b>	The Bank's Country Office in Honduras (CID/CHO)
<b>Financing plan<sup>1</sup> (NDF):</b>	US\$312,000
<b>Local counterpart contribution:</b>	US\$0
<b>Total:</b>	US\$312,000
<b>Beginning date of the technical-cooperation operation:</b>	1 November 2013
<b>Execution period:</b>	30 months
<b>Disbursement period:</b>	36 months
<b>Type of consulting assignment:</b>	Firms and individual consultants
<b>Prepared by:</b>	Fiscal and Municipal Management Division (FMM/CHO)
<b>Unit responsible for disbursement:</b>	CID/CHO
<b>Included in the IDB country strategy/included in the Country Programming Document:<sup>2</sup></b>	Yes [X] No [ ]
<b>GCI-9 priority sector:</b>	Countries with planning capacity in climate change mitigation and adaptation
<b>GCI-9 priority:</b>	Yes [X] No [ ]

#### II. DESCRIPTION OF THE ASSOCIATED LOAN

- 2.1 The loan associated with this technical-cooperation operation is that provided under the integration and urban coexistence program (2895/BL-HO), approved by the Bank's Board of Executive Directors on 17 December 2012, for a total of US\$17.2 million. The objective of the program is to contribute to integration and social coexistence in the peri-urban neighborhoods of the Central District of the

<sup>1</sup> These funds will be administered by the Bank through a Project Specific Grant (PSG). The NDF will contribute €240,000, which, at an exchange rate of €1.30/US\$1, equals US\$312,000. This PSG will be administered by the Bank in accordance with document SC-114. According to the latter, the commitment of the NDF funds for the PSG will be restored through separate administrative agreements.

<sup>2</sup> The opportunity to finance this technical-cooperation operation emerged following a midyear NDF mission to Honduras. This is why this operation is not included in the 2013 Country Programming Document.



Department of Francisco Morazán. The specific objectives are to: (i) improve these neighborhoods' access to basic urban services; (ii) bolster work skills, particularly for at-risk groups; and (iii) strengthen the social capital of these communities. The program executing agency is the Honduran Social Investment Fund (FHIS).

- 2.2 The components that have been identified to achieve the project objectives are: (i) improving social coexistence, which will support training and technical assistance activities intended to strengthen community organizations and support the most vulnerable groups; and (ii) urban integration projects, which aim to improve basic social and environmental urban infrastructure in the selected urban neighborhoods, which are among the poorest in the Central District.
- 2.3 Component 2, urban integration projects, calls for formulating a comprehensive neighborhood improvement plan (CNIP) for each beneficiary community. Each plan includes the urban development and engineering designs, the programming, and the budget for the social actions and physical infrastructure to be carried out by the program.
- 2.4 The program will benefit nine neighborhoods with 3,132 dwellings and 14,015 residents. The expected outcomes are: (i) improving the neighborhoods' access to basic urban services, measured on the basis of coverage indicators for urban and social services; (ii) bolstering work skills, particularly for at-risk groups, which means that the employment rate will be evaluated, using as the indicator the percentage of young people trained by the program who have found work and kept their jobs for more than three months; and (iii) strengthening social capital, measured by greater public participation in community organizations and activities. The program is also expected to have a positive impact by: (i) improving safety in the beneficiary communities; and (ii) increasing property values as a result of the neighborhood upgrades.
- 2.5 However, improving the socioeconomic and environmental outcomes of the program requires considering vulnerability to extreme climate events in both urban and rural areas of Honduras.<sup>3</sup> Hence, climate change must be factored into all urban development and planning processes, such as the CNIPs. By incorporating climate change adaptation actions,<sup>4</sup> these plans will promote greater resilience of neighborhoods to extreme weather events and will facilitate their development.

### III. OBJECTIVE AND RATIONALE

- 3.1 This technical-cooperation operation aims to support the execution of loan 2895/BL-HO through the adoption of methodologies that make it possible to identify and include climate change adaptation and mitigation actions in the CNIPs. The expertise and capacities created through this operation are expected to

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<sup>3</sup> According to the 2013 Global Climate Risk Index, Honduras was the country most affected by extreme weather events from 1992 to 2011 ([www.germanwatch.org](http://www.germanwatch.org)).

