

Document of

Report No: PAD4603

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT FROM THE
GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND

IN THE AMOUNT OF US\$ 5 MILLION

TO THE

REPUBLIC OF HONDURAS

FOR A

CORREDOR SECO FOOD SECURITY PROJECT ADDITIONAL FINANCING

JUNE 30, 2021

Agriculture And Food Global Practice
Latin America And Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Jun 28, 2021)

Currency Unit = Honduran
Lempira

1 HNL = US\$ 0.040

US\$ 1 = HNL 24.826

FISCAL YEAR

January 1 - December 31

Regional Vice President: Carlos Felipe Jaramillo



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Morazán located in the Dry Corridor in the Western and Southern areas of Honduras, where rural poverty is concentrated. It is part of the Government's Alliance (ACS) initiative, supported by the European Union, USAID, and GAFSP.

6.

The Project is divided into three components. Component 1, "Food Production and Rural Household Income Generation," aims to increase the availability of quality food and revenues of poor and extremely poor households, through a nutrition-smart agriculture⁵ (NSmartAg) approach, as a basis for improving nutrition and reducing child stunting in the long run. Component 2, "Nutrition Education and Household Hygiene," aims to improve the consumption of nutritious foods and the nutrition status of pregnant and lactating women and of children less than five years of age, as well as to undertake community activities to promote behavior change for greater nutrition awareness and improve household hygiene practices, so as to be able to secure the benefits of improved nutrition. Component 3 provides monitoring, evaluation, and project management support.

7.

. As of December 2020, 84.19 percent of PROSASUR's beneficiaries were living extreme poverty, 8.58 percent were poor, 2.66 percent were at risk of poverty, and the remainder responded to other vulnerability criteria (for example, female-headed households with no stable source of income).

8.

. Technical assistance, training, and extension services are carried out through subprojects based on technically and financially viable demand-driven business plans and/or incremental food security plans. These subprojects increase food and agricultural production, introduce high-value crops, increase market linkages, and expand non-farm revenue generation to complement on-farm incomes and reduce income volatility. The Project builds on existing evidence-based interventions in community child health and nutrition by focusing on access to diverse and quality foods, improved nutrition-related behavior, child growth monitoring, and improved hygiene at the household level. Subproject investments for value chain development were designed for high-value crops for small-scale rural producers' organizations/small enterprises and are expected to generate on-farm and off-farm jobs, including postharvest management and processing. Investments to ensure food security and for high-value crops production are based on climate--



PDO-level indicators is as follows:

- The Project has benefitted 11,844 households (4,084 led by women), equivalent to 99 percent of the end target of 12,000 households.
- 70 percent of children under the age of five and their mothers, as project beneficiaries, consume at least four food groups, surpassing the end target for the Dietary Diversity Score (60 percent).
- The annual average increase in sales of households participating in the first batch of 156 Agricultural Business Plans that started implementation in mid-2019 was US\$696 (77 percent of the end target of US\$900).
- Average agricultural productivity has increased to 783.26 kg/ha, surpassing the end target of 685 kg/ha by 14 percent.

10.

- Implementation progress of Component 1 is considered Satisfactory. The MTR report indicates that most intermediate indicator targets have been achieved or surpassed. As of June 2021, the Project has formulated and implemented 11,455 subprojects directly benefiting 11,844 households (99 percent of the end target of 12,000 households). There were 40 indicators as 11,844 households (99 percent of the end target) in 40 indicators as 11,844 households (99 percent of the end target). Moreover, the Project has financed 156 Agricultural Business Plans and 103 Non-Agricultural Business Plans (of which 57 percent are for women), and an area of 993 ha has been equipped with irrigation services.
- Implementation progress of Component 2 is considered Satisfactory. The Project reports a general



of reproductive age and 42.4 percent of children under the age of two considered anemic) and dietary diversity was low. In April 2020, the World Food Programme (WFP) conducted a vulnerability assessment with 6,183 households and found that food and nutrition security were severely threatened by poor dietary quality, ramme



social distancing protocols.

15.

