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Report No: PAD4844

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED CREDIT

IN THE AMOUNT OF US$60 MILLION

AND

A GLOBAL FINANCING FACILITY GRANT

IN THE AMOUNT OF US$15 MILLION

TO THE

REPUBLIC OF HONDURAS

FOR A

RESTORING ESSENTIAL SERVICES FOR HEALTH AND ADVANCING PREPAREDNESS FOR EMERGENCIES PROJECT

May 25, 2022

Health, Nutrition & Population Global Practice
Latin America And Caribbean Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective May 5, 2022

Currency Unit = Honduran Lempiras (HLN)
US$1 = 24.547 HLN

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Carlos Felipe Jaramillo
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ABBREVIATIONS AND ACRONYMS

ANC	Antenatal Care
CAT DDO	Catastrophe Deferred Drawdown Option
CEmONC	Comprehensive Emergency Obstetric and Newborn Care
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
DALYs	Disability-Adjusted Life Years
DGRISS	General Directorate for Integrated Health Services Networks *(Dirección General de Redes de Servicios de Salud)*
DHS	Demographic and Health Survey
EHS	Essential Health Services
ENAPREAH	National Strategy for the Prevention of Adolescent Pregnancy (*Estrategia Nacional para la Prevención del Embarazo en Adolescentes de Honduras*)
ENDESA	National Demographic and Health Survey *(Encuesta Nacional de Demografía y Salud)*
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESS	Environment and Social Standards
FM	Financial Management
Gavi	Global Alliance for Vaccines and Immunizations
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GFF	Global Financing Facility for Women, Children and Adolescents
GoH	Government of Honduras
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HCI	Human Capital Index
HEIS	Hands-on Expanded Implementation Support
IDA	International Development Association
IDB	Inter-American Development Bank
IFR	Interim Financial Reports
IPPF	Indigenous Peoples Planning Framework
IT	Information Technology
LAC	Latin America and Caribbean
M&E	Monitoring and Evaluation
MICS	Middle-Income Country Strategy
MTR	Mid-Term Review
PAHO	Pan-American Health Organization
PAI	Expanded Program for Immunizations (*Programa Ampliado de Inmunizacion*)
PDO	Project Development Objective
PIU	Project Implementation Unit
PLR	Performance and Learning Review
POM	Project Operational Manual
PPSD	Project Procurement Strategies for Development

RMNCAH-N	Reproductive, Maternal, Newborn, Child, and Adolescent Health and Nutrition
SCD	Systematic Country Diagnostic
SEP	Stakeholder Engagement Plan
SESAL	Ministry of Health (*Secretaría de Salud)*
SIAFI	Integrated Financial Management System (*Sistema de Administración Financiera Integrada*)
SIIS	Integrated Health Information System (*Sistema Integrado de Información en Salud)*
SINOVA	Nominal Vaccination System (*Sistema Nominal de Vacunación)*
SOPs	Standard Operating Procedures
SRH	Sexual and Reproductive Health
STEP	Systematic Tracking of Exchanges in Procurement
TTL	Task Team Leader
UGI	Information Management Unit *(Unidad de Gestión de Información)*
UNICEF	United Nations Children's Fund
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
UVS	Health Surveillance Unit (*Unidad de Vigilancia en Salud*)
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Honduras	Restoring Essential Services for Health and Advancing Preparedness for Emergencies Project	
Project ID	**Financing Instrument**	**Environmental and Social Risk Classification**
P176532	Investment Project Financing	Moderate

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[✓] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	[ ] Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
16-Jun-2022	30-Nov-2028

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The objectives of the Project are to: (i) improve utilization of reproductive and child health services in priority regions, (ii) strengthen public health capacities for emergency preparedness, and (iii) in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Components

Component Name	Cost (US$, millions)
Component 1- Strengthening of adolescent, maternal, and child health services	53.00
Component 2- Public health preparedness, response and stewardship capacity	18.00
Component 3- Project Management	4.00
Component 4- Contingent Emergency Response Component (CERC)	0.00

Organizations

Borrower:	Republic of Honduras
Implementing Agency:	Ministry of Health (Secretaria de Salud Honduras)

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	75.00
Total Financing	75.00
of which IBRD/IDA	60.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	60.00
IDA Credit	60.00

Non-World Bank Group Financing

Trust Funds	15.00
Global Financing Facility	15.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Honduras	60.00	0.00	0.00	60.00
National PBA	60.00	0.00	0.00	60.00
Total	**60.00**	**0.00**	**0.00**	**60.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2022	2023	2024	2025	2026	2027	2028	2029
Annual	0.00	4.20	9.20	11.00	15.30	15.30	10.00	10.00
Cumulative	0.00	4.20	13.40	24.40	39.70	55.00	65.00	75.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Moderate

8. Stakeholders	Low
9. Other	
10. Overall	Substantial

COMPLIANCE

Policy

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

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

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

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description
Schedule 2 Section I A 4 of the Financing Agreement: Institutional Arrangements. No later than three (3) months after the Effective Date, the Recipient, through SESAL, shall hire an external audit firm acceptable to the Association.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	Article IV 4.01 (a) The Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
Effectiveness	IBRD/IDA	Article IV 4.01 (b) The Project Operational Manual has been prepared and adopted in a manner satisfactory to the Association.
Effectiveness	Trust Funds	Article IV 4.01 (a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
Effectiveness	Trust Funds	Article IV 4.01 (b) If the Bank so requests, the condition of the SESAL, as represented or warranted to the Bank at the date of this Agreement, has undergone no material adverse change after such date.
Effectiveness	Trust Funds	Article IV 4.01 (c) The agreement dated the same date as this Agreement, between the Recipient and the Bank, providing a credit in support of the Project ("Financing Agreement"), has been executed and delivered and all conditions precedent to its effectiveness orto the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

Type	Financing source	Description
Effectiveness	Trust Funds	Article IV 4.01 (d) The Project Operational Manual has been prepared and adopted in a manner satisfactory to the Bank.
Type	Financing source	Description
Disbursement	IBRD/IDA	Schedule 2 Section III B 1 (b) No withdrawal shall be made for Emergency Expenditures under Category (3), unless and until all of the following conditions have been met in respect of said expenditures: (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Credit amounts under Category (3); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

I. STRATEGIC CONTEXT

A. Country Context

1. **With a population of 10.1 million and a Gross Domestic Product (GDP) per capita of US$2,822 in 2021, Honduras remains the second poorest country in the Western Hemisphere and in the Latin America and the Caribbean (LAC) region, after Haiti**.[1] In 2019, 49 percent of the population lived on less than US$5.50 per day and this increased to 55 percent in 2020, out of which a significant number are Indigenous Peoples and Afro-Hondurans (IPAHs). The Human Development Index (HDI) for 2019 was 0.634— which put the country in the medium human development category—positioning it at 132 out of 189 countries and territories.[2] Despite some progress achieved through several policy reforms and programs undertaken since 2015, the country's economic and social development continues to experience weak governance, low spending, poor infrastructure, high emigration, and low-skilled labor force challenges, as well as extreme vulnerability to climate change and other external shocks. Inequalities remain high which, among other factors, are driven by uneven access to basic services, poor social protection, and high crime rates (although the number of homicides per 100,000 people has decreased from 77 in 2013 to 41 in 2021).[3]

2. **The compound impacts of climate change, including recent extreme weather events, and the ongoing COVID-19 and dengue epidemics continue to exacerbate economic and human capital challenges in Honduras.** The impact of the Tropical Storms Eta and Iota that struck Honduras in November 2020[4] affected more than 4.5 million people in Honduras and caused 99 deaths and the displacement of more than 1 million people, with a total Damage and Loss Assessment of about US$1.8 billion (7.5 percent of 2020 GDP).[5] As the frequency and intensity of climate-induced natural disasters such as droughts, floods and storms impact crops and agriculture infrastructure, the risks of food insecurity and malnutrition are heightened. In addition, changing precipitation patterns affect the reliability of water resources needed for food production chains, leading to negatively affected livelihoods of local populations, particularly among vulnerable populations who depend on it, posing further threats to economic and human development challenges. Combined with falling tourism receipts and remittances, the compound effects of the COVID-19 pandemic and the tropical storms have hit the country severely and disproportionately affected the poorest segments of the population.[6] As of May 8, 2022, there have been over 424,000 confirmed cases of COVID-19 and 10,895 deaths since the pandemic hit Honduras in March 2020. In 2020, real GDP declined by 9 percent (year on year, y/y), which was greater than the 6.7 and 7.0 percent average in LAC and Central America. The total non-financial public-sector (NFPS) debt stood at

[1] World Bank Group. Latin America and the Caribbean Macro Poverty Outlook. 2022.
[2] *https://hdr.undp.org/en/content/human-development-index-hdi*
[3] Online Police Statistical System *(Sistema Estadístico Policial en Línea).* April 2022.
[4] On November 6 and 17, 2020, Tropical Storms Eta and Iota hit Honduras, generating cataclysmic water discharges that led to widespread flooding, erosion and landslides and the destruction and severe damage to critical public infrastructure, private homes and crops, and loss of life.
[5] Government of Honduras, Economic Commission for Latin America and the Caribbean, Inter-American Development Bank.
[6] Indigenous Peoples and Afro-descendants are the groups most severely affected by poverty and social exclusion in Honduras. While these groups account for an estimated 8.6 percent of the national population, rough estimates from Indigenous organizations indicate that more than 70 percent live in poverty and over half are unemployed. A lack of information from household surveys has translated into a lack of official estimates of poverty rates among these groups.

about 54.1 percent of GDP in 2020, compared with 43.5 percent at the end of 2019.[7] This was due to a sharp fall in trade, investment and consumption amid the global recession, extended lockdown, and damages caused by the tropical storms. In mid-2020 during the pandemic, nearly 68 percent of households reported income losses, and more than one third of households reported food insecurity due to lack of resources.

3. **Honduras' relatively low public debt and deficit coupled with good access to concessional financing cushioned some of the impacts of these multiple shocks, but challenges persist.** Honduras' GDP has grown 11.9 percent y/y and rebounded to pre-crisis levels in 2021, driven by private consumption, remittances, post-storms reconstruction[8], and the economy reopening. Honduras began vaccinating its population against COVID-19 in February 2021 and as of May 8, 2022, 60.2 percent of the total population has received at least one dose of the vaccine and 53.9 percent have been fully vaccinated (two dose regime). Nevertheless, the impacts of the recent shocks challenge human capital outcomes, and the lack of economic opportunities for a largely poor and vulnerable population persist. In addition, a prolonged pandemic, inflation, higher food and energy prices exacerbated by the impacts of the war in Ukraine pose additional risks to poverty reduction.

B. Sectoral and Institutional Context

4. **Human capital outcomes in Honduras have remained low and with significant inequalities.** Only two countries in the LAC region have a lower Human Capital Index (HCI), and ongoing efforts to improve human capital are expected to be undermined if recovery from the impacts of the COVID-19 pandemic and the tropical storms are not adequately addressed.[9] The 2020 HCI for Honduras indicates that when a child born today reaches 18 years of age, s/he will only be 48 percent as productive as s/he could be if she had received a complete education and full health.[10] There are also stark inequalities between income groups: productivity as a future worker of a child born today in the richest income quintile is 20 points higher than for a child born in the poorest 20 percent (64 percent and 44 percent respectively). Low spending on health and social sectors contributes to the country's poor human capital outcomes. For example, domestic general government health expenditure per capita has been the second lowest in the region for over a decade at US$171, behind only Haiti, while the average for LAC is US$668.[11]

5. **Honduras has made progress in maternal and child health indicators in the last two decades, but maternal mortality remains higher than the average for Central American countries.** Maternal mortality in Honduras decreased from 108 deaths per 100,000 live births in 1997 to 78.1 deaths per 100,000 live births in 2018, compared to an average of 71.9 deaths per 100,000 live births across Central America.[12] In the last twenty years, child mortality rates in Honduras have been reduced by more than half, from 37 to 17 deaths per 1,000 births, with neonatal deaths accounting for over half (55 percent) of

[7] World Bank Group. Latin America and the Caribbean Macro Poverty Outlook. 2022.
[8] Idem.
[9] World Bank Group, 2020. Human Capital Index Brief.
[10] Full health is defined as not stunted and survival up to at least age 60, and complete education is defined as 14 years of high-quality schooling by age 18.
[11] World Bank DataBank, 2019 data. Expenditures are in current international dollars.
[12] PAHO, 2019. Core Indicators: Health Trends in the Americas.

child deaths. However, inequitable, and declining coverage of essential health services pose a serious threat to maintaining progress achieved.[13] Although Antenatal Care (ANC) coverage is near universal, with 96.1 percent of women having received care from a health professional and 88 percent of women attending four or more ANC visits, these trends have stagnated for over a decade. A diagnostic of maternal services and referral networks for maternal care conducted in 2019-2020 in four health regions[14] found that the following factors led to significant constraints in providing high quality maternity care, particularly in cases of complications or emergencies: (i) lack of equipment and furniture for safe and respectful delivery; (ii) limited capacity of health care workers to provide high quality services at all levels of care; (iii) inadequate supervision of health workers; (iv) stock-outs of basic essential medicines; (v) inadequate planning of human resources and medical supply needs; and (vi) poor or dysfunctional referral networks in cases of obstetric emergencies.[15] Additional information on maternal health outcomes in Honduras can be found in Annex 2.

