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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT AND RESTRUCTURING

IN THE AMOUNT OF US\$25 MILLION
(SDR17.8 MILLION EQUIVALENT)

TO THE

REPUBLIC OF HONDURAS

FOR A

SOCIAL PROTECTION PROJECT

February 26, 2015

Social Protection and Labor Global Practice
Central America Country Management Unit
Latin America and Caribbean Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective January 30, 2015

Currency Unit = Honduran Lempira
21.63 Lempiras = US\$1
US\$1.41 = SDR1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CABEI	Central American Bank for Economic Integration
CCT	Conditional Cash Transfer
CENISS	National Information Center for Social Sectors (<i>Centro Nacional de Información del Sector Social</i>)
GDP	Gross Domestic Product
GNI	Gross National Income
GRS	Grievance Redress Service
IDA	International Development Association
IDB	Inter-American Development Bank
INE	National Statistical Institute
IAPP	Indigenous and Afro-Hondurans Peoples Plan
LAC	Latin America and Caribbean
MIS	Management Information System
MoP	Ministry of Presidency
PDO	Project Development Objective
PRAF	Family Allowance Program (<i>Programa de Asignación Familiar</i>)
RENPI	Early Childhood National Information System (<i>Registro Nacional de la Primera Infancia</i>)
RUP	Unique Registry of Participants
SACE	School Management Information System (<i>Sistema de Administración de Centros Educativos</i>)
SDR	Special Drawing Rights
SEDIS	Secretary of Development and Social Inclusion

Vice President:	Jorge Familiar
Country Director:	J. Humberto Lopez
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HONDURAS

**SOCIAL PROTECTION PROJECT
ADDITIONAL FINANCING**

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ADDITIONAL FINANCING DATA SHEET

Honduras

Social Protection (P152266)

LATIN AMERICA AND CARIBBEAN

Social Protection and Labor Global Practice

Basic Information – Parent										
Parent Project ID:	P115592				Original EA Category:	C - Not Required				
Current Closing Date:	31-Dec-2015									
Basic Information – Additional Financing (AF)										
Project ID:	P152266				Additional Financing Type (from AUS):	Scale Up				
Regional Vice President:	Jorge Familiar				Proposed EA Category:	C - Not Required				
Country Director:	J. Humberto Lopez				Expected Effectiveness Date:	30-Jun-2015				
Senior Global Practice Director:	Arup Banerji				Expected Closing Date:	31-Dec-2017				
Practice Manager/Manager:	Margaret Ellen Grosh				Report No:	PAD1245-HN				
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Secretary of Development and Social Inclusion (SEDIS)	Zoila Cruz	Sub-Secretary of Social Inclusion	(504) 2239-8005	zoilicruz2012@gmail.com						
Project Financing Data–Parent (in USD Million)										
Key Dates										
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date			
P115592	IDA-47740	Effective	29-Jun-2010	02-Aug-2010	29-Oct-2010	31-Dec-2014	31-Dec-2015			
P115592	IDA-52940	Effective	08-Aug-2013	26-Aug-2013	22-Nov-2013	31-Dec-2015	31-Dec-2015			
Disbursements										
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed	
P115592	IDA-47740	Effective	XDR	26.50	26.50	0.00	24.91	1.59	93.99	

P115592	IDA-52940	Effective	XDR	8.20	8.20	0.00	3.14	5.06	38.25
Project Financing Data –Additional Financing (AF) (in USD Million)									
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input type="checkbox"/>	IDA Grant				
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other				
Total Project Cost:		25.00			Total Bank Financing:		25.00		
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
BORROWER/RECIPIENT								0.00	
International Development Association (IDA)								25.00	
Total								25.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
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Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Honduras		Departamento de Yoro			
Honduras		Departamento de Valle			
Honduras		Departamento de Santa Bárbara			
Honduras		Departamento de Olancho			
Honduras		Departamento de Ocotepeque			
Honduras		Departamento de Lempira			
Honduras		Departamento de La Paz			
Honduras		Departamento de Islas de la Bahía			
Honduras		Departamento de Intibucá			
Honduras		Departamento de Gracias a Dios			
Honduras		Departamento de Francisco Morazán			
Honduras		Departamento de El Paraíso			

Honduras		Departamento de Cortés			
Honduras		Departamento de Copán			
Honduras		Departamento de Comayagua			
Honduras		Departamento de Colón			
Honduras		Departamento de Choluteca			
Honduras		Departamento de Atlántida			
Institutional Data					
Parent (Social Protection-P115592)					
Practice Area (Lead)					
Social Protection & Labor					
Contributing Practice Areas					
Cross Cutting Areas					
[] Climate Change					
[] Fragile, Conflict & Violence					
[] Gender					
[] Jobs					
[] Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Health and other social services	Other social services	78			
Public Administration, Law, and Justice	Public administration- Other social services	22			
Total		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					

Major theme	Theme	%		
Social protection and risk management	Social safety nets	100		
Total		100		
Additional Financing HN AF Social Protection (P152266)				
Practice Area (Lead)				
Social Protection & Labor				
Contributing Practice Areas				
Cross Cutting Areas				
[] Climate Change				
[] Fragile, Conflict & Violence				
[X] Gender				
[X] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Public administration-Other social services	22		
Health and other social services	Other social services	78		
Total		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Social protection and risk management	Social safety nets	100		
Total		100		

I. INTRODUCTION

1. **This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of US\$25 million (SDR17.8 million equivalent) to the Republic of Honduras for the Social Protection Project (P115592, Credit 4774-HN).** The proposed Additional Financing (AF) credit would scale up activities of the Project to support the *Bono Vida Mejor* (formerly *Bono 10,000*) Conditional Cash Transfer (CCT) Program, including financing of cash transfers until the end of 2016 and providing coverage for new beneficiaries in areas not previously covered by the Program. The AF would also provide support to complete the institutional structuring of the implementing agency and enhance the transparency and efficiency of program implementation. In addition, the AF would support the linking of Program beneficiaries to existing productive inclusion interventions in their communities, support the use of innovative payment delivery mechanisms to link beneficiaries to financial services, and help improve their financial literacy. Finally, the AF would scale up financing to complete the upgrading of the information technology platform of the Unique Registry of Participants (RUP) of social programs managed by the National Information Center for Social Sectors (CENISS).