<sup>4</sup> Adaptation to climate change is the adjustment of human or natural systems in response to a climate stimulus or to the current or expected effects thereof ([www.ipcc.ch](http://www.ipcc.ch)).

enable the FHIS to develop selection criteria and design neighborhood urban-development intervention plans, incorporating the variables of climate change vulnerability, adaptation, and mitigation.

- 3.2 The CNIPs, to be devised as part of Component 2 of loan 2895/BL-HO, address infrastructure, urban development, and community and individual capacity building for the benefit of families living in nine poor neighborhoods. With this technical-cooperation operation the Asset Adaptation Plans (AAPs)<sup>5</sup> will be formulated and integrated into the CNIPs. The AAPs will incorporate adaptation actions to be carried out by the community itself and by other relevant public and private actors, such as nongovernmental organizations, local authorities, and international cooperation agencies.
- 3.3 AAPs will be formulated for 13 neighborhoods<sup>6</sup> under the Asset Planning for Climate Change Adaptation approach,<sup>7</sup> which includes the following phases: (i) prefeasibility and preparation of the project; (ii) asset adaptation planning; (iii) design of adaptation projects; (iv) systematization and dissemination; (v) implementation of asset adaptation projects; and (vi) evaluation. This technical-cooperation operation will make it possible to execute the first four phases for the 13 neighborhoods. The activities called for in the implementation and evaluation phases will be executed (under the respective investments) and/or coordinated by loan 2895/BL-HO in the nine beneficiary neighborhoods. A grant will be arranged by the Nordic Development Fund (NDF) for the AAP implementation phase in the four remaining neighborhoods.
- 3.4 The NDF's Small Grants Facility approved the Adaptation to Climate Change in Poor Neighborhoods of Tegucigalpa Program in order to provide the assistance described above, under the coordination of the Global Urban Research Centre (GURC) of the University of Manchester, as part of its 2012-2013 Climate Change Strategy<sup>8</sup> and in line with its regional priorities in Latin America, which include Honduras, Bolivia, and Nicaragua.
- 3.5 **IDB strategy with the country and priory sector of the GCI-9.** This technical-cooperation operation is consistent with the Bank's country strategy with Honduras (document GN-2645), which proposes contributing to meeting climate-change targets. It is also in line with the goals of the GCI-9, which include supporting small and vulnerable countries and developing climate change mitigation and adaptation planning capacities.

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<sup>5</sup> The AAP is a document that is constructed in a participatory manner. It identifies the solutions that the community has prioritized for tackling the problems caused by climate change. These solutions are analyzed with the participation of institutions, both public and private, that have ties to the territory, to map out their viability, implementation, and monitoring. The AAPs supplement investments in infrastructure to mitigate the risks of natural disasters set forth in the comprehensive neighborhood improvement plans and provide for adaptation measures such as waste management, organization of local emergency committees, identification of environmental and social good practices, infrastructure investments (for example, water collection) to adapt to the impacts of climate change.

<sup>6</sup> Nine beneficiary neighborhoods of program 2895/BL-HO plus four neighborhoods to be selected in the framework of this technical-cooperation operation, based on the list of 27 neighborhoods eligible for the program. The work will cover topics of vulnerability and synergies related to climate change in the neighborhoods to be selected.

<sup>7</sup> This approach was developed by the Global Urban Research Centre (GURC) of the University of Manchester.

<sup>8</sup> [www.ndf.fi](http://www.ndf.fi)

