JAPAN SOCIAL DEVELOPMENT FUND (JSDF)

EMERGENCY WINDOW

Grant Funding Proposal (FY11 – Round 2)

A. BASIC DATA

<table>
<thead>
<tr>
<th>Beneficiary Country:</th>
<th>El Salvador</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Name:</td>
<td>Safeguarding Human Capital of Urban Poor Children in the context of recurring food crisis in El Salvador</td>
</tr>
<tr>
<td>Grant Recipient:</td>
<td>The Ministry of Health of El Salvador (Ministerio de Salud - MINSAL)</td>
</tr>
<tr>
<td>Name of Implementing Agency or Agencies with Joint Implementation:</td>
<td>Municipal Family Health Units in collaboration with municipal government and community organizations.</td>
</tr>
<tr>
<td>Implementing Agency Type:</td>
<td>Government</td>
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<tr>
<td>Main Sector:</td>
<td>JA Health</td>
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<td>Emergency Window Theme:</td>
<td>68 Nutrition and food security</td>
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<tr>
<td>Recipient Grant Amount:</td>
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<td>Bank Incremental Costs Grant Amount:</td>
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<tr>
<td>Total Grant Amount (Recipient and Bank Incremental Costs):</td>
<td>US$2,996,879</td>
</tr>
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</table>

B. PROJECT SUMMARY

In El Salvador, the 2007-8 food, fuel, and international financial crises dramatically hit Salvadoran households, and even more severely those living in urban areas. In the context of highly volatile food prices, it is imperative to protect the poorest and most vulnerable, notably women and children. This grant responds to the urgent need of safeguarding the health, nutritional, cognitive and social outcomes of very young children living in poor and violent urban slum of El Salvador to increase their survival and stabilize the situation.

The sought outcome of this JSDF grant is to protect and enhance the human capital of very young children residing in violence-prone urban areas of El Salvador in a context of sustained high food prices and precarious economic and security environment. The emergency project will be implemented through three main components: 1. The strengthening of community health centers to become integrated resource centers for families; 2. Enhanced child caring services for urban poor families to make them more resistant to unpredictable shocks, 3. Rigorous monitoring and impact evaluation. In addition, this emergency project contains innovative features including the delivery of an integrated package of state of the art and cost-effective maternal and child services to poor urban population in marginalized high violence underserved communities; it relies on the inclusive governance arrangement through consultations with communities and using community based organizations and volunteers to deliver services in violence prone areas.

An estimated 35,000 poor and vulnerable mothers and young children will benefit from continuous support from the grant for a period of three years. To strengthen the safety net program and achieve sustainable improvement in childhood care, the project will be implemented by the Ministry of Health of El Salvador in coordination with local authorities, NGOs and community volunteers. The grant involves the application of cutting edge nutritional and child caring practices in a low capacity environment requiring technical support by experts and regular supervision and technical assistance by the World Bank.
1. PROJECT INFORMATION

1.1 Strategic Context

1. **Key elements of the country’s social sector or poverty alleviation strategy**

Following more than a decade of civil war ending in 1991, El Salvador made considerable progress in social and economic reforms that lead to improvements in social indicators. Between 2001 and 2007, sustained economic growth helped reduce poverty. This progress was reversed due to the crises that have hit Salvadoran households between 2007 and 2009. The poverty headcount rate increased from 35.5 percent in 2007 to 42.3 in 2008, the highest since 2002; urban areas were hit particularly hard and account now for 58 percent of El Salvador's poor. This harsh economic downturn happened in a context characterized by increased urban violence (highest crime rate in Central America).

Today El Salvador is faced with the serious challenge of the ‘double burden of malnutrition’: a combination of chronic malnutrition (stunting, increased levels of micronutrient deficiencies leading to anemia), and obesity affecting both young children and women. There are striking disparities in the rates of malnutrition between the rich and poor. Children from the lowest income quintile are almost 7 times more likely to be stunted, and almost twice as likely to be anemic than children in the richest quintile. Anemia rates of children in the group whose mothers have no formal education increased by 51 % since 1998. Concomitantly, El Salvador has seen an exponential increase in rates of overweight, notably amongst children and women. The prevalence of overweight among children under 5 has increased by 50% in the last 10 years; as many as 80% of women are overweight by the age of 40.