2. **This Project Paper also seeks approval for modification of the Project Development Objective (PDO) of the Project.** The PDO would be modified to include children attending lower secondary education as program beneficiaries. Other proposed changes include: i) updating the Results Framework modified to reflect new targets and activities; and ii) an extension of the closing date of the original Credit to coincide with the December 31, 2017 closing date of the proposed AF.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

3. **Country Background.** Honduras is one of the poorest and most unequal countries in the Latin America and Caribbean (LAC) region. The per capita gross national income (GNI, Atlas Method) of Honduras was US\$2,180 in 2013, compared to a LAC average of US\$9,848. Two-thirds of Hondurans live below the national poverty line, with 40 percent living in extreme poverty. Poverty rates calculated with international lines (US\$2.5 a day for extreme poor, US\$4 a day for moderate poor) indicate that 37 percent of families live in extreme poverty, and 56 percent in poverty.¹ Rural households and indigenous communities, which account for 46 percent of the population, are disproportionately affected by poverty. In 2013, national poverty estimates showed that 55.6 percent of rural households were living in extreme poverty (vs. 29 percent in urban areas). World Bank calculations suggest that during the 2003-2011 period, the mean income for the bottom 40 percent grew at an annual rate of 4.3 percent per year – 0.7 percent lower than the regional average but higher than the average mean income (2.73 percent) in the country. However, only 6 percent of the population moved out of poverty. With a Gini coefficient of 0.57, income inequality is also one of the highest in the world, with these disparities persisting for the past two decades.

4. **In parallel, progress on human development indicators has been modest.** Over the last 20 years, the educational attainment of the labor force in Honduras has increased by just 1.5 years of schooling, which is considerably less than other countries in the region (Brazil, Colombia, Peru,

¹ World Bank LAC Equity Lab.

etc.), despite very high public spending on education. While Honduras has been largely successful in boosting primary enrollment and completion rates, repetition and dropout rates are still significant, and enrollment in secondary education greatly lags behind, with only half of students completing this level (and less than 30 percent in rural areas). In health, infant and maternal mortality rates have declined in Honduras, though only the former is on track to reach the 2015 Millennium Development Goals. Nearly a quarter of all Honduran children under five years old suffer from chronic malnutrition (stunting, height-for-age) and large disparities in nutrition indicators persist: for example, children in the poorest quintile are more than five times more likely to be stunted than children in the richest quintile.²

5. **Sector Background. In line with international good practice, in 2010, the Government of Honduras developed a CCT Program, *Bono 10,000*, to protect the poor and improve their human capital.** The CCT rapidly became the main social assistance program in Honduras, absorbing 0.7 percent of GDP (US\$130 million per year) and covering almost 20 percent of the population by end 2013 (270,000 households in rural areas and 50,000 in urban areas). The eligible population has included both extreme and moderate poor families with children aged 0-5 years, and children in primary school (Grades 1-6), with the transfer conditional on compliance with regular health check-ups and/or enrollment and attendance in primary school. Program benefits were set at 10,000 Lempiras (US\$500) per year, among the most generous CCT benefits in the world. The Program has financed transfers to poor households in rural areas through international credits from the World Bank (accounting for about 20 percent of transfers), the Inter-American Development Bank (IDB), and the Central American Bank for Economic Integration (CABEI), while the Government has increasingly been allocating domestic resources for transfers to households living in urban areas.

6. **The social protection institutional framework was been streamlined in 2014, consolidating social programs under a new Secretary of Development and Social Inclusion (SEDIS).** SEDIS is responsible for developing and implementing the Government's social development strategy called *Estrategia Vida Mejor* ("Better Lives Strategy") and providing a comprehensive package of services to the extreme poor. The CCT Program (now called *Bono Vida Mejor*) is the core intervention of *Estrategia Vida Mejor*, and the former Program executing agency, *Programa de Asignación Familiar* (PRAF), has been absorbed into SEDIS. At a broader level, SEDIS also now has the role as the coordinating institution for the broader social sectors (social protection, health, and education), and oversees the formulation, coordination, implementation and evaluation of public policies related to development, social inclusion, and poverty reduction, among others. At the same time CENISS, formerly under the Secretary of Social Development and now under the Presidential Office, is being strengthened to continue administering key social policy instruments, such as the RUP and the institutional registry of programs. As discussed below, the reform of the institutional framework seeks to lead to a consolidation of existing programs over time.

7. **Aside from the change in name (from *Bono 10,000* to *Bono Vida Mejor*), the CCT Program is also being modified along a number of dimensions.** In an effort to focus resources to the poorest of the poor, the targeting formula was revised to restrict eligibility to beneficiary families classified as extreme poor (the moderate poor will be gradually phased out of the Program

² Demographic Health Survey 2011-2012.

with a timeline yet to be defined, and the non-poor were immediately excluded). This change, together with a temporary freeze on new registration of households to replace those exiting the Program, has resulted in a reduction of coverage from 320,000 to 220,000 households in both rural and urban areas, and in the Program budget from 0.7 to 0.5 percent of GDP (US\$100 million) as of December 2014. Starting in mid-2015 (and following an intense communication campaign), the Program will begin covering students in lower secondary education (Grades 7-9, not just those in primary school), and benefits will be paid according to the number of children complying with co-responsibilities (attendance to school and health centers), instead of a flat benefit per family, with the maximum amount to be received capped at 10,000 Lempiras (in practice, less than that for the majority of families with few children). These changes are expected to allow for increasing coverage of excluded extreme poor families (to gradually reach 300,000 households by 2017), while maintaining the Program budget at 0.5 percent of GDP, in line with other CCT programs in LAC (Colombia, Costa Rica, Dominican Republic, Mexico). Program expansion will prioritize areas with high incidence of extreme poverty, prone to severe draughts, indigenous communities, and areas with high child migration incidence (as a mitigating response to the latest surge of undocumented child migrants to the United States, as signaled by the Department of Homeland Security).

8. ***Project Background. The Honduras Social Protection Project, in the amount of SDR 26.5 million (US\$38.4 million equivalent), was approved on June 29, 2010, and became effective on October 29, 2010.*** A first AF Credit of SDR 8.2 million (US\$11.9 million equivalent) was approved by the Board on August 8, 2013. The PDO of the Honduras Social Protection Project is to: (a) improve the institutional capacity of Recipient's institutions to manage the CCT Program, by strengthening transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; (b) provide income support to eligible beneficiaries; (c) increase the use of preventive health services and school attendance in grades 1 to 6 among Program beneficiaries in rural areas; and (d) improve the Recipient's capacity to respond promptly and effectively to an eligible emergency. The key performance indicators are the following:

- Percentage of households in the Program receiving CCTs in rural areas that are extreme poor (Target: 80 percent).
- Percentage of students in grades 1 to 6 participating in the Program who comply with the co-responsibility of 80 percent school attendance (Target: 85 percent).
- Percentage of Program beneficiary children aged 13-15 years that completed primary education (sixth grade) (Target: 78 percent).
- Percent of Program beneficiary children aged 0-23 months with complete vaccination scheme (Target: 80 percent).
- Percentage of Program beneficiary pregnant women who receive prenatal controls in the first trimester of pregnancy (Target: 76 percent).
- Time taken to disburse funds requested by Government for an eligible emergency (Target: 4 weeks).