#### IV. DESCRIPTION OF COMPONENTS, ACTIVITIES, OUTPUTS, AND BUDGET

- 4.1 **Component 1. Implementation of the Asset Planning for Climate Change Adaptation approach (US\$159,900).** The objective is to increase the capacity of inhabitants of the beneficiary communities to respond to extreme climate events through interventions allowing them to protect their assets during bad weather and/or carry out appropriate reconstruction work after such events. The following is to be financed: (i) Participatory Asset Adaptation Evaluation making it possible to identify the vulnerability of the main assets of neighborhood residents to the impact of severe and extreme weather; (ii) Rapid Institutional Evaluation, which identifies institutions, policies, and projects in the beneficiary area related to climate change adaptation; (iii) Workshops on Asset Planning for Climate Change Adaptation, based on the Participatory Asset Adaptation Evaluation and Rapid Institutional Evaluation, making it possible to select, in a participatory manner, the adaptation projects, alternatives, or actions that provide the greatest benefit to the community; and (iv) design of adaptation project profiles that include AAPs, budget, and an operational strategy for each neighborhood.
- 4.2 To conduct these activities, consulting firm assignments will be financed. Because of its experience with climate change adaptation and mitigation projects in the countries of the region and because it developed the Asset Planning for Climate Change Adaptation approach, this technical-cooperation operation calls for selecting GURC through the single-source selection method in order for it to provide technical assistance to the FHIS in carrying out this project, in accordance with the Bank's procurement policies.
- 4.3 **Component 2. Strengthening of urban planning with a climate change approach (US\$100,750).** This component aims to build capacities in the FHIS to factor climate change into its future investments under the AAP methodology. The following is to be financed: (i) adaptation of existing CNIP tools incorporating and/or adapting new management instruments such as the AAPs; and (ii) information and awareness-raising activities that are easily replicable by the government or other donors. To conduct these activities, the following will be financed: (i) individual consulting assignments; (ii) procurement of materials for events; and (iii) logistics services for holding the workshops.
- 4.4 **Component 3. Systematization and dissemination (US\$32,500).** The purpose is to prepare a publication and organize a discussion event on the implementation of the Asset Planning for Climate Change Adaptation approach in poor neighborhoods in Tegucigalpa. This experience is expected to be taken into account in the design of other NDF and Bank programs. To conduct these activities, the following will be financed: (i) transportation and lodging expenses of the event participants; and (ii) logistics services for holding the workshops.

4.5 The Results Matrix and budget of the technical-cooperation operation are shown below:

Results Matrix / Indicators						
Indicators	Unit of measure	Baseline		End Targets		Means of Verification
		Value	Year	Value	Year	
Expected outcomes						
Development of selection criteria and design of neighborhood urban development intervention plans, incorporating the variables of climate change vulnerability, adaptation, and mitigation						
Comprehensive neighborhood improvement plans under an Asset Planning for Climate Change Adaptation approach	Plans executed in poor neighborhoods	0	2013	9	2017	Independent evaluation (in the context of the evaluation of operation 2895/BL-HO)
Expected outputs						
Component 1: Implementation of the Assets Planning for Climate Change Adaptation approach						
Asset Adaptation Plans	Documents prepared	0	2013	13	2016	Report prepared by GURC
Component 2: Strengthening of urban planning with a climate change approach						
Methodology for formulating comprehensive neighborhood improvement plans under an Asset Planning for Climate Change Adaptation approach	Published regulations	0	2013	1	2016	Independent evaluation
Component 3: Systematization and dissemination						
Publication of the implementation of the Asset Planning for Climate Change Adaptation approach in urban neighborhoods of Honduras: methodology, lessons learned, case studies	Document drafted	0	2013	1	2016	Independent evaluation
Seminar on program outcomes	Event carried out	0	2013	1	2016	Report of the event and list of participants

## V. BUDGET

5.1 The NDF expects to commit €240,000 to this project, the equivalent of US\$312,000 at the exchange rate indicated on the website XE ([www.xe.com/](http://www.xe.com/)) on 2 June 2013. The final amount of the funds in U.S. dollars will depend on the exchange rate in effect on the date on which the Bank receives the funds from the

donor and converts them to dollars. In the event of a considerable negative change in the exchange rate and a reduction in the dollar amount of the NDF's contribution to this budget, if the difference cannot be covered by the funds earmarked for contingencies, the activities called for in the project will be reduced and the project team will adjust the budget accordingly.