6. **Adolescent fertility in Honduras is the highest among Central American countries and second highest in LAC, and contributes to an increased risk of mortality, with pregnancy and childbirth as the leading cause of mortality among female youth (10-24 years old).[16]** Despite declines in overall fertility, childbearing begins too early, and the percent of girls who had a live birth before the age of 18 has increased since 2012. Equally concerning is the significant gender gap in early parenthood between girls and boys: only 4 percent of boys are parents before the age of 18, as compared to 25 percent of girls. Furthermore, there are marked inequities in adolescent pregnancy based on geographic location and education levels: those regions[17] with the highest levels of adolescent pregnancy, such as Gracias a Dios (37 percent), Lempira (35 percent), Colón (33 percent), Olancho (33 percent), Intibucá (33 percent) and Comayagua (31 percent), coincide with other poor maternal health outcomes and coverage of services.[18]

7. **The relatively low coverage of family planning methods and unmet need[19] for family planning services contribute to the high observed levels of adolescent pregnancy in Honduras.** Despite nearly universal knowledge of contraceptive methods (99.5 percent) among women of reproductive age,[20] adolescents have both the lowest usage of family planning methods of any other sexually active age group, as well as the lowest level of satisfied demand. Just over half (56 percent) of married and 42 percent of single adolescents aged 15-19 use a modern family planning method[21], compared to 66 percent (married)

[13] Estimates by UNICEF, WHO, World Bank, UN-DESA Population Division, 2020. Levels and trends in child mortality.
[14] World Bank, 2021. The Honduras Health System and the Provision of Maternal and Neonatal Care in Four Selected Health Regions 2010-2020.
[15] Idem.
[16] PAHO, 2017. Adolescent and Youth Health: Country Profile for Honduras.
[17] The health system consists of 20 health regions (*regiones sanitarias*), which correspond to the 18 administrative departments of Honduras plus the metropolitan regions of Tegucigalpa and San Pedro Sula.
[18] National Demographic and Health Survey (*Encuesta Nacional de Demografía y Salud,* ENDESA)/Gavi Middle-Income Country Strategy (MICS) 2019.
[19] Unmet need for family planning refers to sexually active women ages 15-49 who are not using contraception and do not wish to become pregnant at all or within the next two years.
[20] Secretaria de Salud, Instituto Nacional de Estadística, ICF International, 2012. Honduras National DHS. DHS 2012 survey used for this statistic since it was not collected in ENDESA/MICS 2019.
[21] Modern methods of contraception include female and male sterilization, the intra-uterine device (IUD), the implant, injectables, oral contraceptive pills, male and female condoms, vaginal barrier methods (diaphragm, cervical cap, and

and 52 percent (single) or higher for women aged 20-49 years.[22] Although there are no strong inequities in satisfied demand between urban and rural areas, some regions such as Gracias a Dios, Intibucá, Lempira, and La Paz have the lowest proportions of satisfied demand among married and single adolescents. In addition to service delivery limitations that contribute to low coverage of contraceptive use, poverty and gender norms that promote limited decision-making power among women over decisions about their own reproductive health play a major role in contraceptive use.[23] Given the important economic contributions of women globally, efforts to reduce adolescent pregnancy are viewed as critical for improving human capital outcomes and more broadly, reducing the intergenerational transmission of poverty.[24]

8. **Gender-based violence (GBV), in addition to being a violation of human rights, presents a barrier to progress in reproductive health in Honduras.** In 2020, Honduras had the highest femicide rate (4.7 per 100,000) in Latin-America.[25] A recent study found that GBV, which is often underreported, is one of the primary factors leading to displacement of women to other countries.[26] In addition to the severe mental health impact, GBV victims can suffer sexual and reproductive health (SRH) consequences, including forced or unwanted pregnancies, unsafe abortions, and sexually transmitted infections.[27] As health facilities are often a first point of contact for women and girls who are victims of GBV, improvements can be made in Honduras both in terms of provision and demand of services. Interventions can include training of the health workforce to identify potential cases and follow the national protocols for response (evaluation kits, sexually transmitted disease and infection testing, referrals, or psychological services). The latest National Demographic and Health Survey *(Encuesta Nacional de Demografía y Salud,* ENDESA) reveals that 81 percent of women first experience abuse between the ages of 12-19.[28] Given the early age at which abuse begins, interventions to sensitize boys and girls to risks and modify behaviors should start during adolescence.

9. **Recent shocks caused by the COVID-19 pandemic and climate-induced extreme weather events of 2020 have weakened the limited capacity of the health sector to provide quality and equitable health and nutrition services, posing a serious threat to maintaining progress achieved in the last two decades in Honduras.** In 2020, the Global Financing Facility for Women, Children and Adolescents (GFF) estimated that the consequences of disruptions to maternal and child health services during the COVID-19 pandemic in Honduras could lead to a 37 percent increase in child mortality and an 80 percent increase in maternal mortality,[29] threatening the progress achieved in recent years. The reduction in access and uptake of services has been demonstrated particularly for routine, preventive child health services that do not

spermicidal foam, jelly, cream, and sponge), the lactational amenorrhea method, emergency contraception and other modern methods (e.g., contraceptive patch or vaginal ring). Traditional methods of contraception include rhythm and withdrawal.

[22] Usage of modern contraceptives for women 45-49 years is similar to women 15-19 years.

[23] Hall et al., 2014. *La Situación Económica:* Social Determinants of Contraceptive Use in Rural Honduras. Global Public Health 9(4): 455-468.

[24] *Idem.*

[25] United Nations Economic Commission for Latin America and the Caribbean. 2020. Gender Equality Observatory

[26] United Nations High Commissioner for Refugees, Is forced displacement another example of the feminization of violence in Honduras? Research on sexual violence and femicide as causes of forced displacement, September 22, 2021.

[27] United Nations Population Fund, UNFPA, 2017. Gender-based violence.

[28] Instituto Nacional de Estadísticas y la Secretaría de Salud de Honduras. (2021). Encuesta Nacional de Demografía y Salud / Encuesta de Indicadores Múltiples por Conglomerados. Honduras 2019. Tegucigalpa.

[29] GFF, 2020. Honduras Country brief on Maintaining Essential Health Services During the COVID-19 Pandemic.

require urgent care or attention, such as immunizations, and social and behavior change communication to promote optimal infant and young child caregiving, care seeking practices and child feeding and stimulation behaviors. For example, although child immunization coverage in Honduras exceeded 90 percent in 2016,[30] it decreased to 82 percent in 2020. For the population under 1 year of age, pentavalent vaccination,[31] which comprises protection against key childhood diseases, dropped sharply in eight regions to below 60 percent. This trend increases the vulnerability of Honduran children to disease outbreaks, which are expected to increase in frequency and severity due to climate change, threatening their lives, as well as their physical and cognitive development.[32] In addition, the World Health Organization's (WHO) pulse survey of Honduras showed that in December 2020, and in January and February 2021, some primary care services showed disruptions of 50 percent or more.[33]

10. **Honduras' vulnerability to climate change has significant impacts on the population's health.** Honduras is expected to endure more frequent rainfall with increased intensity, more frequent heat waves and droughts, and rising sea levels as predicted for the rest of Central America and the Caribbean consistent with the projected global median.[34] Observed - and anticipated - climate change impacts are expected to cause an increase in the transmission of communicable diseases such as malaria, cholera, leishmaniasis, tuberculosis, and dengue. A large proportion of Honduras' vulnerable population is elderly and poor. Noting their low adaptive capacity, these groups are at the highest risk of climate change related health impacts, such as the severe dengue epidemic present in the country since 2019. The most recurrent and disruptive natural events in Honduras are droughts and severe rainfalls, leading to floods and landslides. These natural disasters disproportionately affect vulnerable groups and can damage health care facilities and supply chains, sometimes disabling them completely when their services are most required. The proposed Project, together with other World Bank (WB) supported interventions will contribute to reducing Honduras' vulnerability to climate change.[35]

11. **The availability of data and information on health service provision and health outcomes is generally limited and constrains the use of timely and informed decision-making in the health sector.** This constraint is particularly challenging for responding to health emergencies or epidemics, which have been frequent since 2018 and are expected to increase due to climate change**.** Although SESAL has an Integrated Health Information System (*Sistema Integrado de Informacion en Salud, SIIS*) that provides basic health statistics that can be disaggregated by health regional departments, the system is highly fragmented, and there is no clear governance of information and data use. Outdated and non-interoperable information systems and equipment, high staff rotation, limited skilled human resources, and lack of training and supervision continue to hinder the complete and timely collection of data, and its

[30] World Bank DataBank, 2020.
[31] Pentavalent Vaccine" means a vaccine that is a combination of five individual vaccines formulated to protect against five major diseases, namely: Diptheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus Influenza type B (DPT-HepB-HiB).
[32] SESAL, 2020. PAI, Honduras; and World Bank DataBank, 2020.
[33] The five services assessed include: (i) health promotion and prevention services; (ii) routine scheduled visits; (iii) visits for undifferentiated symptoms; (iv) referrals to specialty care; (v) prescription renewals for chronic medications. WHO, 2021. Tracking continuity of essential health services during the COVID-19 pandemic.
[34] World Bank, 2021, Climate Knowledge Portal.
[35] Other WB interventions include the implementation of Honduras Disaster Risk Management Development Policy Credit with a Catastrophe Deferred Drawdown Option (CAT DDO) (P172567) and the Honduras Second Disaster Risk Management Development Policy Credit with a CAT DDO (P177001) scheduled for Board delivery on June 16, 2022.

use for performance monitoring and accountability. There is a need for clear direction on objectives and joint priorities to avoid duplicative and parallel systems. With respect to disease surveillance, the COVID-19 pandemic confirmed the weaknesses already observed for other diseases such as dengue. Human resource shortages and technical gaps at the regional level challenge the effective surveillance of multiple diseases simultaneously. The capacity of SESAL's Health Surveillance Unit (UVS) to lead data collection and to produce timely information for decision-making has deteriorated which has significantly hampered the country's ability to adequately prevent, detect, and respond to outbreaks such as COVID-19 and dengue.

12. **The WB and other partners are providing support to Honduras to tackle these challenges in the health sector.** These challenges present an opportunity for the WB and other partners to leverage resources to support the continuity and prioritization of primary health care services that have been affected by the COVID-19 pandemic, while creating an entry point to address longstanding issues in the health system. The Project will include activities to increase immunization coverage (e.g., pentavalent vaccines) to protect against key childhood diseases and decrease morbidity; strengthen the surveillance, laboratory and information systems capacity to better manage epidemics and diseases, including dengue; and increase the quality of and demand for maternal, newborn and child health services to reduce maternal and neonatal morbidity and mortality.

13. **To minimize the heavy toll of the pandemic on maternal and child health outcomes, the GFF is providing funding to support the maintenance of Essential Health Services (EHS) in the context of the COVID-19 response and recovery in Honduras.** The GFF supports low- and lower-middle income countries to accelerate progress on maternal, newborn, child and adolescent health and nutrition, and strengthening financing and health systems for universal health coverage. The GFF Trust Fund, hosted by the WB, complements WB financing with moderate amounts of resources, and supports countries to strengthen their focus on data, quality, equity, results, and domestic resources for health. In 2021 and after a multi-year engagement under the GFF Exploratory Grants mechanism, Honduras was selected as a recipient of the GFF's EHS grant, which is reflected in the co-financing under the Project in the amount of US$15 million. During an upcoming phase of GFF country expansion, Honduras aims to join the GFF under a full country engagement. This level of engagement involves support to the GoH to lead an inclusive, multi-stakeholder process to develop and implement a prioritized national health plan, or Investment Case, that aims to help mobilize sustainable financing for health and nutrition.

14. **The Global Alliance for Vaccines and Immunizations (Gavi) has also expressed strong interest in coordinating with the WB to support vaccine system strengthening for routine and child immunizations in Honduras, which could be reflected in a potential additional financing to the Project in the future.** Gavi, *the* Ministry of Health (*Secretaría de Salud,* SESAL*)* and the WB are currently collaborating with the COVID-19 Vaccines Global Access Facility vaccines pillar of the Access to COVID-19 Tools Accelerator to strengthen the country's COVID-19 vaccine procurement and distribution systems. Honduras is included in Gavi's recently approved Middle-Income Country Strategy (MICS)[36] which has the prevention and mitigation of regression in vaccine coverage as a main objective. One of the entry points for restoring coverage rates is by reaching "zero-dose children" (children who have not received any vaccinations).

[36] The strategy was approved by the Gavi Board in December 2020.

Other key features of the MICS approach include restoring routine immunization services, increasing community demand for immunization services, and building institutional capacity to deliver an equitable immunization program.

15. **A sustained effort is needed for Honduras to continue implementing investments to reduce its negative impacts on the climate and strengthen the health sector's resilience**. A key priority is to ensure that infrastructure and equipment is both low-carbon and climate resilient, as well as able to withstand severe climate events while remaining accessible to the population. As the health facility network is updated and expanded, it should incorporate energy saving measures to reduce the carbon footprint of the health sector, as well as climate resilience features to be able to operate under extreme weather, such as storms, heatwaves, or droughts. In addition, the health system needs to be prepared to tackle a higher prevalence of vector and water-borne diseases and respond to extreme temperatures and droughts, which can cause high morbidity and mortality. Surveillance and data reporting systems should be strengthened to ensure early warning of these events, and the health service delivery model needs to be able to reach those in remote and underserved areas, which are often at higher risk due to climate change. The Project will support such adaptation measures to be deployed widely and swiftly and strengthen the health system's preparedness to cope with future emergencies to mitigate the direct and indirect impacts of climate change.