9. **The Project finances three components:** Institutional Strengthening of the CCT Program (Component 1); Financing of Conditional Cash Transfers (Component 2); and an Immediate Response Mechanism, activated to disburse uncommitted funds in the event of eligible emergencies, such as natural disasters or health related events (Component 3). By the end of 2014,

the Project had disbursed 80.8 percent of funds (94 percent of the original Credit, and 38 percent of the first AF).

10. **The CCT Program, *Bono Vida Mejor*, is co-financed by IDB and CABELI, with each development partner financing different activities in different geographical areas.** The World Bank has been financing transfers in rural areas in four Departments, *Atlántida, Colon, Copan,* and *Cortes*.

11. **The Project has been restructured twice.** In April 2013, changes were made to: (i) extend fiduciary arrangements across implementing agencies of the Project; (ii) modify the description of activities under Component 1; (iii) revise one result indicator to reflect Program changes since effectiveness; and (iv) reallocate funds between disbursement categories. A second restructuring took place in December 2014 to: (i) modify Project implementation arrangements consistent with Government's institutional re-organization in the social sectors in Honduras; (ii) modify the description of activities within Project components; (iii) reallocate resources across disbursement categories; and (iv) revise indicators to reflect recent program changes.

12. ***Current Project Performance.* The Project has shown important progress since effectiveness, including the impacts of the CCT Program in terms of poverty, consumption and use of education and health services, as measured in the latest impact evaluation** (see Economic Analysis section). Nonetheless, there have been delays in some key activities, especially those related to the irregular frequency of payments arising from operational and financial constraints, and the upgrading of the Management Information System (MIS), as well as the setup of the grievance and complaints mechanisms. Progress on some indicators is also below the original targets. As such, the Project has been rated as Moderately Satisfactory for the past 12 months on both Implementation Progress and Progress towards Achievement of the PDO.

13. **Substantial progress has been made in the verification of co-responsibilities process.** Cash transfers are made based on compliance with co-responsibilities. The Project has been financing the development and upgrade of the CCT program's MIS, so as to automatically generate the list of valid beneficiaries based on this compliance. Schools' enrollment and attendance data are collected and reported through the School Management Information System (SACE) of the Secretary of Education. In addition, a web service application is being developed to connect the Program's MIS with SACE to enable verification of co-responsibilities in real time. With respect to the automatic verification of health-related co-responsibilities, the Program started using the Early Childhood National Information System (RENPI) with the first payment under this system made in 2014. In addition to RENPI, the Secretary of Health continues to collect the remaining information required to verify regular attendance to health centers by using existing records in health centers. Grievances and complaints are being handled by local personnel, although not yet in a systematic way. The design of the grievance and complaints module within the MIS is still being developed and is expected to be operational in 2015, while the revamping of the payment module is still in the pilot phase. In the meantime, the six-month external concurrent audits serve an important oversight and control role, reviewing eligibility, payments and co-responsibilities for the beneficiary households. Thus far, audit findings have shown less than 4 percent of questionable cases (and for those, the Government has investigated and in most cases, supplementary information was provided as justification for eligibility).

14. **Since the beginning of 2014, the *Bono Vida Mejor* Program has gone through some changes as a result of the new administration's priorities.** Key aspects of the Program (targeting and coverage, benefits, payment mechanisms, verification of co-responsibilities) have been revised or are under review by the Government with support of co-financing partners and will be updated in the Project Operational Manual. These changes are expected to become effective in 2015, and will be rolled out after an extensive communication campaign to explain changes to beneficiaries. The changes will contribute towards more financial sustainability of the Program. The main changes are the following:

a) **Targeting and coverage.** *Bono Vida Mejor* is well targeted, although there is still room for improvement given that coverage gaps among the extreme poor remain high. Estimates for 2013 show that 75 percent of beneficiary households are extreme poor (with 45 percent belonging to the first income quintile, and the rest to the second quintile), and 15 percent are moderately poor (third income quintile). The errors of inclusion are thus in line with other CCT programs in the region, but exclusion errors are high, since just 25-30 percent of families in extreme poverty are *Bono* beneficiaries. As a consequence, the Government has decided that the Program will now prioritize benefits for extreme poor families. To this end, the proxy-means test has been adjusted to ensure better identification and targeting of the extreme poor, by changing the variables and weights to better predict income-based extreme and moderate poverty using the latest data available (2013 household survey data). In addition, a gradual process of incorporation of new families as well as suspension of families (identified as non-poor) through updating the beneficiaries data base, will take place in the coming months using the latest vulnerability maps from the National Statistical Institute (INE) and other poverty information, as well as the carrying out of a new registration campaign in identified priority areas, process that will be coordinated by CENISS. A preliminary target set by the Government is to reach 300,000 extreme poor families with the *Bono Vida Mejor*. Part of this coverage expansion into new areas with high extreme poverty incidence, as well as the update of beneficiary database, would be financed by the AF.

b) **Benefits levels and eligibility rules.** Benefits have been revised according to the number of children within each family instead of a single benefit per family of Lempiras 10,000 for any one child in compliance. Starting in June 2015, beneficiary families will receive a basic transfer of Lempiras 2,000 (US\$100) per year, plus the bonus per child complying with health and education co-responsibilities (Lempiras 1,200 per year per 0-5 year-old child or pregnant mother, Lempiras 600 per year per child in primary education). Also, the Program will include children in lower secondary education (Grades 7-9) in addition to primary school children, given that drastic school dropouts take place in the transition from Grade 6 to 7. Benefits will be much higher for children in lower secondary (Lempiras 2,300 per year), to reflect their higher opportunity cost. The maximum amount a family will receive in a given transfer will remain Lempiras 10,000, but it will depend on the demographic composition and will, in most cases, be lower. In fact, simulations using the current demographic structure of families in the Program suggest that the average transfer would be Lempiras 5,500 (US\$225) per year, almost half of current levels. Overly generous benefit levels would thus fall from representing on

average 44.5 percent of household incomes for families in the lowest income quintile of the distribution (2013), to 24.4 percent, more in line with other CCTs in the region.³

c) **Payment mechanisms.** *Bono Vida Mejor* benefits are cash-based, and are generally paid on-site by the national bank through mobile transport units. However, since 2013, the Program has been testing a number of alternative delivery mechanisms involving electronic data-platforms and existing branch network of payment providers to enhance the efficiency and transparency of CCT payments. Pilots with commercial banks and selected financial cooperatives were rolled-out, and currently cover 13 percent of transactions of the Program. The electronic documentation trail has increased the transparency of payments made, and positively impacted efficiency of delivery by eliminating costs for mobile payment units, and wait times for beneficiaries were reportedly reduced based on random interviews at pilot locations. A payment pilot involving an e-wallet of a mobile network operator was also implemented, but eventually discontinued, as the number of beneficiaries proved to be above the current payment capacity of the agents. The Government, as part of its aim to foster financial inclusion, now seeks to roll-out additional payment mechanisms, including account-based payments, and potentially, benefit cards, and is exploring options of delivery via non-bank agents (e.g., lottery agents) to reach more remote areas. The AF will provide, as needed, technical assistance and financing for the design, implementation (including paying of commissions) and evaluation of these additional payment pilots, and support for their roll-out on a larger scale. Furthermore, it will help design and implement training of the beneficiaries on the payment process, and support, in line with the Government's emerging financial inclusion strategy, the design and implementation of financial literacy efforts.