- 5.2 The funds for this project received from the NDF will be provided to the Bank through a Project Specific Grant (PSG). The Bank administers these operations in accordance with the Report on COFABs, AdHocs and CLFGs and a Proposal to Unify Them as Project Specific Grants (PSGs) (document SC-114). As called for in these procedures, the NDF's commitment will be established through a separate administrative agreement. According to this agreement, the Bank will administer the funds for this project and collect a management fee of 5% of the contribution, which will be identified in the project budget. The 5% management fee will be charged once the contribution has been converted to U.S. dollars. The budget by expense category is detailed in Annex III to this document.

**Summary Budget (in US\$)**

<b>Component</b>	<b>NDF<sup>9</sup></b>	<b>Total</b>
1. Implementation of the Asset Planning for Climate Change Adaptation approach	159,900	159,900
2. Strengthening of urban planning with a climate change approach (*)	100,750	100,750
3. Systematization and dissemination	32,500	32,500
Management fee (5%)	15,600	15,600
Contingencies	3,250	3,250
<b>Total</b>	<b>312,000</b>	<b>312,000</b>

(\*) Includes local staff, who will receive training in implementing the AAP methodology.

## **VI. EXECUTING AGENCY AND EXECUTION MECHANISM**

- 6.1 The FHIS will be responsible for technical execution while the Bank's Country Office in Honduras will be responsible for fiduciary execution and coordination. The contribution resources will be used for the purposes indicated in the project document. If, upon completion of the project, the project's account has a positive balance, the project team will report it to ORP/GCM and will request that it be transferred as set forth in the management agreement signed between the Bank and the NDF.
- 6.2 **Procurement.** Consulting assignments and goods are to be contracted and procured in accordance with the Policies for the procurement of goods and works (GN-2349-9) and for the selection and contracting of consultants (document GN-2350-9) financed by the Bank.
- 6.3 For the execution of this technical-cooperation operation, GURC, which developed the Asset Planning for Climate Change Adaptation methodology, is expected to be selected through the single-source method. The direct selection of

<sup>9</sup> Based on the Administrative Agreement between the NDF and the Bank, these funds will be managed by the Bank, which will charge a management fee of 5% of the total contribution of the NDF once the funds have been converted to dollars.

GURC through the single-source process is justified pursuant to the provisions set out in document GN-2350-9, paragraph 3.10 (d), because this institution has experience of exceptional worth in the services required. The technical-cooperation operation will receive the support of the GURC for the effective implementation of the selected methodology to ensure the outcomes of the program.

- 6.4 **Supervision.** The Project Team Leader will be responsible for preparing the semiannual reports on the physical and financial execution of the project and sending them to the NDF, according to the Bank's rules. A final report will be submitted to the NDF no later than six months after the conclusion of the technical-cooperation operation.

## **VII. PROJECT RISKS AND SPECIAL CONSIDERATIONS**

- 7.1 The main risk is the difficulty involved in coordinating and mobilizing the main actors to carry out the activities set forth in this technical-cooperation operation, due to the high rates of insecurity in the targeted intervention areas. To mitigate this risk, the following actions are expected to be taken: (i) implementing a communication strategy aimed at members of the community, disseminating the scope, objectives, and benefits of the project. As has been observed in other operations related to this operation (2895/BL-HO), the strategy raises the community's awareness of the benefits of the project, which encourages it to cooperate with the execution; and (ii) conducting workshops needed for participatory planning in sites located outside of the communities. This also facilitates a higher concentration of participants in the dynamics developed. The budget for the workshops is included in Component 2 of this operation.

## **VIII. EXCEPTIONS TO BANK POLICIES**

- 8.1 None.

## **IX. ENVIRONMENT AND SOCIAL CLASSIFICATION**

- 9.1 This technical-cooperation operation is not expected to have environmental or social repercussions because it involves contracting technical assistance services and conducting studies. In light of the Bank's Environment and Safeguards Compliance Policy, the operation is classified as Category C ([see electronic link](#)).

### **ANNEXES:**

Annex I.	<a href="#">Terms of Reference</a>
Annex II.	<a href="#">Procurement plan</a>
Annex III.	<a href="#">Itemized Budget</a>
Annex IV.	<a href="#">Record of project approval by the NDF</a>

**X. APPROVAL**

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Vicente Fretes Cibils  
Division Head  
IFD/FMM

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Date