The impacts of the crisis in terms of acute and chronic malnutrition and of micronutrient deficiencies in project areas are severe. Widespread job losses have also irreversibly impacted household incomes, which will further worsen food insecurity and prolong the duration of the crisis in rural areas through direct impacts on the demand for food and agricultural produce. The Project's US\$6.2 million undisbursed balance from GAFSP has been fully committed to PROSASUR's core activities of promoting food and nutritional security among extremely poor households in 25 Dry Corridor municipalities, but the available funds are extremely limited compared to the needs in the area. While PROSASUR is attending to almost



The proposed interventions fall under Pillar 3 (“Protect purchasing power of poor households to continue to access food and nutrition”) and Pillar 4 (“Protect the most vulnerable from worsening their nutritional status”) of the

developed by the Agriculture and Food Global Practice of the World Bank. In particular, Food Security Plans (FSPs) will improve the quantity and quality of the agriculture produce available to farmers for consumption, while favoring the creation of production surpluses that can be sold on local markets for extra income. Household hygiene plans, on the other hand, will improve nutrition by ensuring that safe food handling and hygiene practices are followed by households. Community nutrition plans and communication campaigns will contribute to consumer education raising awareness for positive behavior change with respect to nutrition habits. Coordination with health centers will enhance the quality of the health and nutrition services available to beneficiaries in project areas. Finally, the distribution of micronutrients will provide key nutritional supplements to women and children.

20.

. PROSASUR has already been financing the provision of some basic equipment for rural community health centers (including furniture, cookware, etc.), as well as the provision of micronutrients and food supplements for children and mothers participating in Community Nutrition Plans in rural communities. The AF would enable the Project to scale up and improve the provision of this type of support, focusing it more directly on alleviating the impacts of the COVID-19 crisis, strengthening the services of 94 health centers in the project area and targeting an additional 2,000 vulnerable households.

21.

. The targeted beneficiaries are: (i) poor and extremely poor households, beneficiaries of the Government’s cash transfer program, and those who pass an additional poverty verification test; (ii) highly vulnerable households that have low food stocks and have no stable means of income; and (iii) female-headed households or households with the presence of pregnant women, nursing mothers, and children under five years of age or other children with nutritional risks. The process of identifying eligible beneficiaries begins with the preparation of a socioeconomic datasheet, which uses the information gathered in the cash transfer program, complemented by specific additional information. To date, 90 percent of the Project’s beneficiaries are



. The AF will: (i) contribute to mainstreaming climate-smart and nutrition-smart practices, supporting farmers to increase their adaptive capacity and resilience to climate change impacts; and (ii) contribute to inclusion by targeting subsistence farmers and extremely poor households, and by ensuring the participation of women, children, and youth.

24.



. As in the parent PROSASUR, the component aims to improve



and consumption, . Based on this experience, resources will be allocated for the conceptual design and piloting of an IT-based tool to monitor small-scale basic grain production. The tool will be anchored to the Project's information system, whose beneficiaries will be part of the piloting exercise. The tool will also be part of a broader agricultural market intelligence initiative at the national level promoted by the WB-financed COMRURAL project series (P158086, P168385, P174328), to which it will contribute key information on the impacts of the COVID-19 crisis on agricultural production and food and nutrition security.

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Corredor Seco Food Security Project Additional Financing (P177149)



39.

The proposed AF will continue supporting PROSASUR's food and nutrition security objectives by reaching an additional 2,000 of the most vulnerable households in the project area. These households will benefit from an estimated additional 1,000 Food Security Plans and 1,200 Household Hygiene Plans (with some households benefitting from both), together with additional training and technical assistance to continue improving the adoption of climate-smart and nutrition-smart agricultural technologies and practices to increase their resilience to climate vulnerability and COVID



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51.

. Since the Management Waiver of the Environmental and Social Framework and the Environmental and Social Directive for Investment Project Financing has been granted, the parent Project and the proposed AF will continue to be implemented under the same operational policies. There are seven Safeguards Policies triggered under PROSASUR, of which six are Environmental Safeguard Policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP



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project management			and project management	



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Corredor Seco Food Security Project Additional Financing (P177149)



The objective of the Project is to enhance food and nutritional security of vulnerable households in Selected Areas of the Corredor Seco.