d) **MIS and grievance and complaints mechanisms.** After delays, the MIS has been redeveloped and payment lists are now generated (by cross referencing the Program beneficiary list with SACE and RENPI registries on school and health attendance lists). The MIS will also include a new grievance and complaints module for case management and identification of major operational bottlenecks. This module will also be connected to RUP to allow easier update of information, verification and assessment of eligibility status of requesting families. The Government will prioritize the finalization of the grievance redress module in 2015, which is particularly important to formalize the handling of complaints and feedback on the program, and because the changes in Program rules, benefits, and payments methods are expected to increase consultants and requests for information. These efforts will be preceded by a comprehensive communications campaign (through radio, newspapers, brochures, etc.) and the training of personnel at the local level to allow for faster response.

15. **Finally, the Project has been supporting the enhancement of the technical design of the RUP and the institutional registry of programs to generate linkages with other social programs operating in the country.** The RUP database is composed of beneficiaries of most social programs (including *Bono Vida Mejor* beneficiaries), and covered 3.35 million people (two-fifths of the population) as of end of 2014, of which 72.2 percent were extreme poor and 13.8 percent were moderate poor. The new Government has declared that the RUP will play a

³ CCT generosity levels for the lowest income quintile were estimated at 28.6 percent in Mexico (2010), 25.9 percent in Ecuador (2010), 20.8 percent in Brazil (2009), 16.7 in Peru (2009), 8.3 percent in Colombia (2012), and 6.2 percent in Jamaica (2010). Source: World Bank ASPIRE database, 2014.

significant role in exploiting synergies across government agencies that deliver social programs while promoting program accountability. In October 2014, a Presidential Decree was issued to mandate the use of RUP as the targeting instrument for all social interventions, starting with nine major programs (including *Bono Vida Mejor*), with a target of reaching 18 programs by end of 2016.⁴ This achievement was also reflected as one of the prior actions of the recently approved Fiscal Sustainability and Enhanced Social Protection Development Policy Credit (P151803).

16. **Rationale for proposed AF. There are four main reasons for providing the proposed AF, as it will:** (a) provide financial support to the CCT Program at a time when Government authorities are undertaking important reforms on increasing its fiscal sustainability and improving livelihoods of the poorest population; (b) help retarget and scale up the CCT Program to cover most of the extreme poor; (c) support, through technical and financial assistance, an increase in the predictability of CCT payments, the use of innovative delivery mechanisms, and provision of financial education measures in line with international best practices for CCT payments; and (d) continue providing support to the development of key social protection tools (e.g., the RUP) in the country, with a focus on reducing extreme poverty and vulnerabilities. The activities under the proposed AF are in line with those of the original Social Protection Project.

17. **The AF's activities are fully consistent with the World Bank twin goals of eradicating extreme poverty and promoting shared prosperity.** The activities are also aligned with the World Bank Group's Country Partnership Strategy 2012–2014 (Report No. 63370-HN, discussed by the Executive Directors on November 1, 2011) and support Strategic Objective 2 - Expanding Opportunities through Reducing Vulnerabilities, and Results Area 2.4: Consolidated and Strengthened Social Protection System. The proposed activities are also consistent with the World Bank Social Protection and Labor Strategy, and most importantly, with the Government's *Estrategia Vida Mejor* strategy to improve livelihoods of the extreme poor.

18. **The AF also complements two new World Bank operations in the country:** (i) the Fiscal Sustainability and Enhanced Social Protection Development Policy Credit (P151803), approved by the Board on December 10, 2014; and (ii) the *Corredor Seco* Food Security Project Grant from the Global Agriculture and Food Security Program Trust Fund (P148737), currently under preparation. The first operation seeks to improve the efficiency of social protection programs by increasing their coverage of the extreme poor population, as well as the use of RUP. The second operation will target a subgroup of *Bono Vida Mejor* beneficiaries in the *Corredor Seco*, to provide them with food-production business development training and support, as well as nutrition and household hygiene education.

19. **Alternatives Considered. Other sources of financing were considered for the activities under the AF, including increased counterpart funding, or support from other development partners.** However, while the Government has been allocating domestic resources to financing the *Bono Vida Mejor* Program, the overall fiscal situation recently deteriorated in the country (the fiscal deficit was 7.6 percent in 2013 and is estimated at 5.9 percent in 2014). The IDB is preparing

⁴ The nine programs already registered and using RUP are: *Bono Vida Mejor*, *Alimentos Solidarios* (distribution of food to elderly), *Con Chamba Vivis Mejor* (youth employment program), *Merienda Escolar* (school feeding), *Vivienda Mejorada* (housing improvement), *Ecofogon* (distribution of cooking stoves), *Huertos Escolares* (school farming), *Huertos Familiares* (urban farming), and *Microempresarios del Maiz* (corn agribusiness promotion).

a new operation to support the *Bono Vida Mejor* CCT Program in the amount of US\$100 million (which will also support the strengthening of education and health services). However, even with these additional resources, given the parameters of the Program reforms in size and benefits, there are still gaps in financing transfers in 2015 and 2016. Therefore, the AF was officially requested by the Government on October 27, 2014, and was considered by the World Bank team as the most appropriate financing mechanism to enable completion and scaling up of the Project's activities in a short preparation time.