In response to the 2007-9 crises, the Government prepared an ambitious 2009-2011 Anti-Crisis Plan. The National Health Policy 2009-2014 is an important pillar of the Plan. However at the moment, the health service system is not structured in a way where it can manage the rapid increase in the number of mothers and children needing assistance. The system is fragmented into several parallel and vertical subsystems that serve separate target populations.

What are the key policy, institutional and other issues that constrain the achievement of the social sector or poverty alleviation strategy?

The main bottlenecks to the proposed Anti-Crisis Plan are caused by the lack of coordination in addressing the needs of the urban poor, and continued instability. The shocks are particularly affecting the livelihood of poor and vulnerable young families further trapping them in the vicious cycle of poverty. The U.N Food and Agriculture Organisation (FAO) Food Price Index hit a record high in February 2011 and will remain volatile due to erratic weather patterns worldwide. Several studies have found significant negative nutritional impacts of food, financial or environment crises. During hard times, poor families replace high nutrient value foods with foods of lower quality, and micronutrient deficiencies, notably anemia in mothers and children increase. The effects are particularly severe for children conceived and weaned during crises. Cash transfer programs have only limited effects on stabilizing consumption of some essential micronutrients, and specific nutritional supplementation program should be also required.¹

The basic safety net and health services of El Salvador are unable to cope with these challenges. There is no coordinated effort to address pockets of nutritional deprivation in urban areas. During the 2007-8 food crises, stunting had increased dramatically in the country, even among children covered by the targeted cash transfer program (which covers only rural areas).² Practices are not up to date and are not available to the neediest. An integrated approach providing a combination of nutrition as well as early childhood development and parenting services is thus required.

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² de Brauw A., Murrugarra, E. How CCTs help sustain human capital during crises? Evidence from Red Solidaria in El Salvador during the food price crisis, April 2009
What are the unique aspects of the needs of the vulnerable group that cannot be addressed by other means or financing, and what is the rationale for JSDF funding as the best or only way to assist the vulnerable group?

The rationale for grant funding are:

- Inadequate Government budget resources due to the fiscal consolidation and lingering crisis, these factors hamper the ability to respond quickly and efficiently to the threat represented by increasing food prices;
- No budgets dedicated support for new integrated programs needed by vulnerable women and children;
- The inability of the existing public health systems and social safety nets to reach and protect vulnerable families in urban slums from the effects of high food prices and violent environment on young children;
- Government funds cannot support community organizations (which are key in overcoming capacity constraints);

The grant will address these constraints and the bottlenecks by providing a cost-effective package of integrated services for the most vulnerable young families through community organizations. By doing so, the grant will help to manage the immediate consequences of the food crisis and economic shocks on the poor.

What is the rationale for grant funding instead of Bank Lending

As the economy is limping back from recession, Standard & Poor’s has recently\(^3\) cut El Salvador’s credit rating. The Government of El Salvador is in a difficult position seeking loans from investors and development Banks. The government has indicated that it does not have the resources to implement the health components and early childhood development component of its social safety net program “Urban Community Solidarity” (CSU). The grant thus will respond immediately to the uncovered needs of poor urban communities. Existing projects in the pipeline will not be deployed in time to respond to the urgent needs.

1.2 Linkage to Vulnerability Financing Facility GFRP or RSR:

El Salvador did not benefit from GFRP or RSR instruments, but the proposed grant is closely aligned with the strategic objectives of these two important initiatives. This grant will allow the government to test the most efficient and cost-effective systems to protect human capital in times of crises, and the lessons learned will enable to better protect the poor from future shocks. It will help to finance immediate interventions to safeguard the access to basic primary health and nutrition services. It applies elements of other RSR supported projects: the Djibouti Crisis Response, namely the protection of nutritional status, as well as Belize’s focusing on the 1000 days window of opportunity.