C. Relevance to Higher Level Objectives

16. **The Project is well aligned with the pillars of the World Bank Group (WBG)'s Country Partnership Framework (CPF) for Honduras (FY16-20), discussed by the Board on December 15, 2015,[37] the 2019 Performance and Learning Review (PLR) of the CPF, the 2022 Systematic Country Diagnostic (SCD) Update and the WBG COVID-19 Crisis Response Approach Paper.** The Project objectives are aligned with CPF Pillar I "Fostering Inclusion" and Pillar III "Reducing Vulnerabilities" , which includes enhancing resilience to natural hazards as one of its objectives. The Project will directly contribute to the first pillar of the CPF by strengthening essential health services for vulnerable populations. The Project's focus on strengthening public health preparedness supports the third pillar by boosting preparedness to emergencies and enhancing resilience to natural hazards. As the PLR proposes to maintain the CPF's three pillars and six objectives, the project in turn responds to Honduras' continuing development challenges as identified in the PLR. Additionally, the Project is well aligned with two of the three complementary measures highlighted in the SCD: fostering inclusion and promoting resilience. One of the entry points to fostering inclusion, "improve preparedness to health emergencies and access to high quality primary care services", is directly aligned with Components 1 and 2. The entry point to promoting resilience, "Strengthen risk assessment and consolidate institutions in charge of risk management for strengthened service resilience", corresponds to activities under Component 2. Lastly, the Project also supports two of the four objectives of the COVID-19 Crisis Response Approach Paper, namely (i) Saving Lives, and (ii) Protecting Poor and Vulnerable People.

17. **The Project is also aligned with the WBG's Climate Change Action Plan 2021-2025, the WBG's Green, Resilient and Inclusive Development (GRID) approach, and WBG Gender Strategy FY16-23.** The

[37] Report number 98367.The FY16-20 CPF FY16-20 was extended due to the COVID-19 pandemic and a new CPF for Honduras is under preparation.

design incorporates specific actions intended to increase the climate mitigation and adaptation capacity of the Honduran health system to reduce climate vulnerabilities identified in the country. The Project contributes to mitigating the negative climate impacts of the health system through investments in low-carbon and climate-resilient equipment and processes. Project activities also contribute to increasing the adaptative capacity and resilience of the health system to cope with climate-induced events and the persistence of climate-related diseases such as dengue, zika and malaria, through strengthening of SESAL's capacities in surveillance, and preparedness and response as well as more integrated epidemiological information and laboratory systems, including in remote areas and for marginalized groups, and training of human resources on climate awareness and resilience. The Project also includes the option to redirect project resources in the event of an eligible crisis or emergency, further enhancing Honduras' ability to respond to emergencies and resilience to disasters**.** Project activities support the inclusion agenda with culturally sensitive materials and outreach that respond to the needs of vulnerable sub-population groups (Afro-descendants, Indigenous, LGBTI, migrants and persons with disabilities). In addition, the Project supports the Gender Strategy objective of enhancing women's voice and agency by addressing adolescent pregnancy and supporting the prevention and management of gender-based violence.

18. **Furthermore, the Project is fully aligned with Honduras' national health strategies that set out the vision and longer-term health goals for Honduras through specific health outcome targets.** These include the Strategy for Accelerated Reductions in Maternal and Child Mortality, the National Strategy for the Prevention of Adolescent Pregnancy (*Estrategia Nacional para la Prevención del Embarazo en Adolescentes de Honduras*, ENAPREAH), and the Strategy for Community-Based Integrated Child Health and Nutrition Services (AIN-C). The Project is also aligned with the National Pandemic, Epidemic, and Health Emergency Response Plan which defines the responsibilities, procedures and coordination mechanisms needed to prepare for and respond to health emergencies.

19. **Lastly, the Project is complementary to and well aligned with other WB investments in the social sectors in Honduras.** The WB is currently supporting *Mi Bono Seguro,* a conditional cash transfer program coordinated by the Ministry of Social Development (MIDES) that targets households living in poverty and extreme poverty, with the aim of increasing educational opportunities as well as improving health and nutrition status of its beneficiaries through the Honduras Social Protection Integration Project (P152057). *Mi Bono Seguro* is being implemented in 13 of the country's 20 regions, with significant overlap in this Project's targeted regions, maximizing WB support to vulnerable groups.[38]

[38] Nine out of thirteen regions targeted by *Mi Bono Seguro* are included as target regions in this Project. Geographical areas targeted by *Mi Bono Seguro* include: Atlántida, Choluteca, Colon, Comayagua, Copán, Cortes, El Paraíso, Francisco Morazán, Intibucá, La Paz, Olancho, Santa Bárbara, Valle, and Yoro.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

20. The objectives of the Project are to: (i) improve utilization of reproductive and child health services in priority regions, (ii) strengthen public health capacities for emergency preparedness, and (iii) in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

PDO Level Indicators

- Children aged 12 months who have received their third dose of pentavalent vaccine (DPT-HepB-HiB), in regions prioritized by the Project (percentage).[39]
- Coverage increase in institutional deliveries[40] that occur in institutions that meet national standards for maternal-neonatal care, in regions prioritized by the Project[41] (percentage).
- Notifications of suspected cases of dengue for which laboratory results are available to the Health Surveillance Unit (UVS) within 10 days of collection[42] (percentage).

B. Project Components

Component 1- Strengthening of adolescent, maternal, and child health services (US$53 million - US$43 million IDA (International Development Association); US$10 million GFF)

21. **Component 1 aims to strengthen the supply and demand for adolescent, maternal and child health services in prioritized regions in the country with the greatest needs.** Activities will focus on: (i) increasing the quality and coverage of reproductive and child health services delivered; and (ii) increasing the utilization of reproductive and child health services. The Project will finance activities to support the GoH's efforts to continue the delivery of quality essential health services for adolescents, women, and children amidst the COVID-19 pandemic, given the substantial disruptions to these services (e.g., childhood vaccinations). Evidence-based activities that create the demand for these services, using social and behavior change communication and community mobilization will be supported to increase utilization of services while addressing fear and misinformation as these contribute to low service utilization. The Project will support the provision of adequate and timely services that will help improve continuity of care, timely medical referrals, and overcome access barriers during future shocks, including disease outbreaks and climate-related events.

[39] This indicator measures the improved quality, coverage and increased utilization of child health services by tracking the uptake of one of the most critical immunizations which will prevent newborn, child and adolescent morbidity and mortality.
[40] Institutional deliveries are defined as births that occur in a health facility.
[41] This measures the improved quality, coverage, and increased utilization of reproductive services by women. A baseline evaluation of institutions meeting the minimum national standards for maternal and neonatal care will be conducted early in project implementation.
[42] Although the indicator focuses on measuring the surveillance and response capacities of dengue (being a major challenge for Honduras), the Project activities will strengthen preparedness and response capacity to other diseases.

22. **Geographical targeting:** With the objective of reducing health inequalities across regions, activities related to maternal, newborn, and adolescent health have been targeted in thirteen regions that have the greatest needs: Gracias a Dios, Comayagua, El Paraiso, Olancho, Yoro, Santa Bárbara, Colón, Intibucá, Copán, Choluteca, Atlántida, Islas de la Bahia, and Lempira.[43] The targeting methodology and the selected regions for maternal, newborn, and adolescent interventions has been agreed with SESAL and key partners. Interventions to promote increased vaccine coverage will be implemented in regions with the highest number of zero-dose children.

23. **Immunization activities to support Honduras' efforts to reach partially vaccinated children and zero-dose children in identified areas.[44]** These activities will also foster increases in the coverage of complete vaccination schemes among young children, particularly those that are highly vulnerable. These interventions will be particularly important to build resilience against climate impacts, as vaccines are one of the most effective tools to protect populations against the spread of infectious diseases, including those exacerbated by climate change impacts over time.[45] Immunization activities to be financed include:

a. Intervention 1: Financing the planning and implementation of mass vaccination days, mobile vaccination teams to reach isolated areas and conduct "door to door" vaccination, and local communication strategies to amplify the reach of routine vaccination activities.[46] This also includes carrying out operational research and studies and support to subnational planning mechanisms to identify and address bottlenecks and/or inefficiencies within the vaccination system that would inform decision making and guide project activity implementation. Cross-sectoral coordination mechanisms at the departmental, municipal and community level (e.g., *mesas intersectoriales, and comités regionales)* will be supported to socialize local vaccination efforts, including active identification and monitoring of children beginning in pregnancy or early post-partum.
b. Intervention 2: Reinforcing cold chain systems for immunization through procurement of equipment and rehabilitation of regional warehouses based on a detailed and national-level needs assessment, prioritizing underserved regions.[47] Investments will systematically prioritize low-carbon and climate- friendly construction, rehabilitation, and provision of equipment (such as solar-powered energy systems for regional warehouses and/or solar fridges,[48] and equipment compliant with international energy standards) to significantly reduce greenhouse gas emissions produced by health care infrastructure. Climate resilient rehabilitation will include measures such as improved water drainage and storage to minimize

[43] Depending on the final costing exercises and availability of resources, these areas of interventions could be expanded nationally.
[44] "Identified areas" means the following areas within the Honduran territory: Atlántida, Comayagua, Cortés, Choluteca, El Paraíso, Francisco Morazán, Olancho, and Metropolitana del Distrito Central, and/or any other area as agreed by the WB. In the event of Additional Financing from Gavi, the scope of immunization activities could be expanded to the national level. National coverage of immunization activities is contingent upon the amount of Gavi co-financing.
[45] The incidence of Hepatitis A, one of the diseases that are prevented through routine immunization activities supported by the Project, is expected to rise as floods and precipitation increase in frequency and severity due to climate change.
[46] Procurement of vaccines will not be financed under the Project.
[47] The assessments will need to be updated before undertaking rehabilitation in order to take into consideration potential interventions by other partners and the GoH, particularly those implemented as part of the country's COVID-19 immunization efforts.
[48] Procurement processes for solar panels and solar components will follow the WB Forced Labor-Solar-Declarations and provisions for Procurement Documents issued in Dec 2021.

adverse climate impacts of flooding and vector reproduction, in the case of heavy precipitation; and insulation of structures and adequate ventilation to protect interiors from extreme temperatures. These investments are anticipated to reduce vaccines wastage and energy costs, and thus increase overall efficiency of public expenditure in the health sector.

c. Intervention 3: Social mobilization activities to increase demand for vaccines will include the promotion of vaccination in maternity wards, intersectoral committees, educational centers, and for health volunteers. This will be supported by multimedia promotional and communication materials that are culturally sensitive and respond to the needs of different vulnerable subgroups. Communication activities will be carried out in the targeted regions, including the use of short message service reminders, dissemination of multimedia promotional and communication materials, and home visits by family health teams to increase the demand for vaccination services. Communication activities will also contribute to increasing awareness of climate change impacts in the population and reinforcing the importance of vaccination to protect the population against the health- related impacts of climate change.
d. Intervention 4: Strengthening the implementation of the Nominal Vaccination System (*Sistema Nominal de Vacunación, SINOVA*) across the primary and secondary health care systems through the digital automation of data collection, storage, and analysis to improve the tracking and reaching of zero-dose children or partially vaccinated children at the community level.

24. **Investments to improve the quality of and increase the demand for maternal and neonatal services in selected areas**[49] will contribute to reducing pregnancy risks, preventing, and addressing obstetric complications and emergencies in a timely manner, and ensuring that mothers have a safe and respectful delivery. In addition, by including climate related considerations throughout the rehabilitation of health facilities and training and communication activities, delivery of services will be climate resilient and health facilities can continue to provide critical maternal and newborn services in the event of a climate shock. Activities include:

a. Intervention 1: Climate-friendly rehabilitation (including expansion) of selected health facilities providing maternal and newborn health services (ANC and postnatal care, delivery, and post-partum care for mothers and newborns) and provision of equipment. These activities will focus on equipment that is needed to improve the quality of maternal and newborn service delivery to provide a complete package of services, including those needed to manage obstetric and neonatal complications. Rehabilitation of health facilities and supply of equipment will build on recent assessments of the provision of maternal and newborn health services in thirteen of the country's high burden regions, and further defined by a thorough assessment of needs to be carried out by SESAL and based on their national standards for provision of Comprehensive Emergency Obstetric and Newborn Care (CEmONC). Potential expansions of health facilities will be performed on state-owned land, no land will be purchased with project funds. This intervention will prioritize the inclusion of climate considerations, such as improved water drainage and storage to minimize adverse

[49] "Selected areas" means the following areas within the Honduran territory: Gracias a Dios, Comayagua, El Paraiso, Olancho, Yoro, Santa Bárbara, Colón, Intibucá, Copán, Choluteca, Atlántida, Francisco Morazán, Islas de la Bahia, Valle, Lempira, and/or any other area as agreed by the WB.

climate impacts and maximize energy efficiency (such as solar-powered energy systems and equipment compliant with international energy efficiency standards), as well as accessibility considerations to facilitate access for persons with disabilities. Technical assistance to review and update national standards for maternal and newborn health service provision will also be provided.

b. Intervention 2: Development of communication materials and technological innovations such as voice or short message service to increase the demand for maternal and neonatal health services. Communication materials will focus on family planning, timely maternal care and signs of a high-risk pregnancy, post-partum care, breastfeeding, immunizations and the technology to send automatic reminders for upcoming or missed appointments. Communication activities will also include messages to increase knowledge of climate change impacts on maternal and child health and strengthen the population's climate resilience.
c. Intervention 3: Training and supervision of health workers on best practices for the provision of high quality care, including but not limited to: (i) identifying, treating, and referring obstetric and neonatal emergencies; (ii) immediate contraception post-obstetric event, for adolescents in particular; (iii) use of new maternal and newborn equipment; (iv) hygiene practices during labor and delivery; (v) safe disposal of biomedical waste; (vi) continuous supervision of maternal and neonatal health personnel; (vii) assertive communication, human-centered care that is culturally sensitive and responds to the needs of vulnerable sub-population groups (Afro-descendants, indigenous, LGBTI, migrants and persons with disabilities), and management of emotional crises; and (viii) implementation of national standards. Training will strengthen their technical capacities in the use of the national CEmONC norms, particularly in facilities that are provided with new equipment. This training will also focus on increasing climate awareness among health workers, on how climate change impacts affect maternal and neonatal health, and on emergency management, to ensure continuity of services in the event of a climate shock.
d. Intervention 4: Support health referral networks to improve the timely referral of women with high-risk pregnancies and reduce maternal and neonatal morbidity and mortality. Technical assistance will be provided to review and reorganize regional coordination mechanisms such as *mancomunidades, mesas intersectoriales*, and *comités regionales* to optimize health planning, performance, and decision-making related to the management of maternal and neonatal emergencies. In addition, activities may include the establishment or strengthening of emergency dispatch systems (training, equipment, technical assistance for redesigning routes and resources pooling at the regional level, communication between facilities, potential contracting of ambulance services) to facilitate the timely transport of women to centers that offer the appropriate level of care, including during climate related emergencies (such as by developing contingency plans to be used during emergencies).