III. PROPOSED CHANGES

Summary of Proposed Changes	
There will be four main changes:	
1) The PDO will be revised to change CCT target beneficiaries to also allow eligibility of children attending lower secondary education.	
2) Components. Changes will be made to Components 1 and 2. Component 1 will increase its allocation in US\$ 5 million to include new activities related to (i) the registration of new beneficiaries in areas not previously covered by the Project; (ii) support for the planned revision to the program targeting to improve program sustainability over time; (iii) provide TA and information on best practice to finalize the institutional strengthening of SEDIS and to enhance transparency and efficiency of program implementation; (iv) finance the upgrade of the information technology platform of the Unique Registry of Participants of social programs; (v) and the design and implementation of modules for financial literacy, and support to link Program beneficiaries to existing productive inclusion interventions in their communities. Component 2 will be increased in US\$ 20 million to finance cash transfers until 2016, including in new Program areas, as well as financial commissions. Component 3 will remain with no initial resource allocation, only to be activated in the event of an Eligible Disaster.	
3) Results Framework. The results framework of the Project is being revised to reflect new targets related to expanded Project coverage (core indicator), families with updated registry information, the inclusion of children in lower secondary education, and new payment modalities. New indicators on Program coverage of indigenous population, gender breakdown, and number of beneficiaries that are linked to financial education and productive inclusion intervention were also added.	
4) Timeline. The proposed AF will close in December 31, 2017. The original Project will be extended until that date as well.	
Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Other Changes to Safeguards	Yes [X] No []
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [] No [X]
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [X] No []
Change in Implementation Schedule	Yes [] No [X]
Other Change(s)	Yes [] No [X]

Development Objective/Results

Project's Development Objectives

Original PDO
 The Project's development objectives are to (a) strengthen the institutional capacity of the MoP and PRAF to administer and manage the Bono 10.000 Program (the "Program"), through the development of transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; and (b) increase: (i) school attendance among students in grades 1 to 6; and (ii) the use of preventive health services among families participating in the Program.

Current PDO
 The objectives of the Project are to: (a) improve the institutional capacity of Recipient's institutions to manage the Conditional Cash Transfer (CCT) Program, by strengthening transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; (b) provide income support to Eligible Beneficiaries; (c) increase the use of preventive health services and school attendance in grades 1 to 6 among Program beneficiaries in rural areas; and (d) improve the Recipient's capacity to respond promptly and effectively to an Eligible Emergency.

Change in Project's Development Objectives

Explanation:
 The slightly revised PDO reflects the change in rules for the Bono Vida Mejor Program to extend CCT coverage to children in lower-secondary education (grades 7-9) to promote a reduction in dropout rates in the transition from primary to secondary school.

Proposed New PDO - Additional Financing (AF)
<p>The proposed revised PDO is to: (a) improve the institutional capacity of Recipient’s institutions to manage the CCT Program, by strengthening transparent mechanisms and instruments for targeting CCT Program beneficiaries, monitoring compliance with the CCT Program co-responsibilities, and making payments to the CCT Program beneficiaries; (b) provide income support to eligible beneficiaries; (c) increase the use of preventive health services and school attendance in grades 1 to 9 among CCT Program beneficiaries in rural areas; and (d) improve the Recipient’s capacity to respond promptly and effectively to an eligible emergency.</p>
<p>Change in Results Framework</p>
<p>Explanation:</p> <p>The results framework of the Project is being revised to reflect new targets related to expanded Project coverage (core indicator), families with updated registry information, the inclusion of children in lower secondary education, and new payment modalities. New indicators on Program coverage of indigenous population, gender breakdown, and number of beneficiaries that are linked to financial education and productive inclusion intervention were also added.</p>
<p>Compliance</p>
<p>Other Changes to Safeguards</p>
<p>Explanation:</p> <p>Due to the presence of Indigenous Peoples in the Project intervention areas, the Project continues to trigger the Indigenous Peoples Policy (OP/BP 4.10), but not any additional safeguards policies. Given this, the IAPP was updated to reflect recent institutional and Program changes, including the planned expansion of coverage in remote areas with a high presence of indigenous people (e.g., Gracias a Dios Department) and a plan with specific, concrete activities, such as conducting beneficiary registration in coordination with indigenous associations. The advances in the implementation of the IAPP are the following: a) the ethnic variables have been included in the Program MIS and the registration forms; b) a protocol for entering ethnic communities and for implementation of the Program in ethnic communities has been approved (though will be revised given recent Program changes); c) inter-institutional coordination has been formalized between SEDIS and the Secretaries of Education, Health, and the indigenous federations; d) and socialization workshops of the Program with the institutional partners mentioned above have been taking place. The updated IAPP was consulted with the representatives of twelve ethnic federations at the National Directorate of Indigenous and Afro-Honduran Peoples and at the General Directorate of Intercultural Multilingual Education under the Secretary of Education, which validated the current Program focus on the extreme poor, the expansion in indigenous communities, and the proposed Program rule changes described before. It was publicly disclosed in Honduras on December 11, 2014 through the SEDIS website and in the World Bank’s website on December 30, 2014. Despite the advances described, the overall safeguard rating is Moderately Satisfactory, due to delays in the implementation of the IAPP in communities covered by the Project given the recent institutional changes in Program implementation, and in finalizing the Grievance and Redress Mechanism for these communities (and the Program in general).</p>

Covenants - Additional Financing (HN AF Social Protection - P152266)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
				<input type="checkbox"/>		
Conditions						
Source Of Fund			Name		Type	
Description of Condition						
Risk						
Risk Category					Rating (H, S, M, L)	
1. Political and Governance					Substantial	
2. Macroeconomic					Substantial	
3. Sector Strategies and Policies					Substantial	
4. Technical Design of Project or Program					Substantial	
5. Institutional Capacity for Implementation and Sustainability					Moderate	
6. Fiduciary					Substantial	
7. Environment and Social					Moderate	
8. Stakeholders					Moderate	
9. Other						
OVERALL					Substantial	
Finance						
Loan Closing Date - Additional Financing (HN AF Social Protection P152266)						
Source of Funds				Proposed Additional Financing Loan Closing Date		
Loan Closing Date(s) - Parent (Social Protection - P115592)						
Explanation:						
The closing dates of the two existing Credits (original loan and first Additional Financing), as well as the proposed second Additional Financing, would be extended until December 31, 2017, to allow for effective implementation of the agreed activities, some of which were delayed due to Government's institutional and fiscal reforms undertaken in 2014.						

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-47740	Effective	31-Dec-2014	31-Dec-2015	31-Dec-2017	31-Dec-2015
IDA-52940	Effective	31-Dec-2015	31-Dec-2015	31-Dec-2017	31-Dec-2015

Allocations - Additional Financing (HN AF Social Protection - P152266)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
IDA	XDR	Strengthening operational and administrative capacity of SEDIS	2,800,000.00	100.00
IDA	XDR	Development of an integrated social protection strategy	700,000.00	100.00
IDA	XDR	Conditional Cash Transfers Program Grants	14,300,000.00	100.00
IDA	XDR	Immediate Response Mechanism	0.00	100.00
		Total:	17,800,000.00	

Components

Change to Components and Cost

Explanation:

Components. Changes will be made to both Components 1 and 2. Component 3 will continue to have a zero allocation, only to be activated in the event of an eligible disaster.