1.3 Main Beneficiaries

In line with the Government program “Urban Community Solidarity”, the proposed grant will cover approximately 35,000 poor and vulnerable mothers and young children less than 3 years of age living in urban slums. The beneficiaries will be identified in the selected areas through three channels: the family and community health units, community organizations and volunteers.

1.4 Project Location

The grant will be implemented in 25 selected poor urban communities that include large number of people living in precarious settlements and with high level of food insecurity.

1.5 Project Duration: 3 years

<table>
<thead>
<tr>
<th>Project Start</th>
<th>Project End</th>
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<tbody>
<tr>
<td>7/1/2011</td>
<td>6/30/2014</td>
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</table>

1.6 Task Team Leader

Marie Chantal Messier

1.7 GRANT DEVELOPMENT OBJECTIVE

The objective of the grant is to safeguard the health, nutritional, cognitive and social outcomes of very young children living in marginalized urban poor families against shocks, and to mitigate the effects of the food price volatility on pregnant mothers and children under the age of 3 years.

1.8 DEVELOPMENT OUTCOME INDICATORS

<table>
<thead>
<tr>
<th>QUANTIFIED TARGET</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>1. Improved young child feeding practices</td>
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<tr>
<td>2. 10% increase in exclusive breastfeeding rates;</td>
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<tr>
<td>3. 25% increase in diet diversity indicator;</td>
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<tr>
<td>4. 60% of children 6-36 month consumed a micronutrient-supplement in the last 6 months as per MOH’s standards(^4,5)</td>
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\(^3\) on January 14, 2011

\(^4\) At the moment, the national supplementation protocol recommends use of iron syrup which is not as complete, more expensive and has more side effects (thus reduces acceptability) than micronutrient powders (5-10 micronutrient formulations). According to the National Survey on Family Health (FESAL 2008), only 13% and 18% of children 6-59 months respectively had received iron and zinc syrup in the 2 months prior to the survey.
1.8(b) Children under three living in the grant implementation areas will participate in quarterly growth monitoring and promotion services as per Ministry of Health Standards. 70% of children under three living in the grant implementation areas.

1.8(c) Mother of children under three can state three elements of early childhood stimulation and three basic parenting skills, as measured by the survey. 50% of mother of children under three years of age who benefited from the services.

2. GRANT RECIPIENT AND IMPLEMENTING AGENCY

2.1 Recipient Name: Ministry of Health of El Salvador

2.2 Recipient Background:
The Family Health Units of the Department of First Level Care will be the implementing agency in collaboration with municipal authorities and community organizations. The recipient is the Ministry of Health whose mission is to ensure the health of El Salvadorians through the provision of adequate health care services. The MINSAL is responsible for low-income families that have no health insurance and cannot pay for treatment. It is estimated the MINSAL covers 76% of the population (90% of the poor).

2.3 Implementing Agent Details

Agency Name: Family and Community Health Units of the Ministry of Health of El Salvador
Address: Calle Arce No.827, San Salvador, El Salvador, C.A.
Contact Person in Proposed Implementing Agency: Dra. María Isabel Rodríguez
Phone: Phone: (503) 2202-7000; Fax: (503) 2221-0991
Email: mrodriguez@msp.as.gob.sv

2.4 Background
The municipal family health units will implement the grant in collaboration with municipalities and community organizations. The MOH has a network of health facilities that are organized in 17 decentralized administrative units known as SIBASI (Basic Integrated Health Systems). This network of health services focuses on primary health care. The first level provides health services through Family and Community Health Units which are responsible for equitable access to services and facilities. The MINSAL will provide financial management and procurement specialists. Grant implementation will be supported by the Project Coordination Unit (PCU) of the Strengthening Public Health Care System Project.

2.5 Other institutions/NGOs that will be involved in implementation
The JSDF grant will help to accelerate the deployment of the CSU program by collaborating closely with the Technical Secretariat to the Presidency. The Ministry of Education and community organizations will be involved in the project activities, the elaboration of the training modules, training of volunteers, monitoring project activities and disseminating results. Collaboration with government institutions will ensure that the project activities will be in line with government priorities while community organizations will guarantee that the concerns of the poor are addressed. An independent technical reviewer / MINSAL will be responsible for monitoring the performance of family and community health units.

