



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
SOCIAL PROTECTION  
APPROVED ON JUNE 29, 2010  
TO  
THE REPUBLIC OF HONDURAS

SOCIAL PROTECTION & LABOR  
LATIN AMERICA AND CARIBBEAN

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## I. BASIC DATA

### Product Information

Project ID P115592	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 29-Jun-2010	Current Closing Date 31-Dec-2018

### Organizations

Borrower The Republic of Honduras	Responsible Agency Secretary of Development and Social Inclusion
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### Project Development Objective (PDO)

#### Original PDO

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

#### Current PDO

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

### Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Net	
				Closing Commitment	Disbursed Undisbursed



IDA-56030	31-Mar-2015	19-May-2015	11-Nov-2015	31-Dec-2018	25.00	21.51	3.49
IDA-52940	08-Aug-2013	26-Aug-2013	22-Nov-2013	31-Dec-2017	12.30	11.68	.03
IDA-47740	29-Jun-2010	02-Aug-2010	29-Oct-2010	31-Dec-2017	40.00	40.68	.01

### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The restructuring is to extend the closing date of the two credits (4774-HN and 5294-HN) by six months due to the unforeseen political tensions and violence resulting from the contested presidential election of November 26, 2017. This restructuring would allow the Project to issue payments to beneficiaries of the conditional cash transfer (CCT) Bono Vida Mejor Program at a later date, in a more secure environment.

The Project, which involves a SDR 26.5 million credit (USD 35.82 million equivalent) to the Government of Honduras, was approved on June 29, 2010 and became effective on October 29, 2010. The first AF of SDR 8.2 million (USD 11.9 million equivalent) was approved on August 8, 2013 and became effective on November 22, 2013. A second Additional Financing (AF) of SDR 17.8 million (USD 25 million equivalent), with a closing date of December 31, 2018, was approved on March 31, 2015 and became effective on November 18, 2015. This is the fifth restructuring for this Project. The first restructuring was approved on April 22, 2013, which revised the Results Framework, reallocation between disbursement categories, and other institutional arrangements to align with the first additional financing. The second restructuring was approved on November 20, 2014, which revised the implementing agency, the results framework, the legal covenant, and other institutional arrangements to align with the second additional financing. The third restructuring approved on January 4, 2017, revised the results framework and the fourth restructuring approved on July 10, 2017, extended the closing date of the second AF (Credit 5603) to December 31, 2018.

To date, the Project has committed USD 77.3 million, of which USD 73.72 million (95 percent of the total amount) has been disbursed. The original credit (4774-HN) was fully disbursed, and the first AF (5294 HN) and the second AF (5603-HN) have disbursed 95 percent and 85 percent of their total credit amounts, respectively. As of December 13, 2017, funds amounting to USD 797,055 from the original credit, USD 176,834 from the first AF and USD 2,770,751 from the second AF (5603-HN) have been transferred to the two payment agencies, Banadesa and BanRural, but have not yet been paid to the 33,391 beneficiary households. According to World Bank procedures, transfers must be paid to the beneficiaries prior to the closing date for the expenditures to be considered eligible for World Bank financing.

Progress towards achievement of the development objectives is rated moderately satisfactory, with seven out of nine Project Development Objectives (PDO) indicator targets already achieved. The Program currently supports around 241,000 beneficiary households, of which the Project finances approximately 73,500 beneficiary households. The Project has made substantial progress in establishing the service delivery systems of the Program to ensure that it is an effective, accountable and well-targeted Conditional Cash Transfer (CCT) program. The share of extreme poor households in rural areas receiving CCTs reached 99.8 percent (target of 80 percent). The percentage of students with at least 80 percent attendance in Grades 1 to 6 and Grades 7 to 9 reached 97.8 and 96.3 percent respectively (targets



of 85 and 70 percent). Some 94.3 percent of beneficiary children 13 to 15 years old completed primary education (target of 78 percent), with the rate for girls being 94.5 percent (target of 78 percent). Similarly, 89.1 percent of children 16 to 18 years old completed lower secondary school education (target of 60 percent), with the rate for girls being 90.6 percent (target of 60 percent). One PDO indicator still to be achieved is the coverage of complete childhood immunization for children 0 to 23 months; the current rate is 55.4 percent (against a target of 70 percent).

There are no pending audits and recent audit reports have been satisfactory. The Project’s overall Safeguard rating is satisfactory.

**Rationale for Proposed Extension**

The second round of payments of the two payments scheduled for CY17 was planned to be completed at least 60 days prior to the election, a measure agreed with Government to protect the Program from political influence. Given the time needed to issue payments, only 80 percent of beneficiaries received transfers before the agreed 60-day buffer period, leaving 20 percent to be paid post-election, of which 33,391 will be paid with funds from the World Bank credits. Issuing payments in the context of the current social unrest, risks the safety of beneficiaries, Program staff, payment agencies, and the audit firm. The extension would allow payments to be made once the political tensions and violence subside.

**Additional considerations**

**Risks.** The key risk to Project implementation is the possibility of prolonged social unrest, which could further delay payments to remaining beneficiary households well into 2018. The Government may still opt to carry out the payments despite prolonged social unrest. The World Bank reminded the government their obligation to implement the project with due diligence and efficiency as stated in the General Clauses of the Credit Agreement. If the auditors cannot accompany the payment due to security concerns as required by the Credit Agreement, the auditors will be asked to sample a larger sample of recipients of the cash transfers for the post review audit, to address the potential increased risk of payments made to ineligible beneficiaries.

**III. DETAILED CHANGES**

**LOAN CLOSING DATE(S)**

<b>Ln/Cr/Tf</b>	<b>Status</b>	<b>Original Closing</b>	<b>Revised Closing(s)</b>	<b>Proposed Closing</b>	<b>Proposed Deadline for Withdrawal Applications</b>
IDA-47740	Effective	31-Dec-2014	31-Dec-2015, 31-Dec-2017	30-Jun-2018	30-Oct-2018
IDA-52940	Effective	31-Dec-2015	31-Dec-2017	30-Jun-2018	30-Oct-2018
IDA-56030	Effective	31-Dec-2017	31-Dec-2018		



**The World Bank**

Social Protection (P115592)

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