Component 1: Institutional Strengthening of the CCT Program (increased by US\$5 million, about SDR3.5 million): The allocation of this Component will be increased to include new activities related to strengthening the Program's operation within SEDIS, including completion of the MIS upgrading, improvement of beneficiary support at the local level, design and implementation of a new communication campaign for awareness of changes in Program rules, benefits, and eligibility criteria, carrying out of a new social audit, and implementation of the activities agreed under the Indigenous and Afro-Hondurans Peoples Plan (IAPP). This revised Component will also finance

the data collection process to update information on existing beneficiaries (already covered in the original Project, but now expanded to cover additional areas), and register new beneficiaries in areas not previously covered by the Program. These areas include those: (a) with high extreme poverty, as identified by the latest poverty map from INE; (b) remote areas with a high incidence of indigenous populations; and (c) areas prone to severe draught, such as *Corredor Seco*. Government will explore carrying out this data collection process through direct contracting of INE, specialized non-governmental organizations (such as those with close links with indigenous communities), or through a regular competitive process. The Component will also finance the development, piloting and evaluation of account- or card-based payment mechanisms and use of non-bank agents in the delivery, as well as support the full redesign of payment mechanisms. On a selective basis, it will also support the design and implementation of modules for financial literacy, and options for linking Program beneficiaries to existing productive inclusion interventions in their communities. Finally, it will support the continuous upgrading of the information technology platform of RUP and its linkages with existing social programs.

Component 2: Conditional Cash Transfers Program Grants (increased by US\$20 million, about SDR 14.3 million): The allocation for this Component will be increased to extend financing of cash transfers until end of 2016 in current Project areas (rural areas in Atlántida, Colon, Copan, and Cortes Departments), and in newly expanded Program areas, as well as the financing of bank transfer fees.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Institutional strengthening of the CCT Program	Institutional strengthening of the CCT Program	11.10	5.00	Revised
Co-financing Conditional Cash Transfers (grants)	Conditional Cash Transfers Program Grants	41.20	20.00	Revised
	Immediate Response Mechanism	0.00	0.00	New
	Total:	52.30	25.00	
Other Change(s)				
Implementing Agency Name	Type	Action		
Change in Procurement				
Explanation:				

Procurement will be carried out in accordance with the January 2011, revised July 2014, Procurement and Consultant Guidelines.

Appraisal Summary

Economic and Financial Analysis

Explanation:

The Project remains economically justified using the framework of the original Project. The main objective of the CCT Program is to protect consumption and prevent families falling into poverty in the short run, and improve use of health and education services that will over the medium/long run improve human capital indicators and hence contribute to breaking the intergenerational transmission of poverty. The evidence to date shows that the CCT Program in Honduras is contributing to this dual short/long run objective, though in both dimensions it could do better if Program design, targeting and operation were revised and revamped, objectives to which this AF aims to contribute.

On the first objective of mitigating poverty and protecting consumption, using a quasi-experimental design that took advantage of the timeline in Program roll-out, the 2012 Program impact evaluation for rural areas showed that poverty among beneficiaries fell by 3.1 percentage points (in contrast to an increase in poverty nationwide in the survey year), while per capita consumption increased by 7.8 percent. Estimates using 2013 household survey data and national poverty lines (with limitations arising from a simple Program incidence comparison) confirmed that the Program can attribute a 3.4 percent reduction in total poverty among beneficiaries (and of 9.4 percentage points in severity of poverty, or poverty gap), and a 7.2 percent reduction in extreme poverty for this population (10.5 percent reduction in extreme poverty gap). At a national level, and using the same data source, the Program seems to have reduced the extreme poverty headcount by 0.7 percentage points, and total poverty by 0.3 percentage points, in a context of an increase in poverty nationwide in that survey year, due to both stagnant/falling labor incomes among the poor and rising inflation. While important, these poverty reduction impacts are expected by design in any CCT, and appear relatively modest using international comparisons. Part of the explanation lies in the fact that despite relatively accurate targeting, only 45 percent of beneficiaries were identified as belonging to the lowest income quintile relative to 75 percent of beneficiaries in 2013 being among the extreme poor, a ratio that is less impressive in international comparisons of CCT programs. A second factor already mentioned is the irregularity and unpredictability of payments (few beneficiaries received the full Lempiras 10,000 in those years). The ongoing reforms in both areas, as well as in the emphasis placed on closing coverage gaps among the extreme poor, are expected to improve the poverty impact of the Program, even though the reduction in benefits may partially counteract it. Various scenarios taking into account improvements in targeting accuracy through prioritizing the extreme poor, and reduction in benefits, while maintaining similar coverage levels, demonstrate a potential national reduction in extreme poverty headcount of 1.7 percentage points.

With respect to longer term impacts on human capital accumulation, the Program has documented impacts in education and use of health services, though still not on health and nutrition outcomes. The impact evaluation has shown that because of the Program, primary school enrollment increased by 3.1 percentage points and attendance by 3.5 percentage points in areas covered by the

Program, while child visits to health centers increased by 4.1 percentage points. These results are consistent with other international experiences. However, the evaluation did not find significant effects of the Program on nutritional outcomes, vaccinations, or prenatal controls. One possible explanation could be the insufficient supply of health services in rural areas. Increase in nutritional outcomes is also typically challenging since they are a result of multiple factors – water, sanitation, food, practices, etc. But the CCT was not designed for maximal impact with weak design of conditionality structures and incentives, since until now only one child was required to comply with the conditionality for the family to receive payments. This is confirmed by the fact that school enrollment effects were larger among families with only one child, while they were smaller and insignificant on children belonging to larger households. Similarly, visits to health centers increased the most for children and mothers in the absence of school-aged children. The new structure of benefits and monitoring of co-responsibilities (applying to each child now) is expected to improve health and education impacts.

A key concern is Program fiscal sustainability, given that it is mostly financed by international development agencies (the Government so far only finances transfers in urban areas). Nevertheless, the Government has been taking the right steps, first with reducing program coverage and transfer amounts to more manageable levels (from 0.7 of GDP in 2013 to 0.5 percent in 2014), and prioritizing the extreme poor. Given important exclusion errors, the Program is expected to increase coverage from 220,000 households today to 300,000 in 2017, but this is likely to be budget neutral due to the reduction in average benefits. Moreover, the current Government administration is embarked on a deficit reduction strategy, including consolidation of social benefits such as subsidies, which were estimated at close to 1.1 percent of GDP in 2013, as well as untargeted subsidies on the order of 0.4 percent of GDP. The RUP will be an important instrument to support fiscal sustainability of social programs, including the CCT, by allowing for better coordination among program registries and identifying duplications in benefits across programs and eligibility errors, and the AF will continue supporting its development and strategic use. A first step in this direction is the mandate of the use of RUP as the targeting instrument for all social interventions.