3. INNOVATION

3.1 Innovation
The proposed grant has several innovative features. First, it focuses on urban poor populations which are currently underserved both by national health care services and safety nets programs. The second innovation is that the grant will provide an integrated package of cost–effective nutrition services, early childhood development activities and

5 De-worming may be added to the preventive protocol for reducing anemia if parasite infestation is found to be a problem in urban areas.
parenting to safeguard human capital of young children in times of crisis. There are very few initiatives around the world that attempt to provide this type of holistic approach in crisis situations. The last innovation is the use of inclusive consultations with communities to identify the intended beneficiaries and reliance on community organizations and volunteers in the delivery of services in violence prone areas.

### 4. CONSULTATION WITH JAPANESE DEVELOPMENT PARTNERS

<table>
<thead>
<tr>
<th>4.1 Name of Representative</th>
<th>Mr. Shigetomo Maruhashi, Embassy of Japan</th>
<th>Date of Meeting</th>
<th>3/10/2011</th>
</tr>
</thead>
</table>

#### 4.2 Summary of Consultation:

Since the initial stage of elaboration of the concept note in December 2010, Mr Maruhashi and his assistant, Ligia de Zelaya were involved in the design of the project. Several exchanges and meetings occurred between with the Japanese officials and a WB team composed of the Country Representative (Alberto Leyton) and Country Officer, Jania Ibarra and Marie Chantal Messier (TTL). The Japanese officials asked questions regarding the engagement of the government of El Salvador, the rationale to undertake the project at this time and for including incentives to mothers, the sustainability of the proposed approach as well as the budget allocation. The exchanges clarified that the government had requested assistance from the World Bank to allow it to launch the crucial health component of social safety net in poor urban areas (see attached request letter from Government) and that the project is based on evidence from best practices. After discussion with the government as well as the Japanese Embassy, the monetary incentives to mothers were replaced by food support to enhance dietary diversity and adequate nutrient intake of pregnant mothers and young children.

In El Salvador, the Embassy of Japan’s policy is that projects supported by Japanese funds should be in line with Japan’s aid strategy for the country. As the highest decision level and formal channel to discuss Japan assistance, it makes the final decision for support. As it was the case for previous JSDF supported grant, the Japanese Embassy have not requested that the Bank team meets or shares the proposal with JICA officials.

#### 4.3 Potential Collaboration:

The Japanese government is the third largest development donor in El Salvador. Therefore, both the World Bank and the Japanese Cooperation will benefit from each other’s expertise and credibility in the country. The grant will allow the Japanese government to communicate its confidence in the capacity of the Salvadoran government to tackle nutrition insecurity and violence. The representatives of the Japanese government in El Salvador will be regularly consulted on the development and implementation of the grant. They will be invited to participate in key activities to demonstrate the commitment of Japan toward the improvement of the welfare of El Salvador.

### 5. JAPANESE VISIBILITY

| 5.1 Confirm that a grant signing ceremony will take place in the recipient country, including representatives from the Embassy of Japan, and that a press release would be issued in local newspapers | Agreed |
| 5.2 Confirm that the Embassy of Japan in the recipient country will be invited to participate in field visits and project events, and will receive copies of progress review mission reports | Agreed |
| 5.3 Describe the measures, other than the above, to be taken to ensure the visibility of Japan’s contribution | |

Considerable emphasis will be put on efficient and regular communication to showcase the support of the people of Japan. Local media will be invited to report on the progress and successes of the grant and interview beneficiaries. The Government of El Salvador has agreed that the contribution of Japan will be acknowledged in community centers and in training material provided to government workers and community representatives. The JSDF logo (which is the Japanese flag) will appear in all areas where the project is being implemented and on equipment financed by the grant. Finally, the people of Japan’s support will be acknowledged during the dissemination and publications of the project’s results both at the country and international level.
## 6. DETAILED DESCRIPTION OF GRANT COMPONENTS

### 6.1 Component 1: Strengthening and supporting operations of integrated community resource centers addressing the needs of poor families facing shocks and emergencies.  
$589,920

