Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 07-Nov-2017 | Report No: PIDC129278
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Environmental Assessment Category</th>
<th>Project Name</th>
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<tr>
<td>P165218</td>
<td></td>
<td>C - Not Required</td>
<td>HN Supporting Cost of Living Measurements</td>
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<table>
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<tr>
<th>Region</th>
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<th>Date PID Prepared</th>
<th>Estimated Date of Approval</th>
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<tbody>
<tr>
<td>LATIN AMERICA AND CARIBBEAN</td>
<td>Honduras</td>
<td>07-Nov-2017</td>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
<th>Initiation Note Review Decision</th>
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<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Banco Central de Honduras</td>
<td>Banco Central de Honduras</td>
<td>The review did authorize the preparation to continue</td>
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### Financing (in USD Million)

#### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>0.74</td>
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<td>Total Financing</td>
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<td>Financing Gap</td>
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#### DETAILS

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Government Contribution</td>
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### B. Introduction and Context

#### Country Context

Honduras, an IDA country with a population of 8.1 million, is among the poorest countries in Latin America and the Caribbean (LAC), with nearly one in five (18 percent) living on less than $1.90 per day. Over the past 40 years the country has experienced modest growth rates marked by considerable volatility. Honduras ranks among the most unequal countries in LAC, and, at 11 percent of the population, its middle class is among the smallest in the region. A large share of the population is vulnerable and exposed to regular shocks - both large macroeconomic shocks and natural disasters as well as localized shocks, including high levels of crime and violence, which have exacerbated
poverty by slowing asset accumulation.

A significant quality concern for both macro and microeconomic indicators in Honduras is the continued reliance on data from 1998 for inflation, national accounts, and poverty methodologies. Since that year, Honduras has undergone significant changes, including a devastating hurricane that generated losses equal to 70 percent of GDP, and exponential growth in out-migration and remittances. To address this pressing data gap, the Central Bank of Honduras (CBH) and the National Institute for Statistics (INE) have requested support from the World Bank to design and implement a new household income and expenditure survey.

The components financed by this trust fund (TF) support a larger survey collection project to be financed by the Government of Honduras (GoH) and through fundraising from other donors. Based on recent estimates, GoH will contribute up to an estimated US$4.1 million of the global cost of the project (Government financing). The GoH is engaging with donors in search of other funding opportunities. This trust fund will provide US$490,677 (total World Bank financing) to the components of the survey process included in this project; Government funding for these components is estimated at $250,996.

Sectoral and Institutional Context
Honduras’ statistical capacity is close to the LAC average (its Statistical Capacity Indicator of 76.67, compared to 78.95 for LAC).[1] However, Honduras achieves a score of only 60.0 (out of 100) on methodology. Among the issues identified are old base years for the CPI and national accounts data as well as not subscribing to the IMF’s Special Data Dissemination Standard.[2]

The current Consumer Price Index (CPI), national accounts for households, and poverty methodologies are based on consumption baskets estimated from the 1998 household income and expenditure survey (ENIGH, Encuesta Nacional de Ingresos y Gastos de los Hogares). The CBH regularly collects data and publishes macroeconomic indicators, including the monthly CPI. Through INE, Honduras releases annual monetary poverty estimates based on its national household survey (Encuesta Permanent de Hogares de Propósitos Múltiples, EPHPM). Since the ENIGH will be used as a key input by both INE and CBH, and given their complementary expertise, these institutions are designing and implementing the 2018 ENIGH jointly.

The country’s National Strategy for the Development of Statistics (2010-2015) calls for the ENIGH to be collected every five years. However, due to a series of budgetary constraints, the ENIGH has not been collected in 19 years. The ENIGH 2018 will be used to develop a new CPI series, update the household information for national accounts estimates, and update the national poverty lines.


[2] Since Honduras does not participate in the SDDS, its most recent IMF Data Quality Assessment Framework report is from 2005. In addition, Honduras is not included in the Global Open Data Index.

Relationship to CPF
The Systematic Country Diagnostic for Honduras identified the quality of institutions as a key challenge for improving
development outcomes and proposed as policy levers the building of capacity in public sector institutions and promotion of fiscal sustainability. To achieve these goals, high quality indicators are required. This operation is linked with three key pillars of the 2016-2020 Country Partnership Framework (CPF): (i) fostering inclusion, (ii) bolstering condition for growth, and (iii) reducing vulnerabilities. Improving the country’s socioeconomic data and macroeconomic indicators is necessary for evidence-based public policy design and monitoring of key economic indicators, each contributing to the CPF pillars.

The collection of the ENIGH in 2018 is also aligned with other World Bank projects. The importance of improved data and increased data transparency is supported by BETF (P161696) "Supporting Transparency, Accountability and Results in Honduras." Accurate poverty measurement is needed for the targeting of projects including the HN Social Protection project (P115592). Identifying the sources of income and the goods being consumed among rural households is important for the Bank’s two ongoing agricultural projects: Corredor Seco Food Security Project (P148737) and Honduras Rural Competitive Project (P158086). Finally, increased access to statistics was a reform supported by the 2015 First Fiscal Sustainability and Enhanced Competitiveness Development Policy Financing (P155920).

C. Project Development Objective(s)

Proposed Development Objective(s)

To support the production of inclusive and high quality socioeconomic indicators through innovative strategies for collection of household income and expenditure data and improvements to the household survey life cycle.

Key Results

The key expected result would be an enhanced and more cost-effective ENIGH 2018, and enhanced institutional capacity for the design and implementation of expenditure surveys for future versions of the ENIGH. The goal is to support the development of survey instruments, institutional capacity, and institutional arrangements that facilitate the regular collection of household income and expenditure data leading to regular updates of key macroeconomic and socioeconomic indicators.