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Technical Analysis
Explanation: N/A
Social Analysis
Explanation: Due to the presence of Indigenous Peoples in the Project intervention areas, the Project continues to trigger the Indigenous Peoples Policy (OP/BP 4.10), but not any additional safeguards policies. Given this, the IAPP was updated to reflect recent institutional and Program changes, including the planned expansion of coverage in remote areas with a high presence of indigenous people (e.g., Gracias a Dios Department) and a plan with specific, concrete activities, such as conducting beneficiary registration in coordination with indigenous associations. The advances in the implementation of the IAPP are the following: a) the ethnic variables have been included in the Program MIS and the registration forms; b) a protocol for entering ethnic communities and for implementation of the Program in ethnic communities has been approved (though will be revised given recent Program changes); c) inter-institutional coordination has been formalized between SEDIS and the Secretaries of Education, Health, and the indigenous federations; d) and socialization workshops of the Program with the institutional partners mentioned above have been taking place. The updated IAPP was consulted with the representatives of twelve ethnic federations at the National Directorate of Indigenous and Afro-Honduran Peoples and at the General Directorate of Intercultural Multilingual Education under the Secretary of Education, which validated the current Program focus on the extreme poor, the expansion in indigenous communities, and the proposed Program rule changes described before. It was publicly disclosed in Honduras on December 11, 2014 through the SEDIS website and in the World Bank's website on December 30, 2014. Despite the advances described, the overall safeguard rating is Moderately Satisfactory, due to delays in the implementation of the IAPP in communities covered by the Project given the recent institutional changes in Program implementation, and in finalizing the Grievance and Redress Mechanism for these communities (and the Program in general).
Environmental Analysis
Explanation: N/A
Risk
Explanation: The overall risk rating for the Social Protection Project was determined to be High during its preparation in 2010. This was based on an assessment common to any CCT program in its initial phase, plus country-specific factors. The main challenges identified were the pressures to rapidly expand the coverage of the CCT Program, with considerations related to the adequacy of: (a) the certification and consolidation of the beneficiary registry; (b) the targeting mechanism; (c) the MIS; (d) the definition of information flows and processes for monitoring compliance with co-responsibilities; and (e) the existence of education and health service supply-side gaps. Other risks factors were related to the Honduran country context of weak internal controls, capacity for implementation, and fiscal constraints for funding programs in the short- and medium-term. The overall risk rating was later reduced to Substantial for the AF approved in 2013, given the track

record at that time.

After four years of Program implementation and the experience gained, as well as the progress on key tasks (consolidation of the registry, targeting, definition of information flows and processes) and the smooth transition to a new implementing agency, the proposed overall risk rating for the new AF is Substantial. The main risks that could affect PDO achievement are associated with: (i) fiscal sustainability of the CCT Program after Project closing; (ii) irregular payments and inefficient payment mechanisms; (iii) errors of inclusion in the selection of beneficiaries; and (iv) gaps on the supply side for health and nutrition services, which could hamper beneficiary compliance with co-responsibilities. These risks are expected to be mitigated through AF activities, such as the strengthening of RUP as a targeting instrument, beneficiary information update, set up of grievance and complaints module in Program MIS, and the technical assistance, financing and evaluation of more efficient payment methods. Technical assistance and supervision will also be intensified in 2015, in particular when Program changes take effect.

World Bank Grievance Redress. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm has occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: PROJECT COSTS BY COMPONENT

(USD millions)

Components	Original Project 08/2010	Restruct. 04/2013	After 1 st AF 08/2013	Restruct. 12/2014	% Disbursed End 2014	After Proposed 2 nd AF
Component 1: Institutional strengthening of the CCT Program	8.2	6.6	8.9	7.8	69.9	12.8
Subcomponent 1.1: Strengthening the Ministry of the Presidency's Institutional Capacity	3.3	2.3	2.7	2.1	100.0	2.1
Subcomponent 1.2: Strengthening operational and administrative capacity of SEDIS	4.7	4.1	5.9	5.3	60.3	9.3
Subcomponent 1.3: Development of an integrated social protection strategy	0.2	0.2	0.3	0.4	44.6	1.4
Component 2: Conditional Cash Transfers Program Grants	29.3	30.9	40.2	41.3	82.6	61.3
Component 3: Immediate Response Mechanism	0.0	0.0	0.0	0.0	0.0	0.0
Total	37.5	37.5	49.1	49.1	80.8	74.1

(SDR millions)

Components	Original Project 08/2010	Restruct. 04/2013	After 1 st AF 08/2013	Restruct. 12/2014	% Disbursed End 2014	After Proposed 2 nd AF
Component 1: Institutional strengthening of the CCT Program	5.8	4.7	6.3	5.5	69.9	9.0
Subcomponent 1.1: Strengthening the Ministry of the Presidency's Institutional Capacity	2.4	1.7	1.9	1.5	100.0	1.5
Subcomponent 1.2: Strengthening operational and administrative capacity of SEDIS	3.3	2.9	4.2	3.7	60.3	6.5
Subcomponent 1.3: Development of an integrated social protection strategy	0.1	0.1	0.2	0.3	44.6	1.0
Component 2: Conditional Cash Transfers Program Grants	20.7	21.8	28.4	29.2	82.6	43.5
Component 3: Immediate Response Mechanism	0.0	0.0	0.0	0.0	0.0	0.0
Total	26.5	26.5	34.7	34.7	80.8	52.5

**ANNEX 2: REVISED PROJECT RESULTS FRAMEWORK
HONDURAS: SOCIAL PROTECTION PROJECT
ADDITIONAL FINANCING**

Project Name:	HN AF Social Protection (P152266)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Pablo Ariel Acosta	Requesting Unit:	LCC2C	Created by:	Patricia O. Orna on 13-Nov-2014
Product Line:	IBRD/IDA	Responsible Unit:	GSPDR	Modified by:	Pablo Ariel Acosta on 06-Mar-2015
Country:	Honduras	Approval FY: 2015			
Region:	LATIN AMERICA AND CARIBBEAN	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P115592	Parent Project Name:	Social Protection (P115592)		

Project Development Objectives

Original Project Development Objective - Parent:

The Project's development objectives are to: (a) strengthen the institutional capacity of the MoP and PRAF to administer and manage the Bono 10.000 Program (the "Program"), through the development of transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; and (b) increase: (i) school attendance among students in grades 1 to 6; and (ii) the use of preventive health services among families participating in the Program.

Current Project Development Objective - Parent:

The objectives of the Project are to: (a) improve the institutional capacity of Recipient's institutions to manage the Conditional Cash Transfer (CCT) Program, by strengthening transparent mechanisms and instruments for targeting Program beneficiaries, monitoring compliance with Program co-responsibilities, and making payments to Program beneficiaries; (b) provide income support to Eligible Beneficiaries; (c) increase the use of preventive health services and school attendance in grades 1 to 6 among Program beneficiaries in rural areas; and (d) improve the Recipient's capacity to respond promptly and effectively to an Eligible Emergency.