25. **Enhancement of the quality and increased access of adolescents to Sexual and Reproductive Health (SRH) services in selected areas.**[50] Activities include:

a. Intervention 1: Rehabilitation and provision of equipment to facilities to expand the coverage

[50] "Selected areas" means the following areas within the Honduran territory: Gracias a Dios, Comayagua, El Paraiso, Olancho, Yoro, Santa Bárbara, Colón, Intibucá, Copán, Choluteca, Atlántida, Francisco Morazán, Islas de la Bahia, Valle, Lempira, and/or any other area as agreed by the WB.

and availability of adolescent friendly services, as part of an integrated package of services directly linked to and integrated with health facilities. This intervention will prioritize the inclusion of climate considerations, such as resilient design (to withstand floods, heat waves, and other climate impacts) and energy efficiency (e.g., solar-powered energy systems and equipment compliant with international energy efficiency standards), as well as accessibility considerations to facilitate access for persons with disabilities.

b. Intervention 2: Design and implementation of mass media communication, edutainment, and the use of social networks to target adolescents with messaging on SRH and family planning, to normalize SRH service-seeking behavior and boost demand for adolescent health services and SRH services. The use of these alternative mechanisms is meant to increase the reach of messages to vulnerable adolescent populations, such as those who are out of school and/or have limited contact with the health and/or education sector. Messaging will be focused on SRH and rights, modern methods of contraception (including post-partum family planning), and GBV prevention, including resources available for victims of GBV.
c. Intervention 3: Technical assistance and support to regional health authorities and local coordination mechanisms to strengthen linkages between educational centers, community organizations and local authorities to carry out actions to raise awareness of sexual education content, and to promote adolescent services available in their communities.
d. Intervention 4: Implementation of a behavior change and capacity building campaign for health workers based on the National Strategy for the Prevention of Adolescent Pregnancy (ENAPREAH), to provide integrated health services to adolescents, such as SRH services and GBV identification, treatment, and/or referral of victims, that are culturally appropriate, age sensitive, and best respond to the needs of adolescents seeking counseling services and supply of contraceptives. Training will have a deliberate focus on bridging the know-do gap[51] in the provision of SRH services to adolescents by including an analysis of the social, behavioral, or organizational challenges to providing care, and will be tailored to address the bottlenecks identified.

Component 2 - Public health preparedness, response, and stewardship capacity (US$18 million - US$14 million IDA; US$4 million GFF)

26. **Component 2 aims to strengthen the capacity of the Honduran health system to prevent, detect and respond to health emergencies.** The activities will focus on strengthening: (i) the surveillance and response system at the central and regional levels; (ii) testing capacity of the laboratory network managed by SESAL; and (iii) the integration and efficiency of SIIS. The Project will finance activities to strengthen these three interrelated systems, applying international best practices and lessons learned during the COVID-19 pandemic and other ongoing disease outbreaks such as dengue. The component will include both investments and technical assistance, in close coordination with Development Partners, to sustainably increase the country's public health preparedness and response capacity to shocks. The component also intends to address the climate vulnerabilities previously identified to build resilience and adaptation capacity of the health system, including the capacity to detect and respond to climate-induced diseases. Activities under this component will be implemented at the national level.

[51] The failure to translate what is known to work into the care that patients receive.

27. **Efforts to strengthen the country's preparedness and response capacities will be addressed through the following activities:**

a. **To support the surveillance and response system,** the Project will finance: (i) a systematic review, preparation and updating of Standard Operating Procedures (SOPs) to improve quality and capacity for detection of the top three priority infectious diseases (COVID-19, dengue and zika) to address weaknesses in the governance and stewardship of surveillance and response functions, including protocols for coordination and efficiency, with a focus on intersectionality and cross-border surveillance; (ii) the development of a risk communication strategy and communication training for SESAL staff and support to its implementation; (iii) the strengthening of analytical capacity for surveillance through training and provision of equipment; (iv) development of emergency response plans at national and regional levels across units of SESAL; (v) strengthening SESAL's capacity to prevent, detect and respond to zoonotic diseases through the development of SOPs for coordination with other institutions; and (vi) training of staff involved in surveillance and response to implement improved protocols and international best practices. These activities will contribute to the country's capacity to better cope with climate-induced disease outbreaks by: (i) strengthening the capacity to detect and respond to vector and water borne diseases (such as dengue and zika, which are expected to increase in frequency and severity as a result of climate change); (ii) integrating climate change adaptation considerations in the development of emergency response plans to minimize service disruptions in the event of climate shocks, such as heavy rain, hurricanes and heatwaves, among others; (iii) training and capacity building for surveillance staff on climate impacts on health and climate-induced diseases; and (iv) the integration of climate change adaption measures in risk communication activities to increase awareness among the population and establish mechanisms to share information in the event of a climate emergency to minimize its impacts on human health.

b. **To support the public laboratory system,** the Project will finance efforts to: (i) strengthen the supply chain system and transport infrastructure for supplies and samples; (ii) boost the capacity of the laboratory network to process samples of greater complexity and in less time (including through the procurement of equipment, civil works and training, with the inclusion of climate considerations, such as resilient design features (e.g., improved water drainage and storage, insulation and adequate ventilation) , and energy efficiency such as solar-powered energy systems and equipment compliant with international energy standards); and (iii) designing and implementing an accreditation system for laboratory quality assurance within SESAL. These activities will help strengthen the country's capacity to carry out laboratory testing of vector and water borne diseases; identify sources of transmission in a timely manner; and, through the quality accreditation system, ensure that the laboratory network is prepared to respond to emerging climate-induced diseases in the future.

c. **To support the integration of the health information system,** the Project will finance: (i) the development of protocols, SOPs and capacity for the capture, analysis, review, interoperability, and dissemination and use of data on health services; (ii) procurement of information technology (IT) equipment and solutions to promote the digitalization of the health information system; (iii) the strengthening of the governance and stewardship of the health information system, including SOPs, protocols and coordination mechanisms within SESAL and other GoH institutions; and (iv) the development of integrated modules across

activity areas (for example immunizations) to feed into the SIIS. Integrated information systems in the health sector would allow for improved sector management and disease monitoring, as well as more robust disaster risk management practices such as creating early warning systems in the event of climate-induced emergencies, ensuring government service continuity, and increasing the resilience of the population and health system to future shocks, including those related to climate.

d. **SESAL's stewardship capacity** will be strengthened through the financing of leadership development activities for mid-level management staff of SESAL (both at central and regional levels) focused on organizational strengthening and managerial skills. Activities will include the provision of training, management tools, cross-country and regional knowledge-sharing activities, and development of tailored curriculum for key functions of SESAL. Through the GFF, SESAL will also gain access to several knowledge, learning, and leadership skills development opportunities, including technical assistance and access to a network of countries with experience relevant to address Honduras' health system challenges. Activities under this component aim to contribute to strengthening timely, evidence-based decision-making processes across SESAL's units, as well as overall efficiency in the ability to carry out core health systems functions, including those proposed for this Project.

Component 3 - Project Management (US$4 million - US$3 million IDA; US$1 million GFF)

28. **Component 3 will finance activities to strengthen the capacity of SESAL's central units and regional health authorities in the coordination, implementation management and supervision of the Project.** This includes fiduciary functions, monitoring and evaluation, reporting of project activities and results, complying with environmental and social requirements and standards, and the carrying out of project audits. This component will also finance the staffing and training of the Project Implementation Unit (PIU) and technical consultants, including training on health system resilience to climate change impacts, and other operating costs.

Component 4 - Contingent Emergency Response Component (CERC) (US$0 million, IDA)

29. **This component will provide funding following an eligible crisis or emergency,[52] drawing from the uncommitted credit resources under the Project from other components to cover emergency response.** The component will be subject to conditions for the use of funds, and will only be triggered when certain actions, as agreed by the GoH and the WB, are met. An Emergency Action Plan and a CERC operational manual, will need to be prepared and adopted, in a manner acceptable to the WB, prior to any disbursement under this component. Activities under this component will be implemented in line with streamlined procurement and disbursement procedures.

Citizen Engagement

[52] An eligible emergency means the imminent or actual occurrence of a natural or man-made crisis or disaster, which, in the opinion of the GoH and the WB, has the capacity to cause major adverse economic, health and/or social impacts in the Recipient's population.

30. **The Project will support citizen engagement mechanisms to improve the quality of health care and boost demand for services**. Project activities are citizen-oriented with interventions tailored to targeted areas and groups, including social mobilization activities and communication materials that are culturally sensitive to different vulnerable subgroups. In addition to the behavioral interventions and communication tools described above, the Project will also support the collection of anonymous user feedback on adolescent services through a satisfaction survey. Regional health authorities will compile users' feedback and combine it with results from routine assessments of the quality of adolescent health services using the existing standards checklist to develop yearly corrective action plans for each health facility providing SRH services supported by the Project under their responsibility. These plans will include community-based activities to improve the provision and demand for adolescent-friendly health services. Regional health authorities, in coordination with the PIU, will monitor the implementation of corrective actions regularly. A beneficiary feedback indicator has been added to the Results Framework that reflects the feedback loop: "*Facilities providing adolescent friendly SRH services and updating their action plans based on user feedback on the quality of services provided, in regions prioritized by the Project (percentage).*"

Climate Change

31. **Climate change interventions have been considered throughout project design, with an emphasis on climate mitigation and adaptation activities outlined under Components 1 and 2.** The climate mitigation and adaptation activities will be financed with IDA resources. The Project will incorporate climate considerations intended to mitigate climate change and increase resilience of health facilities to withstand extreme weather events. This includes the use of procurement measures to ensure the acquisition of the most energy and resource efficient options (e.g., in the case of civil works or the purchase of Information Technology and medical equipment), the integration of climate resilient elements in civil works (e.g., storms drains, filtration, ventilation and cooling systems), through the provision of training, specifically aiming to minimize the carbon footprint of the health sector, as well as to promote green and climate friendly practices among health care staff. The Project will follow international best practices and methodologies for civil works and procurement of equipment, such as those provided under the Smart Hospital Toolkit by the Pan-American Health Organization (PAHO), focusing on measures to reduce water use, make energy use more efficient, procure green cooling equipment and strengthen climate and environmentally friendly waste management practices. By supporting investments on the preparedness and response capacity of the health sector, the Project aims to increase long-term climate resilience and the capacity to tackle future pandemics and climate-related emergencies. Activities such as the development of emergency procedures and plans, strengthening of the epidemiological analysis capacity, improving the capacity of the laboratory network to detect outbreaks in a timely manner, the digitalization and integration of the health information system, and training of human resources on climate resilience aim to increase Honduras' capacity to prevent and respond to future emergencies, especially climate-driven ones. The Project is designed to ensure that these interventions reach all populations, particularly the most vulnerable who experience the greatest health impacts of climate change. For example, integration of the health information system will allow for case reporting in a real-time basis and reduce data reporting gaps in remote areas, consequently strengthening emergency planning systems and the capacity for early warning and response to events, including climate change-induced ones.

Gender

32. **The Project has a sharp focus on gender.** Gender dimensions are important aspects of the Project in light of the prioritized health services targeted at the most vulnerable populations as well as critical health services requiring continuity during and following a public health emergency. The Project is aligned with the WB's LAC Regional Gender Action Plan FY21-25, seeking to boost women's agency by enhancing access to maternal and reproductive health care to narrow the gap in gender equality. This is particularly important to address, given the marked difference in early parenthood between boys and girls, which is far higher among adolescent girls than boys in Honduras, contributing to a lower percentage of girls who have completed secondary and tertiary education. The Project includes an indicator to measure progress on the provision of SRH services for adolescents, *"Health workers trained/certified in the provision of adolescent friendly health services in regions prioritized by the Project (number)*", as a proxy measure towards improvement in gender equality.