Business Plans (Amount(USD))								
Dietary diversity score in participating HHs of component 2 (Percentage)		49.91		40.00	40.00	40.00		60.00





Clients who have adopted an improved agr. technology promoted by the project (CRI, Number)



(Number)								
Household hygiene investments (Number)	0.00							5,200.00
Evaluations carried out (Number)	0.00	1.00			2.00			3.00
Timely semiannual monitoring reports (Number)	0.00	2.00	4.00	6.00	8.00			13.00



	will be calculated against the baseline data of yields (570.75 kg/ha) and compared with the targets (kg/ha) for Y4, Y5, and end target.				
Households benefitting directly from the Project	Number of households benefiting from agricultural, business development and household hygiene SPs. For community nutrition SPs at least four trainings are needed. (Component 1: 6000; Component 2: 2000; Component 1+2: 4000)	Quarterly	Registry of Beneficiaries; Monitoring System		INVEST-H
Average of annual incremental sales of participating HH under Business Plans	Average of sales of cash crops and/or non-farm products of a household during the reporting year minus the total value of sales in the base year of component 1	Annual	Business plans (baseline), Extension agents (monitoring)		INVEST-H
Dietary diversity score in participating HHs of component 2	Number of individual food items or groups consumed daily by children under 5 and their mothers.	Baseline, mid-term, and end of the project	Project surveys	Measured at the HH or individual level through a questionnaire	INVEST-H



Client days of training provided (number)	This indicator measures the number of client days of training provided i.e. the number of clients who completed training multiplied by the duration of training expressed in days.	Quarterly	Monitoring System		INVEST-H
Client days of training provided - Female (number)		Quarterly	Monitoring System		INVEST-H
Area provided with irrigation and drainage services	Area provided with new and improved irrigation (cumulative).	Quarterly	Monitoring System	Subproject reports	INVEST-H
Area provided with irrigation and drainage services under Business Plans	Area provided with new and improved irrigation under Business Plans.	Quarterly	Monitoring System	Subproject reports	INVEST-H
Agricultural subprojects implemented under Business Plans	# Business plans implemented by groups of farmers	Quarterly	Monitoring System		INVEST-H
Number of benefiting HH for agricultural subprojects implemented under Business Plans		Quarterly	Monitoring System		INVEST-H
Households benefiting of an agricultural subproject implemented under a Food Security Plan	# HH benefiting of agricultural SP under a food security plan, as individual or as member of a group	Quarterly	Monitoring System		INVEST-H



Component 1: Food production and rural household income generation	22,200,000	1,450,000	23,650,000	4,800,000		1,600,000	200,000	6,600,000	
Component 2: Nutrition education and household hygiene	4,100,000	2,940,000	7,040,000	300,000		400,000	250,000	950,000	
Component 3: Monitoring, evaluation, and project management	3,700,000	610,000	4,310,000	700,000				700,000	



1. Real GDP declined by 9 percent year-on year in 2020 due to a sharp fall in trade, investment and consumption amid the global recession, extended lockdowns, and damages caused by the hurricanes. As of mid-May 2021, there were over 224,000 cases of COVID-19 and more than 5,890 deaths in Honduras, leading to deep social and economic impacts. Based on WB High Frequency Phone Surveys, nearly 68 percent of households reported income losses, and more than one-third of households reported food insecurity due to lack of resources in mid-2020. In addition, a projected 12.5 percent of people lost employment in 2020. Poverty is projected to have increased from 49 to 55.4 percent in 2020 under the US\$5.50 line, and although the economy is expected to begin recovering in 2021, real GDP is not expected to reach its pre-pandemic level until 2023.

2. The authorities deployed a targeted fiscal



by a US\$20 million AF to the same project (P176015) approved in April 2021; (iii) the Immediate Response Mechanism (IRM) was triggered under the Honduras Rural Competitiveness Project (COMRURAL I, P101209) for US\$2.2 million, and a US\$0.5 million Contingent Emergency Response Component (CERC) was triggered under the DRM Project (P131094) for the COVID-19 response; and (iv) two water projects were approved in June 2020 – Water Security in the Dry Corridor of Honduras (P169901, US\$70 million) contributing to food security and nutrition, and the Urban Water Supply Strengthening Project (P173125, US\$45 million) seeking to improve municipal water management and increase access to clean water. Finally, in response to Tropical Cyclones Eta and Iota, the WB approved the Honduras Tropical Cyclones Eta and Iota Emergency Recovery Project (P175977) for US\$150 million in December 2020 and is working with the GoH to finalize the requirements to trigger the CERC for approximately US\$21 million under COMRURAL II (P168385) to respond to the emergencies created in the agriculture sector.

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