Proposed Project Development Objective - Additional Financing (AF):

The proposed revised PDO is to: (a) improve the institutional capacity of Recipient’s institutions to manage the CCT Program, by strengthening transparent mechanisms and instruments for targeting CCT Program beneficiaries, monitoring compliance with the CCT Program co-responsibilities, and making payments to the CCT Program beneficiaries; (b) provide income support to eligible beneficiaries;(c) increase the use of preventive health services and school attendance in grades 1 to 9 among CCT Program beneficiaries in rural areas; and (d) improve the Recipient’s capacity to respond promptly and effectively to an eligible emergency

Results

Core sector indicators are considered: Yes

Results reporting level: Program Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Percentage of households in the Program receiving CCTs in rural areas that are extreme poor	<input type="checkbox"/>	Percentage	Value	0.00	75.00	80.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.
Revised	Percentage of students in grades 1 to 6 participating in the Program who comply with the co-responsibility of 80% school attendance	<input type="checkbox"/>	Percentage	Value	0.00	56.00	85.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.
New	Percentage of students in grades 7 to 9 participating in the Program who comply with the co-responsibility of 80% school attendance	<input type="checkbox"/>	Percentage	Value	0.00	0.00	70.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To reflect new education outcomes for this population group.
Revised	Percentage of Program beneficiary children aged 13-15	<input type="checkbox"/>	Percentage	Value	0.00	68.00	78.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017

	years that completed primary education (sixth grade)			Comment			Change in end target date.
New	Percentage of female Program beneficiary children aged 13-15 years that completed primary education (sixth grade)	<input type="checkbox"/>	Percentage Sub Type Breakdown	Value	0.00	68.00	78.00
				Date	29-May-2010	31-Dec-2014	31-Dec-2017
				Comment			To add gender breakdown.
New	Percentage of Program beneficiary children aged 16-18 years that completed lower secondary education (ninth grade)	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To reflect new education outcomes for this population group.
New	Percentage of female Program beneficiary children aged 16-18 years that completed lower secondary education (ninth grade)	<input type="checkbox"/>	Percentage Sub Type Breakdown	Value	0.00	0.00	60.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To add gender breakdown.
Revised	Percent of Program beneficiary children aged 0-23 months with complete vaccination scheme	<input type="checkbox"/>	Percentage	Value	0.00		80.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.
Revised	Percentage of Program beneficiary pregnant women who receive at least two prenatal controls during pregnancy	<input type="checkbox"/>	Percentage	Value	0.00	66.00	76.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Replaced wording on “prenatal controls in the first trimester of pregnancy” to

							be consistent with Secretary of Health protocol. Change in end target date.
Revised	Time taken to disburse funds requested by Government for an eligible emergency	<input type="checkbox"/>	Weeks	Value	0.00	0.00	4.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Communication Strategy Implemented; Information on Program disseminated through local media & adapted to the target population	<input type="checkbox"/>	Text	Value	None	Implemented	Implemented
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.
Revised	Percentage of households registered in the Program with updated eligibility information	<input type="checkbox"/>	Percentage	Value	3.00	3.00	60.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target (from 50) to reflect increased effort to update beneficiary registration information. Change in end target date.
Revised	Management Information System for the Program	<input type="checkbox"/>	Text	Value	None	In process	Implemented
				Date	19-May-2010	31-Dec-2014	31-Dec-2017

	operating and generating reports	<input type="checkbox"/>		Comment			Change in end target date.
Marked for Deletion		<input type="checkbox"/>	Percentage	Value	0.00	35.00	80.00
				Date	19-May-2010	30-Jun-2014	31-Dec-2015
				Comment			Dropped at latest restructuring.
New	System to attend complaints and grievances designed, developed and implemented	<input type="checkbox"/>	Text	Value	None	In Process	Implemented
				Date	30-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			Included at latest restructuring.
New	Percentage of exiting Program beneficiary households linked to local productive inclusion programs	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To reflect new Government's priorities in improving sustained income generation opportunities for families exiting the Program.
Revised	Strategy for streamlining social assistance programs and subsidies approved and implemented	<input type="checkbox"/>	Text	Value	None	Strategy Approved	Strategy Approved
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in end target date.
Revised			Number	Value	0.00	10.00	18.00

	Number of programs using the Unique Registry of Beneficiaries	<input type="checkbox"/>		Date	19-May-2010	30-Jun-2014	31-Dec-2017
				Comment			Change in target (previously 9) to reflect new Government's goal (also in line with DPC prior action). Change in end target date.
New	Number of households incorporated in the Unique Registry of Beneficiaries	<input type="checkbox"/>	Number	Value	3350000.00	3350000.00	4300000.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To reflect efforts in increasing coverage of RUP.
Revised	Number of households receiving payments in the year in the Program	<input type="checkbox"/>	Number	Value	0.00	220000.00	300000.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in wording (removing "all payments"). Change in end target date.
Marked for Deletion	Percentage of registered households of the Program whose co-responsibilities are verified and reported	<input type="checkbox"/>	Percentage	Value	0.00	74.00	80.00
				Date	19-May-2010	30-Jun-2014	31-Dec-2015
				Comment			Dropped at latest restructuring.
			Percentage	Value	0.00	95.00	99.00

Marked for Deletion	Percentage of schools reporting compliance in accordance to the verification of corresponsibilities cycle	<input type="checkbox"/>		Date	19-May-2010	30-Jun-2014	31-Dec-2015
				Comment			Dropped at latest restructuring.
Revised	Number of households receiving payments in the year financed through the Project	<input type="checkbox"/>	Number	Value	0.00	37935.00	40000.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Change in wording (removing "all payments"). Change in target (previously 22,000) to reflect expanded geographical coverage of Project cash transfer financing). Change in end target date.
New	Number of indigenous and afro-Hondurans households registered in the Program and financed through the Project	<input type="checkbox"/>	Percentage	Value	2715.00	2715.00	10000.00
				Date	31-Dec-2014	31-Dec-2014	31-Dec-2017
				Comment			To reflect agreed coverage for this population group.
Revised	Percentage of health centers reporting compliance in	<input type="checkbox"/>	Percentage	Value	0.00	91.00	85.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017

	accordance to the verification of co-responsibilities cycle			Comment			Change in end target date.
Revised	Percentage of beneficiary households in rural areas who receive their payment through basic accounts or other financial products of regulated financial institutions	<input type="checkbox"/>	Number	Value	0.00	13.00	30.00
				Date	19-May-2010	31-Dec-2014	31-Dec-2017
				Comment			Reviewed wording on “alternative payment mechanism” to be specific on new payment methods. Change in target (from 20) to reflect Government’s effort in expanding efficient payment mechanisms. Change in end target date.
New	Percentage of beneficiaries that received capacity building on payment processes	<input type="checkbox"/>	Percentage	Value	0.00	0.00	50.00
				Date	19-May-2010	31-Dec-2014	31-Jan-2017
				Comment			To reflect Government’s effort in expanding financial education.