C. Project Beneficiaries

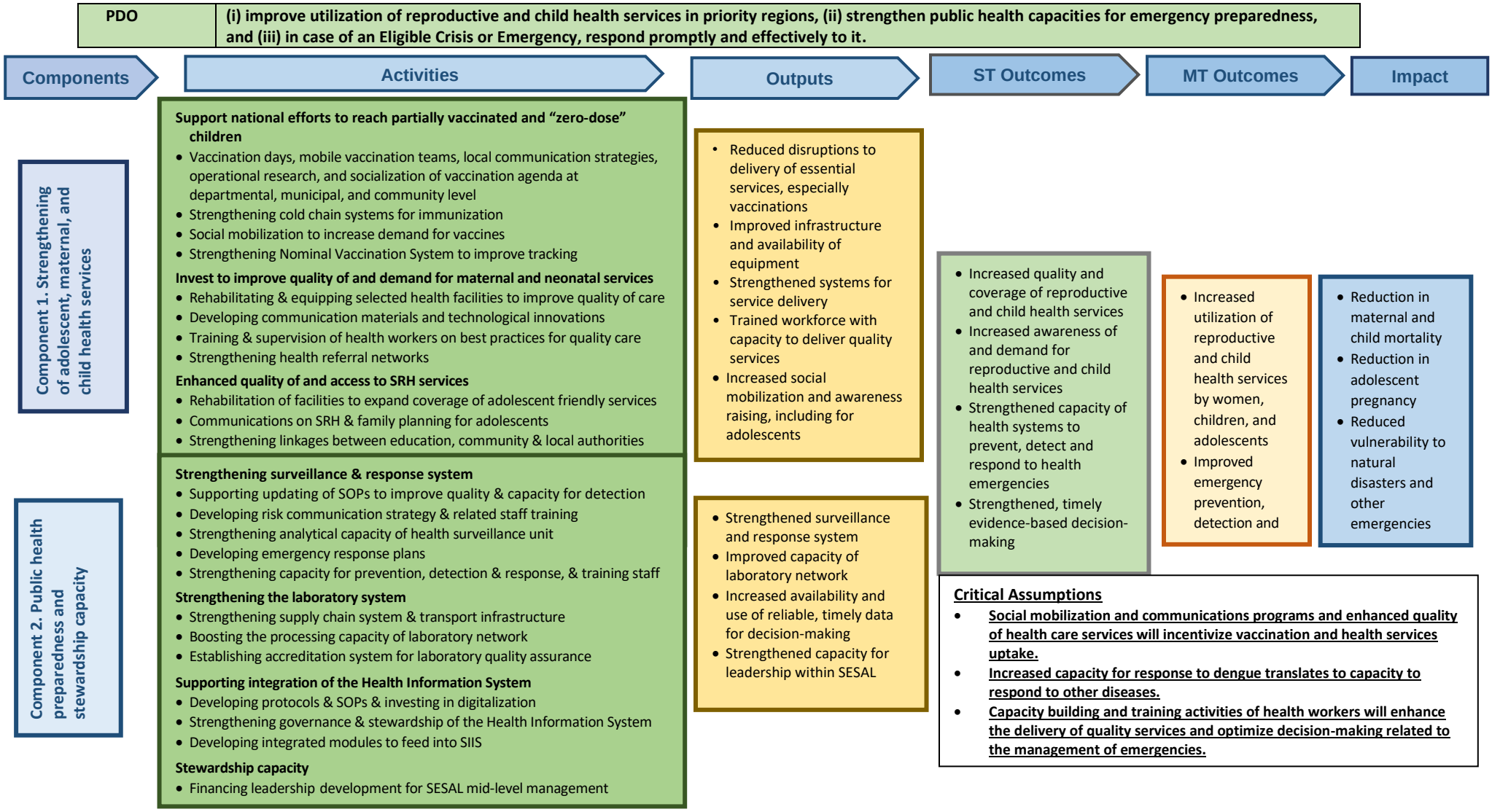
33. **The Project is expected to directly benefit the estimated 10.1 million total population of Honduras.** Specifically, activities focus on maternal, newborn, children and adolescent health activities in thirteen prioritized regions of the country that will directly benefit an estimated 3 million women of childbearing age and 600,000 adolescents aged 15-19 years.[53] Immunization activities in the eight prioritized regions will also benefit an estimated 640,000 children under five years. Component 2 activities have national coverage and will benefit all residents of Honduras (10.1 million people), including Indigenous Peoples and Afro- descendants who account for an estimated 8.6 percent of the national population.

D. Results Chain

34. **The Project will finance critical, priority and high-impact interventions that aim to address both supply- and demand-side constraints with a focus on geographic areas of highest need**. The key issues the Project is designed to address include bridging gaps in maternal mortality across regions, high levels of adolescent pregnancy, disruptions to the delivery of essential maternal and child health services, particularly immunizations, and weak preparedness and response capacities of the health system in light of the country's vulnerability to natural disasters and other health emergencies. The theory of change is presented in Figure 1.

[53] Honduras National Statistics Institute estimates, 2020.

Figure 1: Theory of Change



E. Rationale for Bank Involvement and Role of Partners

35. **The Project presents an unparalleled opportunity to leverage additional resources to support the continuity and prioritization of primary health care services that have been affected by the COVID-19 pandemic in Honduras, while creating an entry point to address longstanding shortcomings in the health system with benefits beyond the current emergency.** The provision of IDA financing for health care and emergency preparedness support has leveraged US$15 million from the GFF and could potentially leverage additional resources from the Gavi.[54] The Project is coordinating adolescent health activities with the United Nations Population Fund (UNFPA) who has spearheaded the expansion of adolescent-friendly health interventions in several regions of the country. In addition, support for the strengthening of the surveillance, laboratory and information systems under Component 2 will be carried out in coordination with United States Agency for International Development (USAID), among others. This contributes to further alignment and harmonization of donor support, thereby increasing efficiency of external financing in the health sector. Furthermore, the GFF provides complementary funding for technical assistance to strengthen and support alignment and coordination efforts, including for example, support for comprehensive resource mapping and expenditure tracking for sector priorities and for the functioning of an active and inclusive government-led coordination mechanism. Together, the WB and GFF financing will add value by expanding access to global knowledge and practices that can be adapted in Honduras, particularly for the delivery of basic and essential health services to adolescents, women, and children. This level of engagement allows for Honduras to shift towards a more sustainable approach to development financing by enhancing donor coordination, as well as joining a global network of countries for cross-learning on resource mobilization from non-traditional sources including the private sector.

F. Lessons Learned and Reflected in the Project Design

36. **The Project design draws on best practices and innovative approaches used in Honduras, the LAC region and globally as well as lessons learned from national evaluations.** WB analytical work, and engagement with academia, research partners and technical experts throughout project preparation have also informed the project design. Some key lessons include:

a. Improving the quality of health services: Lessons from the diagnostic[55] on the state of maternal and child health services in four regions of Honduras revealed weaknesses in the quality of maternal, neonatal and child health services. The Project addresses the findings of the diagnostic through interventions on training of health professionals to improve the quality of care provided, particularly in labor and delivery, investments to respond to severe infrastructure and equipment needs to provide adequate services and an assessment and technical assistance to improve weak regional and national level coordination mechanisms.
b. Use of social media and other innovative communication mechanisms: Results from studies in various countries have demonstrated the effective use of innovative social and behavior

[54] The Gavi has expressed interest in collaborating with the WB to support vaccine system strengthening for routine and child immunizations in Honduras.
[55] World Bank, 2021. The Honduras Health System and the Provision of Maternal and Neonatal Care in Four Selected Health Regions 2010-2020. Internal report, unpublished.

change communication approaches and technologies to increase vaccine uptake[56] and coverage and to promote uptake of SRH services among adolescents.[57] Therefore, such approaches, including the use of modern technologies such as text message reminders and multimedia materials have been included as part of project interventions on immunizations, maternal/neonatal health, and adolescent SRH.

c. Pandemic preparedness and response capacities: Recent WB analytical work in Honduras and, global lessons have demonstrated that investments in pandemic preparedness and response are needed to protect essential health services from disruption, as well as to minimize impacts on the population and the wider economy. The report produced as part of the Public Health Preparedness Assessment in Central America (P175552) advisory services and analytics[58] identified that the suboptimal surveillance and laboratory capacity in Honduras has led to the inability to adequately prevent, detect, and respond to outbreaks such as COVID-19 and dengue. Recommendations produced by this analytical work have been reflected in the design of the Project in the form of specific activities under Component 2 to strengthen the surveillance and laboratory systems so they can produce necessary information for effective decision making in a timely manner and to improve the country's resilience to future emergencies.

d. Health information systems: Governance and evidence-based decision-making needs a robust health information system with well-established and agreed-on stakeholder priorities. In Honduras, the lack of integration and interoperability of the SIIS has led to a fragmented governance of the information and duplication of functions and investments. The Project will offer support to strengthen the functionality, implementation, and interoperability of the SIIS to promote data quality and evidence-based decision-making**.** The Project will also support the strengthening of the governance of health information to ensure that the development of modules and technological solutions is done in a coordinated and efficient manner.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

37. **The main implementing agency for the Project is SESAL.** An already established PIU within SESAL will be responsible for project implementation, including all fiduciary functions (financial management (FM) and procurement) environmental, and social standards functions and project audits. The PIU is currently in charge of the implementation of the ongoing Honduras COVID-19 Emergency Response Project (P173861) and is led by a dedicated Project Coordinator. The PIU is comprised of a team of specialists, covering FM, procurement, monitoring and evaluation (M&E) and environmental and social aspects, and each are in direct contact with relevant technical units of SESAL. Given the COVID-19 Project

[56] JPAL. Boosting Immunization Demand: Social Networks, Incentives, and Reminders. Cambridge, MA. No date.; JPAL. Evidence to Action, Serial: Health Sector. Cambridge, MA. No date.

[57] JPAL. Evidence to Action, Serial: Health Sector. Cambridge, MA. No date.; Bergstrom, Katy; Ozler, Berk. 2021. Improving the Well-Being of Adolescent Girls in Developing Countries. Policy Research Working Paper; No. 9827. World Bank, Washington, DC.

[58] World Bank. Assessment of public health preparedness capacities for strategic investments in Central America: Honduras. The World Bank. Washington, DC. 2021.

is expected to close in April 2023, the PIU staff will be progressively reassigned to undertake responsibilities for the Project to ensure capacity retainment. Additional staff will likely be recruited to handle the additional workload as needed. Given the anticipated health infrastructure rehabilitation planned under the Project, experienced specialists in planning and implementing civil works will be hired by the PIU. Additional technical specialists focused on areas relevant to Component 1 and 2 may be hired on a short-term basis as needed during implementation.

B. Results Monitoring and Evaluation Arrangements

38. **SESAL, through the PIU, will be responsible for overall monitoring of project implementation, including reporting on the Project's Results Framework.** The PIU will be responsible for the execution, supervision and development of progress reports focused on tracking the achievement of project results. The general principle underlying the M&E approach is the alignment with routine health data systems of SESAL, including for example, the SINOVA. As stipulated in the implementation arrangements, all M&E will be supported by an M&E specialist based in the PIU, who will be responsible for coordinating with the different technical units implementing the Project, including the Expanded Program for Immunizations (*Programa Ampliado de Inmunización,* PAI) implementing the Project. The M&E specialist will also be responsible for ensuring the monitoring and reporting on the indicators in the Project's Results Framework. As part of standard monitoring, the PIU will regularly gather information from the implementing regions and report on the implementation of components.

C. Sustainability

39. **The Project's sustainability will be enhanced by the selection of project activities to be financed and coordination with other Development Partners to fully harness the resources available to the country.** Specific activities will contribute to long lasting impacts, for example (i) establishment of an integrated disease surveillance information system; (ii) climate-smart refurbishments to prioritized health facilities (including laboratories); (iii) technical and institutional capacity building including training on the use of equipment and health planning at the local level; and (iv) formalization of standards, policies and protocols with buy-in at country level; (v) establishment of new and reinforcement of existing citizen engagement mechanisms; and (vi) behavior change communication that promotes behavioral shifts in health service utilization, particularly essential services that have positive long-lasting impacts on human capital outcomes such as child vaccinations and adolescent sexual and reproductive health services. Furthermore, investing in women and girls has a positive and long-term domino effect on the health and economic prosperity of families and communities. Climate smart refurbishments made to health facilities are expected to improve their long-term sustainability and contribute to efficiency gains through more efficient utilization of water and energy. Going forward, it is expected that improved energy efficiency will result in reduced power consumption, and savings obtained will be reinvested into maintenance costs. Several indicators in the Results Framework rely on standard indicators which require that demonstrated capacity meet key technical criteria as well as sustainability criteria as measured by their inclusion in the national health sector plan with a secure funding source. Finally, development of harmonized efforts, such as the use of standard protocols and procedures, are also expected to contribute to the sustainability of project investments.

40. **The current and potential expanded engagement of the GFF promotes the sustainability of project activities.** The expanded engagement of the GFF includes the development of an Investment Case that outlines sector priorities through a collaborative, government-led process. The multi-stakeholder coordination mechanism that includes technical and financial partners, donors, civil society, and the private sector, leverages the Investment Case to further drive institutional commitments and agreements among partners on aligned financing and efficient resource allocation to increase the sustainability of interventions. Lastly, expanded engagement by the GFF includes technical support to explore options for domestic and international resource mobilization to finance not only the implementation of the Investment Case, but to support countries advance in their path to achieve universal health coverage.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

41. **This Project will support sustainable health interventions in Honduras that will contribute to generating, accumulating and preserving human capital among the population.** First, the Project will focus on increasing the quality and coverage of reproductive and child health services delivered; and increasing the utilization of reproductive and child health services. Second, the Project will aim to strengthen the capacity of the Honduran health system to prevent, detect and respond to health emergencies. To enable these actions, the Project will support SESAL by strengthening its capacity as a provider of health care, as well as a policy-making entity.