To achieve this result, this TF would go towards supporting the following activities:

[i] Implementing cost-effective and high quality surveys,

[ii] Supporting inclusion through measurement, and

[iii] Supporting a culture of data transparency.

This trust fund would supplement the technical assistance already being provided by a World Bank team composed of specialists from the Poverty and Equity Global Practice, the Macroeconomics and Fiscal Management Global Practice, and the Development Economics Data Group. Related to the collection of the ENIGH 2018, the World Bank will offer support in updating the CPI, household national accounts, and poverty methodologies.
D. Preliminary Description

Activities/Components

The proposed activities are classified into three components as follows:

Component 1: Implementing cost-effective and high quality surveys [$270,817]

This trust fund will support pre-collection activities (training and the pilot survey), technical support, equipment, and data quality monitoring for the ENIGH-2018 with the aim of identifying and implementing cost-effective approaches that enhance quality. Strengthened institutional capacity, including new equipment, included in this component are expected to benefit other surveys collected by the CBH and INE. This support will complement the technical assistance being provided by the World Bank supporting sampling, questionnaire, and survey design. This technical assistance includes the improvement of employment measurements, especially with regards to female rural economic activity. The following activities are included in this component:

1. Pilot survey: The pilot survey is an opportunity to test alternative approaches to improve the cost-effectiveness and quality of the survey. These include testing of alternative visit lengths, distribution and order of modules, and collection methodologies (such as online vs paper recall diaries) since the ENIGH 2018 requires multiple visits to each household over the course of a week. In addition, some questions in the questionnaire will be tested, including labor questions that may potentially undercount informal female economic activity. Finally, the use of tablets rather than paper questionnaires will be tested.

2. Training of field staff: Proper training of enumerators and supervisors is integral to a successful survey. The trust fund will support costs associated with these trainings.

3. Principal consultant: The principal consultant will provide overall logistical and technical support and is expected to visit the project team and assess progress at least three times throughout the survey. As with the other consultancies supported by this TF, the terms of reference for this consultancy will include reports identifying quality and efficiency gains made for the ENIGH 2018, the extent to which these can be replicated in other official surveys, and specific suggestions for further enhancements.

4. Survey collection and data processing equipment: All surveys collected by INE and the CBH use paper questionnaires. However, using computer-assisted personal interviewing (CAPI) techniques has been shown to increase quality of data collection in a cost-effective manner by increasing monitoring and facilitating consistency checks. The ENIGH team has agreed to test the use of CAPI instruments during the pilot to evaluate its possible use for the ENIGH. If the authorities decide to use CAPI for the collection of the ENIGH, this TF will support the necessary programming and purchase of equipment. If the decision is to use paper questionnaires, this TF will support on-field data entry, the development of a data entry program implementing automatic checks, and reporting quality statistics to headquarters (when internet access is available) allowing for improved monitoring. Since the survey will be collected during repeated visits, on-field data entry will help identify inconsistencies that can be addressed by the survey team in already-planned follow-up interviews. Previous surveys have relied on on-field visual inspection by a designated team member. The TF will also support the purchase of Stata and SPSS licenses for INE to improve data processing of the ENIGH and other surveys.

5. Data quality supervision and testing: Quality control supervisors will be on the field throughout the period of survey collection. The per diem costs associated with this field supervision comprise a significant portion of the support provided by this TF. This TF will also support the hiring of a programmer to help the ENIGH team develop comprehensive data quality tests, to validate data entry and identify responses that may require follow-up investigation. If the ENIGH is collected using CAPI, this consultant will support the codification of the
survey to CAPI.

Component 2: Supporting inclusion through measurement [§172,800]

This trust fund will cover the costs of including in the survey two isolated departments primarily populated by ethnic minorities that are excluded from all poverty and CPI measurements: Gracias a Dios, an underdeveloped region populated primarily by Indigenous Peoples (IP), and Islas de la Bahía, tourist destination islands populated primarily by Afro-Hondurans. Because of the high costs of transportation to these areas and the difficulty of traveling within Gracias a Dios, there are no recent representative socioeconomic data for these two regions beyond the 2013 population census. While it is cost-prohibitive to survey these departments annually, including them in the ENIGH would provide key indicators every five years. In particular, the 2018 ENIGH would allow for analysis on the appropriateness of the CPI and official poverty basket methodology (based on the rest of the country) for these regions. This information is particularly important for identifying the challenges faced by IP and Afro-Hondurans, groups overrepresented in these regions.

The TF will also support hiring local translators for the inclusion of non-Spanish speaking IP households. It will also support consultations with national IP and Afro-Honduran organizations to review the questionnaire and interview strategies.

Component 3: Supporting a culture of data transparency [§47,060]

To encourage a culture of transparency and accountability, as well as to increase public knowledge about the survey and its results, funds will be used to support pre-survey outreach efforts, post-survey analysis, a financial audit of the project, and the publication and dissemination of results from this survey. This support will include the development of a data transparency and dissemination guideline including components of an SDSS assessment, a dissemination timeline and methods to increase access to data, such as anonymization. The TF will support the hiring of an international consultant to assist INE and CBH on the data analysis and tabulation of the results from the survey, culminating in a training workshop on data analysis and report writing. This component will also support the production of metadata and documentation meeting international standards.

SAFEGUARDS

E. Safeguard Policies that Might Apply

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Nov 07, 2017
## Project

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## CONTACT POINT

### World Bank

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  - **Email:** 

- **Contact:** Ewa Joanna Korczyc  
  - **Title:** Economist  
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  - **Email:** 

### Borrower/Client/Recipient

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### Implementing Agencies

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## FOR MORE INFORMATION CONTACT

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