42. **This analysis estimates the extent to which the economic productivity of project beneficiaries is likely to be enhanced as a result of the years of healthy life gained because of the reduction of premature deaths and incidence or severity of disabilities.** It also estimates the economic gains achieved by reducing adolescent pregnancies and the subsequent increase in productivity among young women who otherwise would not have been able to complete their education and join the workforce as easily. The analysis does not set out to quantify the considerable additional benefits likely to accrue from the Project's investments in improved preparedness and response capacities, information systems, enhanced care integration, and improved governance, because no established and reliable methodology exists for doing so. This means that the results presented here are likely to underestimate the benefits that will be derived from this Project. The beneficiaries of the Project that are included in this analysis are children, adolescent girls, mothers, and women of reproductive age. Component 1 will focus on these population groups. This analysis only considers the reduced disease burden and increased productivity that directly relate to these groups, although the improvement of the surveillance and response capacities, information system and laboratory network, as well as SESAL's stewardship capacity that will be the focus of Component 2, is likely to also have a positive impact on the broader population.

43. **The impacts of the Project on the burden of disease were estimated based on reduced mortality and disability from specific diseases that the Project is expected to influence.** The Project is expected to have a particularly significant impact on maternal and neonatal diseases, as well as infectious diseases that can be prevented through immunization. The calculations are based on disability-adjusted life years

(DALYs)[59] among women of reproductive age and deaths among children aged 0 to 5 years due to neonatal and infectious diseases. The Project is estimated to have a 3 percent reduction in the DALYs and deaths related to these diseases under the moderate-impact scenario and a 6 percent reduction under the high-impact scenario (where interventions would achieve an even higher reduction in morbidity and mortality than anticipated). To determine the impact on total DALYs averted for each disease group, the analysis used the number of DALYs and deaths caused by maternal, neonatal and infectious diseases for each age group in 2019 (21,021 DALYS among reproductive age women per year and 2,694 deaths in children less than five years old per year).[60]

44. **To estimate the productivity gained as result of averted or delayed adolescent pregnancies, this analysis estimated that the Project will lead to a 5 percent decline in adolescent pregnancies**. The analysis assumes that each pregnancy that does not occur during adolescence results in an economic benefit for the individual and for society for the following 10 years. This assumption is based on evidence that girls that do not become pregnant during adolescence stay in school longer and earn more once they enter the labour market.[61]

45. **The productivity and human capital gains from averted DALYs and neonatal deaths was assumed to equal the national GDP per capita (US$2,822[62]) for each avoided DALY or neonatal death.** The productivity gained for each averted pregnancy during adolescence was also assumed to equal the national GDP per capita. To account for the increased schooling and labour market integration of young girls and women that do not become mothers during adolescence, an added productivity of 10 years was assumed for each averted pregnancy. Because of the long-term nature of the activities financed by the Project and their impact on human capital accumulation in the early years of life, the cost-benefit analysis presented only accounts for a fraction of the potential benefits, since it does not include the reductions in mortality, morbidity and adolescent pregnancies that are expected to continue beyond the life of the Project.

46. **Project costs will be incurred between calendar year 2022 and 2028.** The benefits in terms of reduced mortality and morbidity of women of reproductive age and the increased productivity of adolescents are assumed to start accruing during the 2nd year (2023) of Project implementation. The benefits in terms of the increased productivity due to averted deaths of children will start accruing in 2040, when said children will enter the workforce, and will continue until 2090, assuming those individuals will work for 50 years on average. The discount rate used to calculate the net present value of the Project's benefits was 5 percent. This accounted for the time value of money and the fact that project benefits will not accrue immediately.

[59] DALYs is a time-based measure that combines years of life lost due to premature mortality and years of life lost due to time lived in states of less than full health, or years of healthy life lost due to disability. One DALY represents the loss of the equivalent of one year of full health.
[60] Institute for Health Metrics and Evaluation (2022), Global Burden of Disease.
[61] UNFPA (2020), Socioeconomic consequences of adolescent pregnancy in six Latin American countries. Implementation of the MILENA methodology in Argentina, Colombia, Ecuador, Guatemala, Mexico and Paraguay. United Nations Population Fund - Latin America and the Caribbean Regional Office. Panama.
[62] World Bank (2022), Macro Poverty Outlook for Honduras, April 7, 2022.

47. **Considering the assumptions described above, the economic benefits would amount to US$176 million.** The net present value of the project benefits would be US$104 million using a 5 percent discount rate and the internal rate of return would be 82 percent for the 2022-2090 period. In the high impact scenario, where the Project would achieve an additional reduction in the burden of disease, the economic benefits would amount to US$210 million, with a net present value of US$113 million and an internal rate of return of 102 percent for the 2022-2090 period.

B. Fiduciary

(i) Financial Management

48. A Financial Management (FM) assessment was carried out on February 07, 2022, to assess the adequacy of the FM arrangements[63] in place at the PIU located in SESAL for the implementation of the Project. The assessment concludes that overall, SESAL's PIU has adequate FM arrangements in place, including satisfactory FM performance supporting implementation of the Honduras COVID-19 Emergency Response Project (P173861). SESAL's PIU continues to maintain the FM arrangements in place for the above-mentioned Project in terms of budgeting, accounting, and financial reporting, funds of flow and disbursements, and external auditing. However, due the additional workload and challenges of the new Project, the FM action plan includes, among other provisions: (i) hiring/assigning a FM professional with appropriate skills and experience, (ii) explicit provisions for consolidation of financial information and project activities coordination mechanisms between the PIU and regional offices (to be set out in the Project Operational Manual (POM)); and (iii) periodic training in FM. No transfer of funds to other entities than SESAL is expected.

(ii) Procurement

49. **Procurement will be carried out in accordance with the "World Bank Procurement Regulations for Investment Project Financing Instrument (IPF) Borrowers" dated July 2016 and revised in November 2020 ("Procurement Regulations").** The Project will be subject to the WB's Anti-Corruption Guidelines, dated October 15, 2006 (revised January 2011 and July 1, 2016). The Project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions. In February 2022, the Procurement Capacity Assessment of the existing PIU was assessed as adequate and updated for the implementation of the Project since it is expected that the PIU of the Honduras COVID-19 Emergency Response Project (P173861) will implement the Project. A Procurement Plan covering at least the first 18 months of project implementation has been prepared. The Project Procurement Strategy for Development (PPSD) has been developed to support attainment of the PDO and deliver value for money under a risk-based approach. To that end, the PPSD includes a market analysis supporting the selection methods detailed in the Procurement Plan. Mandatory procurement prior review thresholds detailed in the WB Procurement Procedure; Annex 2 will be observed. All procurement procedures, including roles and responsibilities of different units, and interaction with the audit board, will be defined in the POM. The POM will also detail the procedures to be used for procurement.

[63] The FM Assessment was conducted virtually in accordance with the World Bank Policy and World Bank Directive on Investment Project Financing and the FM Manual for World Bank-Financed Investment Operations (effective March 1, 2010, and revised September 7, 2021).

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

50. **The environmental and social risk classification is Moderate.** The Project is expected to generate overall positive social and environmental impacts by strengthening the supply and demand for adolescent, maternal and child health services in prioritized regions of the country, including immunization activities, and strengthening the capacity of the Honduran health system to prevent, detect and respond to health emergencies. The following environment and social standards (ESS) are relevant to the Project: ESS1. Assessment and Management of Environmental and Social Risks and Impacts; ESS2. Labor and Working Conditions; ESS3. Resource Efficiency and Pollution Prevention and Management; ESS4. Community Health and Safety; ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; and ESS10. Stakeholder Engagement and Information Disclosure.

51. **The environmental risk rating of the Project is Moderate.** From an environmental perspective, the Project will not finance major civil works or other activities that could significantly affect the quality of air, bodies of water, soils, vegetation, or the wildlife or human settlements that depend on them. Nonetheless, the Project is expected to finance minor civil works at select health facilities, laboratories, and cold chain warehouses, which may lead to a variety of site-specific and temporary construction related impacts and risks, including noise, dust, generation of solid wastes and effluents, traffic and pedestrian safety near work zones, occupational health, and safety risks, among others. The operation of health care centers, laboratories, and cold chain storage facilities in support of provision of medical services including vaccination campaigns and vector control awareness campaigns (such as prevention of dengue) furthermore carry moderate environmental and occupational health and safety risks derived from increased generation of medical waste, which may have biological risk characteristics.

52. **The Project's social risk rating is Moderate.** The Project is expected to have overall positive social impacts by strengthening and supporting vital health services, communications to beneficiaries, social mobilization and institutional capacity strengthening. Identified social risks for this Project include: (i) potential discrimination and difficulties in access to adolescent, maternal and neonatal health services and vaccination programs by marginalized and vulnerable social groups, which are disproportionately represented by Afro-Hondurans and Indigenous Peoples, migrants, the elderly, LGBTI people and persons with disabilities, especially those who live in rural or remote areas; (ii) GBV-related risks for those receiving or providing medical attention, including Sexual Exploitation and Abuse or Sexual Harassment of patients or health staff; (iii) limited reach of the Project's communication strategies to inform the population of the Project's benefits if these are not adequately tailored or culturally adapted; and (iv) insufficient measures to prevent misinformation which may contribute to propagate false expectations or generate mistrust about the benefits of health campaigns or programs, including vaccination efforts.

53. **To address project risks and establish the corresponding mitigation strategies, SESAL prepared a Stakeholder Engagement Plan (SEP) and a draft Environmental and Social Management Framework (ESMF).**[64] The Project's SEP includes an identification of project stakeholders, strategies for their engagement during project implementation and the design of a project-wide Grievance Redress Mechanism (GRM). Consultations with internal and external stakeholders were conducted during project preparation to identify and prioritize specific needs to be financed by the Project, including geographic scope, project interventions, trainings, equipment needs, and communication and outreach needs, as well as to seek feedback on potential environmental and social impacts and mitigation measures. Among vulnerable groups, consultation outputs emphasized the need to ensure that trainings of health workers consider cultural aspects and the needs of particular groups, including Indigenous Peoples, Afro-Hondurans, and LGBTI individuals. Project-financed communication and outreach campaigns, including those related to vaccination programs, will consider cultural and language adaptations for areas were Indigenous Peoples and Afro-Hondurans are identified. The draft ESMF provides an initial assessment of impacts and risks that may be associated with project activities, and outlines required measures, processes and institutional roles and responsibilities for further identification and management of such risks and impacts in accordance with the ESMF, national laws and regulations, and the mitigation hierarchy. The draft ESMF will be finalized, consulted, and adopted no later than 60 days after project effectiveness. Additional instruments will be prepared during project implementation, in accordance with the timeframes established in the Project's Environmental and Social Commitment Plan (ESCP), including Labor Management Procedures with a worker-specific GRM; an Indigenous Peoples Planning Framework (IPPF); and detailed Environmental and Social Management Plans and Indigenous Peoples Plans when needed and in accordance to criteria set forth in the ESMF and IPPF, respectively. The ESCP also establishes capacity building requirements, staffing needs and monitoring tools.

V. GRIEVANCE REDRESS SERVICES

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

[64] The draft Stakeholder Engagement Plan (SEP), Environmental and Social Management Framework (ESMF) and Environmental and Social Commitment Plan (ESCP) were published on SESAL's website on April 27, 2022 and can be accessed through: *http://www.salud.gob.hn/site/index.php/psesenciales*. The ESMF was published on the World Bank's website on April 25, 2022, and the SEP and ESCP were published on the World Bank's website on April 26, 2022.

VI. KEY RISKS

55. **The overall risk of the Project is rated Substantial.** Risks rated Substantial are detailed below.

56. **Political and governance risk is rated Substantial.** Risks are related to recent changes in leadership and priorities in the health sector in the context of the new administration that took office in January 2022. This could result in delays caused by an incomplete transition of authority in health units, lack of adequate coordination, and oversight. This risk will be managed by the Ministry's sustained engagement with health sector stakeholders and members of the new administration to build support for a fast-track transition and effective coordination. In addition, health sector coordination mechanisms will be anchored in the existing legal and institutional framework, which will be reviewed annually, with recommendations made to address gaps to ensure the continuity of the Project throughout and beyond the GoH's transition.

57. **Macroeconomic risk is rated Substantial.** Given Honduras' severe fiscal and inflationary pressures that could impact project costs, there is a risk that core functions of the health systems (such as human resources and health supplies) will not be appropriately financed, which could limit SESAL's ability to implement the Project and ensure that complementary investments are implemented. The GoH's commitment to absorb an additional 30 percent of health workers on the structural payroll of SESAL will also limit the budget available to perform the required investments in the health system, including for this Project. These risks will be mitigated bybuilding cost contingency mechanisms in contracts and implementing cost-effective interventions in the Project.

58. **Institutional capacity for implementation and sustainability risk is Substantial.** The main risks are related to: (i) the limited experience of SESAL in managing WB-financed projects; (ii) challenges for SESAL in exercising its stewardship within the health sector; (iii) and overall project management and disease surveillance and response functions to ensure project results. The PIU for the Project has limited experience as it was established and operational only recently (since October 2021). In addition, the COVID-19 pandemic continues to consume a large part of the health system's financial and human resources, challenging the effective functioning of routine health interventions and the management and oversight of other health emergencies such as dengue. These risks will be mitigated through the following actions: (i) Hire PIU staff with experience in WB-financed projects, especially for fiduciary and implementation of civil works functions; (ii) provide technical assistance to support institutional strengthening and carrying out of stewardship strengthening activities under the Project, including SESAL implementing the recommendations from capacity assessments undertaken under the Project in coordination with partners; (iii) strengthen the coordination mechanisms, including the use of standard protocols and procedures, and joint planning and budgeting as part of the GFF approach; (iv) enhance the monitoring and evaluation of health data and services through investments in the digitalization and integration of health information systems, including the development of a strategy for equitable access of project beneficiaries to health services (this will be done in close coordination with development partners such as Gavi, who have strong links with civil society and governmental institutions); and (v) provide Hands-on Expanded Implementation Support (HEIS) for procurement which has been recommended under the Project.

VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Honduras

Restoring Essential Services for Health and Advancing Preparedness for Emergencies Project

Project Development Objectives(s)

The objectives of the Project are to: (i) improve utilization of reproductive and child health services in priority regions, (ii) strengthen public health capacities for emergency preparedness, and (iii) in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Improve utilization of reproductive and child health services in priority regions				
Children aged 12 months who have received their third dose of pentavalent vaccine (DPT-HepB-HiB), in regions prioritized by the Project (Percentage)		77.60	85.00	90.00
Coverage increase in institutional deliveries that occur in institutions that meet national standards for maternal-neonatal care, in regions prioritized by the Project (Percentage)		0.00		25.00
Strengthen public health capacities for emergency preparedness				
Notifications of suspected cases of dengue for which laboratory results are available to the Health Surveillance Unit (UVS) within 10 days of collection (Percentage)		10.00		40.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Strengthen essential adolescent, maternal, and child health services			
People who have received essential health, nutrition, and population (HNP) services (CRI, Number)		0.00	1,780,000.00
People who have received essential health, nutrition, and population (HNP) services - Female (RMS requirement) (CRI, Number)		0.00	1,200,000.00
Number of children immunized (CRI, Number)		0.00	580,000.00
Number of deliveries attended by skilled health personnel (CRI, Number)		0.00	380,000.00
Pregnant women who attended their first antenatal visit at 12 weeks or less of gestation, in regions prioritized by the project (Percentage)		63.00	70.00
Facilities providing adolescent friendly SRH services and updating their action plans based on user feedback on the quality of services provided, in regions prioritized by the project (Percentage)		0.00	100.00
Health workers trained/certified in the provision of adolescent-friendly services in regions prioritized by the project (Number)		0.00	500.00
Facilities providing labor and delivery services rehabilitated and/or equipped to meet minimum national standards for maternal and neonatal care, in regions prioritized by the project (Percentage)		0.00	60.00
Public Health Preparedness and Response Capacity			
Health facilities reporting data to the integrated system according to SESAL protocols (Number)		0.00	506.00
Regional laboratories that follow established standard operating procedures (SOPs) for the top three priority diseases (COVID-19, dengue and zika) based on technical audits (Percentage)		0.00	100.00

Indicator Name	PBC	Baseline	End Target
Regional surveillance units equipped and trained for the analysis of epidemiological data (Number)		0.00	15.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Children aged 12 months who have received their third dose of pentavalent vaccine (DPT-HepB-HiB), in regions prioritized by the Project	Numerator: Number of children aged 12 months who have received their third dose of pentavalent vaccine (DPT-HepB-HiB), in regions prioritized by the Project Denominator: Total population of children aged 12 months, in regions prioritized by the Project	Every six months	SINOVA	PAI compiles data on an annual basis based on data coming from SINOVA	PAI, SESAL
Coverage increase in institutional deliveries that occur in institutions that meet national standards for maternal-neonatal care, in regions prioritized by the Project	Institutional deliveries are defined as births that occur in a health facility. Numerator: Number of institutional deliveries that occur in institutions that	Annual	SIIS	Numerator: 1. A baseline evaluation of institutions meeting the minimum national standards for maternal and neonatal care will be conducted at the	UGI, SESAL

	meet the national standards for maternal-neonatal care, in regions prioritized by the Project. Denominator: Total number of institutional deliveries in regions prioritized by the Project. This indicator will calculate percentage increase, not percentage point increase.			initiation of project implementation for regions prioritized by the project. 2. An annual follow-up assessment will be conducted in regions prioritized by the project to measure progress of institutions towards meeting national standards for maternal and neonatal care. Institutional births occurring at facilities identified as meeting the minimum national stahdards for maternal and neonatal care in regions prioritized by the project will be the numerator for this indicator. Institutional births are captured and reported by the SIIS and are disaggregated by reporting institution. Denominator: Data as reported by the SIIS on the total number of institutional deliveries in regions prioritized by	

				the project.	
Notifications of suspected cases of dengue for which laboratory results are available to the Health Surveillance Unit (UVS) within 10 days of collection	Numerator: number of laboratory results for suspected cases of dengue that are available to the UVS within 10 days after collection. Denominator: Number of notifications of suspected cases of dengue in all departments.	Annual	UVS	-Compilation of departmental-level surveillance data (for the number of suspected cases). - Lab database compiling: 1) Lab results for lab-tested samples; 2) dates of sample collection; 3) dates on which lab results were sent and made available to UVS.	UVS, SESAL

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
People who have received essential health, nutrition, and population (HNP) services		Annual	SIIS and SINOVA	Sum of the "number of children immunized" and the "People who have received essential health, nutrition, and population (HNP) services - Female" sub-indicators.	UGI and PAI, SESAL

People who have received essential health, nutrition, and population (HNP) services - Female (RMS requirement)		Annual	SIIS	The number of women of reproductive age who have accessed essential primary health services, in regions prioritized by the project, will be obtained from the SIIS.	UGI, SESAL
Number of children immunized		Annual	SINOVA	Children that have received at least one vaccination will be counted to reduce the risk of double counting. Children immunized will be counted in the eight regions prioritized by SESAL, which include: Atlántida, Comayagua, Cortés, Choluteca, El Paraíso, Francisco Morazán, Olancho, and Metropolitana del Distrito Central.	PAI, SESAL
Number of deliveries attended by skilled health personnel		Annual	SIIS	Measured as number of institutional births, including cesareans, in regions prioritized by the project.	UGI, SESAL

Pregnant women who attended their first antenatal visit at 12 weeks or less of gestation, in regions prioritized by the project	Numberator: Number of pregnant women who attended their first prenatal visit at 12 weeks or less of gestation in regions prioritized by the project; Denominator: Number of pregnant women who attended antenatal care in regions prioritized by the project.	Every 6 months	SIIS	Measured as the number of months of pregnancy at each antenatal care visit. Those that occur at 12 weeks or less (3 months or less) are counted as women who attended their first antenatal care visit at 12 weeks or less.	UGI, SESAL
Facilities providing adolescent friendly SRH services and updating their action plans based on user feedback on the quality of services provided, in regions prioritized by the project	Numerator: Number of facilities providing adolescent friendly services supported by the Project that review feedback from users of adolescent services, and incorporate results in their action plans. Denominator: Number of facilities providing adolescent friendly services supported by the Project.	Every 6 months	Action plans developed based on user feedback.	The regional health authorities compile and review action plans.	Regional health authorities, SESAL
Health workers trained/certified in the provision of adolescent-friendly services in regions prioritized by the project	Number of health workers trained to provide sexual and reproductive health services tailored to the adolescent population in regions prioritized by the project.	Every six months	Training reports produced by regional health units and the DGRISS, SESAL.	Compilation of results of pre and post training program evaluations, list of people who complete each type of training, and project records submitted by regional health	DGRISS, SESAL

				authorities.	
Facilities providing labor and delivery services rehabilitated and/or equipped to meet minimum national standards for maternal and neonatal care, in regions prioritized by the project	Numerator: Number of facilities providing labor and delivery care that are rehabilitated and/or equipped to meet minimum national standards for maternal and neonatal care, in regions prioritized by the project. Denominator: Number of facilities providing labor and delivery care, in regions prioritized by the project. Facilities refers to those providing labor and delivery care/services and can be at any level of care.	Annual	Field reports and field-based verification.	Field reports of rehabilitation and equipment procurement will be collected and reviewed by the DGRISS.	DGRISS, SESAL
Health facilities reporting data to the integrated system according to SESAL protocols	Number of health facilities reporting data to the integrated system according to SESAL protocols.	Annual	UGI	The UGI will report on the status of implementation of equipment and protocols by aggregating data collected at the regional level.	UGI, SESAL
Regional laboratories that follow established standard operating procedures (SOPs) for the top three priority diseases (COVID-19, dengue and	Numerator: number of regional laboratories that follow established standard operating procedures (SOPs)	Annual	UVS	The UVS will carry out technical audits to verify compliance with SOPs	UVS, SESAL

zika) based on technical audits	for the top three priority diseases (COVID-19, dengue and zika) based on technical audits. Denominator: total number of regional laboratories.				
Regional surveillance units equipped and trained for the analysis of epidemiological data	Number of regional surveillance units equipped and trained for the analysis of epidemiological data.	Annual	UVS	The UVS will monitor the installation of equipment and training provided to regional units of the UVS and will compile training reports.	UVS, SESAL

ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Honduras
Restoring Essential Services for Health and Advancing Preparedness for Emergencies Project

1. **An Implementation Support Plan for the Project has been developed based on the assumption that the PIU will require intensive support during implementation, especially during the first year.** A broad range of skills is required for the WB to effectively support project implementation. The implementation support team will include specialists in public health, FM, procurement, environmental and social standards, M&E, and WB operations. These functions will provide "just-in-time" advice and support. The procurement specialist(s) will carry out annual *ex-post* review of procurement that falls below prior review thresholds and will have separate focused missions depending on the procurement needs that arise. The FM specialist will review all FM reports and audits and take necessary follow-up actions according to WB procedures. The WB will also identify capacity building needs to ensure successful project implementation. The Implementation Support Plan has been developed using lessons learned from implementation of the ongoing COVID-19 project to date and will be reviewed regularly.

2. **The WB will carry out routine implementation performance and progress reviews with the PIU through implementation support missions, routine progress meetings and virtual exchanges**. A Mid-Term Review (MTR) will be organized by the WB to take stock of project implementation and identify corrective actions or adjustments as necessary. In advance of the MTR, the PIU and the WB will review project progress and highlight issues that require adjustment. At project closure, the WB will prepare an Implementation Completion and Results Report that summarizes achievements made under the Project.

3. **Generally, progress monitoring will focus on:** (i) key performance indicators, as identified in the Results Framework; (ii) progress of implementation across project components; (iii) compliance with legal conditions and covenants; (iv) progress in relation to implementation of the procurement plan; (v) whether estimated project costs are sufficient to cover planned activities and whether reallocation of funds is required; (vi) compliance with WB fiduciary and disbursement provisions; and (vii) compliance with environmental and social standards.

Table 1: Implementation Support Plan and estimated resources required.

Activity	Skills Required	Total estimated staff weeks	Number of trips
Overall coordination	Task Team Leaders (TTLs)		
Year 1			
Project launch	**Task team: total** TTL – health specialist/health economist Health Consultants Operations Support Environmental and Social specialists (2) M&E specialist FM specialist	8-10	1 for each specialist listed

Activity	Skills Required	Total estimated staff weeks	Number of trips
	Procurement specialist		
Regular implementation support mission	**Task team: total** TTL – health specialist/health economist Health Consultants Operations Support Environmental and Social specialists (2) M&E specialist FM specialist Procurement specialist Consultants on specialized issues as needed	12-16	2 for TTLs At least 1 for each specialist listed
Years 2-5			
Bi-annual implementation support missions (technical and fiduciary reviews)	**Task team: total** TTL – health specialist/health economist Health Consultants Operations Support Environmental and Social specialists (2) M&E specialist FM specialist Procurement specialist Consultants on specialized issues as needed	18-22	At least 2 for each specialist listed
Mid-Term Review	**Task team: total** TTL – health specialist/health economist Health Consultants Operations Support Environmental and Social specialists (2) M&E specialist FM specialist Procurement specialist Consultants on specialized issues as needed	10-12	1 for each specialist listed
Implementation Completion and Results Report Mission and Preparation	**Task team: total** TTL – health specialist/health economist Health Consultants Operations Support M&E Specialist Implementation Completion and Results Report Authors	8-12	1 for each specialist listed

Financial Management

4. **The Project will be implemented by the PIU hosted within the SESAL.** It will be responsible for Project implementation, including FM, procurement, environmental, and social standards functions. Project FM tasks will include: (i) budget formulation and monitoring; (ii) cash flow management (including processing payments and submitting credit withdrawal applications to the WB); (iii) the maintenance of accounting records, including the maintenance of an inventory of fixed assets for the Project; (iv) the administration of underlying information systems; (v) the preparation of any financial report required by the WB; (vi) the preparation of year-end financial reports; and (vii) arranging the external audit.

5. **Budgeting.** The PIU will be responsible for preparing and monitoring the annual operating plan and budget. Annual operational planning for the Project will be led by the PIU in coordination with the technical team. The annual operational plan will be the main input to the budget formulation process. The institutional budgeting system will be used for the Project's budget formulation and execution. Procedures will be detailed in the POM. The Project budget will be managed through the GoH's integrated financial management system (*Sistema de Administración Financiera Integrada*, SIAFI-UEPEX) and the National System of Public Investment which is a module of the SIAFI-GES. The SIAFI allows to produce reports at component and subcomponent level.

6. **Accounting and Financial Reporting.** Project accounting will be also maintained using the SIAFI-UEPEX following policies and procedures established. The system includes a procurement module where they can submit contracts and purchase orders, accounting, treasury, a fixed assets module; and it will be adapted to issue the financial reports in the format required by the WB. Fixed assets control will be carried out with the support of the National Inventory-Fixed Assets Unit. The PIU will prepare Bi-annual Interim Financial Reports (IFRs) to be submitted to the WB within 45 days after the end of the calendar semester. Project IFRs will contain at least: (i) a statement of sources and uses of funds (with expenditures classified by component) and cash balances at the beginning and ending of the reported period; and (ii) a statement of budget execution for each component and subcomponent.

7. **Internal Controls.** SESAL's PIU overall has adequate internal control and procedures. The main regulatory framework consists of the institutional FM policies and procedures, including the PIU job descriptions manual. In addition, project-specific FM arrangements will be documented in the POM to ensure administrative and financial control over the Project, which will cover the: (i) roles and responsibilities of the FM staff; (ii) internal controls including procedures to manage and control fixed assets acquired with credit proceeds; (iii) content and format of the IFRs and annual financial reports; and (iv) auditing arrangements.

8. **Disbursement's arrangements.** The disbursement methods to be used are as follows: (i) reimbursement; and (ii) direct payment. The Advance method of disbursements has been suspended for operations in the pipeline or under preparation in Honduras until further notice.[65] If this restriction is lifted, the advance method may be considered. The Project disbursements arrangements will follow WB's disbursement policies and procedures as described in the Disbursement and Financial Information Letter.

9. **Audit arrangements.** Not later than three months after the effective date, SESAL'S PIU will hire independent auditors. The PIU will prepare the project financial statements on an annual basis. Annual financial statements will be audited by a private audit firm following terms of reference acceptable to the WB. The Project's annual audited financial statements will cover all project funds and shall be submitted to the WB no later than six months after the end of each audited period. The audit costs will be financed by the Project. Audited financial statements will be disclosed on the SESAL website, and the WB will make them available to the public in accordance with the WB's Policy on Access to Information. SESAL's PIU should retain all records (contracts, invoices, bills, receipts, and other documents) of expenditures related to the Project until at least either one year after the WB has accepted the audited financial statements covering the period during which the last withdrawal from the credit account was made or two years after

[65] Ineligible expenditures under the Central America: Corazon Transboundary Biosphere Reserve Project (P085488) are pending reimbursement to the WB.

the closing date, whichever is later. SESAL's PIU will give the WB access to these records to examine them.

10. **FM Supervision.** In accordance with FM assessed risk, FM supervision missions will take place on biannual basis during first year of implementation and once a year thereafter. FM supervision scope will include desk review of project IFRs and audit reports, following-up on any issues raised by auditors, as appropriate; review operation of the control systems and arrangements described in this assessment; and updating the FM rating input to Implementation Status and Results Report (ISR), as needed. In addition, during the first year of execution, the Project will be closely monitored to verify that the FM arrangements are working as intended and to make changes if needed.

FM Action plan

Activities	Institution	Deadline
1) POM updated and approved by the WB, incorporating: a) roles and responsibilities of the FM staff; b) internal controls including procedures to manage and control fixed assets acquired with credit proceeds;	SESAL's PIU	Effectiveness
2) Plan for maintaining and financing the required PIU staff until project closing date is provided to the WB	SESAL's PIU	Effectiveness
3) External auditors contracted	SESAL's PIU	Within 3 months of effectiveness

Procurement

11. **The WB updated the procurement capacity assessment of the PIU:** The PIU has been assessed to confirm their capacity to implement the Project. The PIU was created in late 2021 to implement the Honduras COVID-19 Emergency Response Project (P173861) and has had limited procurement activities under P173861, most of which have been the Direct Contracting of United Nations Agencies and Bank-Facilitated Procurement for Personal Protective Equipment. The PIU is staffed with a Procurement Specialist with relevant experience in donor procurement procedures, nevertheless, the Procurement Specialist has limited experience in WB Procurement Regulations and procedures. It is expected that a Procurement Officer will be hired to support the PIU in procurement activities. The objective is to have the current PIU staff take over the activities for the Project once P173861 closes. The workload and number of activities will be considered once the Project becomes effective, to confirm if additional procurement staff will be needed. In general, the PIU seems to follow WB Procurement Regulations and procedures in the implementation of P173861. Additionally, HEIS has been recommended for the Project.

12. **Procurement Plan**: In accordance with paragraph 5.9 of the WB Procurement Regulations of July 1, 2016 (revised November 2020), the WB STEP will be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the Project. The GoH is preparing the Procurement Plan in accordance with the results provided by the PPSD. A summary of the PPSD will include a recommended procurement approach for higher risk/value contracts.

13. **Civil works**: The Project will finance civil works for rehabilitation of selected health infrastructure as well as infrastructure for establishment of additional capacity of the laboratory network, and other minor construction or rehabilitation initiatives.

14. **Goods**: Goods to be financed under this Project will include equipment for the provision of maternal and newborn health services, laboratory equipment, including cold chain equipment, IT equipment, IT software and hardware, among others.[66]

15. **Non-consulting services:** The Project will finance non-consulting services such as the implementation of communication campaigns, printing of materials, among others.

16. **Selection of consulting services:** Consulting services to be financed under the Project will include technical assistance, M&E, design and supervision of civil works and external auditing, among others.

17. **Standard Procurement Documents:** Standard Procurement Documents will be used for all contracts subject to international competitive procurement and those contracts as specified in the Procurement Plan tables in STEP. For bidding processes using a national market approach, bidding document and requests for quotations documents were agreed with the WB at Negotiations.

18. **Operating costs:** Operating costs refer to incremental expenses incurred during Project implementation and consist of communication costs, office supplies and maintenance, equipment maintenance, utilities, document duplication/printing, consumables, insurance and the costs of travel and per diem for project staff whose travel is linked to the implementation of the Project. They exclude the cost of consulting services and salaries of officials of the Recipient's civil service.

19. **Procurement risk and mitigation measures:** The main risks identified at this stage for procurement include: (i) the risk that staff of the implementing agency and PIU may not possess the relevant experience to perform their duties appropriately; (ii) weak procurement capacity of evaluators and technical teams; (iii) the fact that the PIU will implement P173861 may create challenges in the timely processing of procurement processes under the Project; and (iv) lack of capacity of the market to provide certain goods, services, or works due to increased local and international demand that may expose weaknesses in the supply chain and/or significant price increases. These risks will be mitigated by: (i) providing additional training and hand holding to procurement staff; (ii) hiring additional experienced procurement and technical staff for the PIU, if needed; (iii) providing tailor made training for evaluators and technical teams that will be involved in procurement activities; (iv) ensuring roles and responsibilities are clearly defined in the POM; (v) HEIS has been recommended to the PIU; and (vi) performing targeted market analysis to identify potential providers/contractors for goods, services, and works and classify them according to their capacity, experience, and the type of goods, services, or works delivered. The procurement risk is Substantial before mitigation, following the mitigating measures listed above the procurement risk is considered as Moderate.

20. **Frequency of procurement supervision**: In addition to prior review supervision, the WB will perform post-review missions annually with a sample of at least 20 percent of contracts.

[66] Procurement processes for solar panels and solar components will follow the Forced Labor-Solar-Declarations and provisions for Procurement Documents issued in Dec 2021.

ANNEX 2: Additional Sectoral and Institutional Context Information

COUNTRY: Honduras
Restoring Essential Services for Health and Advancing Preparedness for Emergencies Project

1. **Maternal health outcomes reflect significant inequalities in access and quality of care.** Nearly all deliveries (94 percent) were attended by qualified health personnel in 2019, compared to 83 and 67 percent in 2012 and 2006, respectively. However, there continue to be urban/rural differences, with 99 percent of women in urban settings delivering in the presence of skilled personnel, compared to 91 percent of women in rural areas. The quality of care received is highly variable across health regions.[67] For example, although nationally 94 percent of women receive iron folate supplements during ANC, this goes down to 82 percent in Gracias a Dios, a rural region of the country. Similar trends are observed for other markers of quality of care, such as measurement of arterial pressure, urinalysis, communication of danger signs during pregnancy, and anthropometric measurements/weight gain tracking. Other services, like tetanus toxoid vaccination, remain low with 55 percent of women receiving two doses during their most recent pregnancy; in some regions like Ocotepeque the coverage is only 31 percent. Furthermore, ANC and care during delivery and postpartum are highly influenced by income and education level, urbanicity, and geographical region, with access and quality remarkably lower among the lowest income quintiles, those with no or little education, and rural populations.[68]

2. **Adolescent fertility in Honduras is marked by inequities based on geographic location and educational attainment.** Adolescents aged 15-19 years living in rural areas are 60 percent more likely to have been pregnant or be mothers as compared to those in urban areas (32 percent versus 20 percent in urban versus rural areas). These differences are even starker when comparing education levels, where up to 51 percent of girls aged 15-19 with 1-3 years of primary education have begun childbearing, as compared to 33 percent of girls with 4-6 years of education, 20 percent of girls with 7-9 years of education, 15 percent of girls who have completed secondary education and 3 percent of girls who have continued to complete tertiary education.[69] The high levels of adolescent pregnancy hold important, immediate implications not only for the adolescent's health and survival, but also for the health of their newborns,[70] with longer-term social and economic consequences on their educational attainment and subsequently, lifetime earnings.[71] Girls who get one year of education beyond the average boost their eventual wages by 10-20 percent.

3. **The upcoming inclusion of Honduras as a GFF country and the Investment Case to be developed represents a unique opportunity** for SESAL to use available evidence to outline the sector's priorities. Priorities will be focused on reproductive, maternal, newborn, child, and adolescent health and nutrition (RMNCAH-N), including sectoral reforms and financial needs analysis and to which key stakeholders can

[67] INE, 2019. Honduras ENDESA/MICS; SEP, INE, SESAL, ICF International, 2012. Honduras National Demographic and Health Survey (DHS).
[68] INE, 2019. Honduras ENDESA/MICS.
[69] INE, 2019. Honduras ENDESA/MICS.
[70] WHO, 2020. Adolescent Pregnancy Fact Sheet, available from: https://www.who.int/news-room/fact-sheets/detail/adolescent-pregnancy.
[71] Levine et al., 2008. Girls Count: A Global Investment & Action Agenda. Center for Global Development, Washington DC. Available from: https://www.cgdev.org/sites/default/files/15154_file_GC_2009_Final_web_0.pdf

align their financing and implementation support. Moreover, GFF engagement includes technical and financial support to a multi-stakeholder coordination mechanism (new or existing) that not only strengthens the development, implementation, and monitoring of the IC, but promotes greater inclusion, collaboration, alignment, and accountability among the various partners working in RMNCAH-N in Honduras.

4. **Honduras has recently achieved some progress in its efforts to improve its preparedness and response capacity, particularly as part of the COVID-19 response, but there is still room for further improvement.** Efforts include approving a National Pandemic, Epidemic and Health Emergency Response Plan in February 2020, which was supported under a WB-financed Disaster Risk Management Development Policy Credit with a Catastrophe Deferred Drawdown Option (P172567). However, the implementation of the Plan is negatively affected by the financing and stewardship constraints faced by SESAL, which have been aggravated by the pandemic. Several partners, including the IDB, USAID, United Nations Children's Fund (UNICEF), PAHO, and Taiwan, China, continue to support Honduras' national COVID-19 response through investments in the national laboratory system, communication campaigns, cold-chain strengthening, COVID-19 vaccines procurement and deployment, medical and lab supplies, among other areas of the pandemic response. However, the country continues to face severe difficulties in preventing and managing community transmission, while ensuring the continuity of routine health services. Two interrelated WB advisory services and analytics activities are contributing to the evaluation and strengthening of the capacity to respond to emergencies: Public Health Preparedness Assessment in Central America (P175552) and Honduras: Pandemic Preparedness and Response (P175274). These two activities examine different aspects of the country's pandemic preparedness and response capacity to identify opportunities for improvement through investment and technical assistance.

5. **The COVID-19 pandemic has been so devastating in Honduras because of the country's low capacity to respond to health emergencies** (Table 2). Honduras has struggled to control the spread of COVID-19 since the first cases were reported in March 2020. As of May 8, 2022, there have been over 424,000 confirmed cases of COVID-19 and 10,895 deaths. Honduras began vaccinating its population against COVID-19 in February 2021 and as of May 8, 2022, 60.2 percent of the total population has received at least one dose and 53.9 percent have been fully vaccinated (two dose regime). With an assessed core capacity of 34 percent under the International Health Regulations, Honduras' capacity to detect, assess, notify, and respond to public health risks and emergencies is far below the global and LAC regional average (61 percent and 65 percent, respectively). Among other consequences, weak and limited capacity at both central and subnational (regional) levels has translated into a chronic inability to control epidemics, including what has been referred to as the country's worst dengue outbreak in decades. Among other diseases, surveillance of dengue cases and deaths has been severely disrupted since the beginning of the COVID-19 emergency, as the national surveillance and response system have become overburdened, and the actual impact of dengue in recent months is widely understood to be higher than the reported data to date. Considering these outbreaks and diseases -among other infectious ones- are expected to be exacerbated by climate change impacts over time, investing in improvements to the health system's capacity to detect, monitor and respond to diseases is essential to increase the climate resilience of vulnerable populations.

Table 2. Regional-level achievement on International Health Regulation domains (percent)

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Legislation and financing	93	100	67	7	100	53
Coordination and presence of a national focal point for International Health Regulation	70	100	30	80	30	80
Zoonotic events	60	100	60	80	60	80
Food safety	80	20	20	20	80	80
Laboratories	93	100	80	60	87	73
Surveillance	70	100	70	80	60	80
Human resources	80	100	80	20	60	80
National Framework for Health Emergencies	27	60	80	20	73	80
Health Service provision	73	60	33	0	73	73
Risk communication	80	40	60	40	80	40
Entry points	60	100	60	40	80	60
Chemical events	100	40	60	0	60	80
Radiation emergencies	20	60	100	0	100	60

Source: PAHO, 2019