This Component will support the reinforcement and operations of integrated resource centers at the community level. These centers, managed by the Ministry of Health, will integrate a wide range of health, nutrition, early childhood development and parenting services. Centers will be anchored within the Family and Community Health Units and House of Health. The Ministry of Education (MOE) will intervene through the Ministry of Health to advance early childhood development outreach functions and by establishing Family Circle. The Technical Secretariat to the Presidency will ensure harmonization with the Urban Community Solidarity Program. The approach is to build local capacity by enhancing the services provided by Community Units and encourage community involvement and ownership through volunteers. Due to their proximity, it is expected that the resources centers will bring about an enhanced trusting relationship within the communities and with the service providers, augmenting accessibility of services. The component will finance training of community centers workers and volunteers, equipment and some of the operational costs of the centers to upgrade the services offered to the families. The grant will not finance civil servant salaries. The volunteers who live in the target areas will be encouraged through regular training, community recognition as well as small incentives that will be provided to deliver peer support and empower parents. The MOH and municipalities will provide building space at no charge and no construction or rehabilitation will be financed.

| Outputs: | 25 integrated resource centers  
| | 350 people trained continuously over three years  
| | Incentives will be provided to 400 community volunteers to provide peer support to parents |

### 6.2 Component 2: Enhancing maternal and child caring services for urban poor families to make them more resistant to unpredictable shocks and safeguard human capital  
$1,649,130

This component has three subcomponents to ensure the rapid and efficient integration of the different services.

**Sub-component 2.1. Improvement of nutrition services from pregnancy and for children up to 3 years of age to mitigate effects of high food prices and protect against the loss of human capital**

This sub-component aims at improving the nutrition services provided to target beneficiaries facing difficulties in procuring nutritious foods. The services will include counseling of mothers on adequate nutrition during pregnancy and on optimal infant feeding practices as well as micronutrient supplementation. Building a close relationship with mothers during pregnancy is essential. Otherwise in times of emergency or in violent environment, families who are not aware of where to get assistance may opt to do nothing, or join a vigilante group or militia to get some help. The Component will finance nutrition status monitoring, the provision of micronutrient powders for the prevention and treatment of micronutrient deficiencies and zinc supplements for the treatment of diarrhea.

**Sub-component 2.2. Improvement of nutrition and child caring practices through behavior change communication**

This sub-component will include the development communication strategy and material to educate beneficiaries as well as provision of nutritious supplementary food to counter food insecurity and prevent malnutrition. The project stakeholders will be actively involved in the development and validation of the communication strategy. Positive behavior change will be underlined by creating a mechanism of community recognition for each milestone achieved.

**Sub-component 2.3. Early childhood stimulation and parenting to counteract the effects of increased violence arising from crisis and emergency situations**

This will be achieved by the integration of early childhood education and parenting activities and tools into the services offered by the community health centers. The early childhood stimulation and parenting activities will help parents build a safe and positive relationship with their child. This support will be available through courses and visits of a community volunteer.

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6. The World Bank, VIOLENCE IN THE CITY: Understanding and Supporting Community Responses to Urban Violence, September 2010
Outputs:
- Updated growth promotion tools available for 35,000 beneficiaries
- 44,000 children will receive micronutrient and food supplements
- Early Childhood Development and parenting tools will be made available to 35,000 families

6.3 Component 3: **Grant monitoring and impact evaluation**

This component will ensure that the achievements of results are regularly monitored and communicated and that the outcomes and lessons learned are properly evaluated and documented. A monitoring team, composed of representatives of project stakeholders, will visit regularly grant implementation sites. In order to align with the Strengthening Public Health Care System Project, independent technical reviewers will be responsible for monitoring performance of family and community health units. A rigorous impact evaluation will also be built in at the inception of the project. It will involve fielding two surveys as well as an analytical part that will include an acceptability study of micronutrient powders by families. The findings will be disseminated to inform the scaling up and replication of the project in similar urban areas. It will suggest strategy for replicating the intervention in countries with similar types of socio economic environment.

Outputs:
- Baseline and endline surveys conducted and survey results disseminated
- Monitoring system designed, validated and implemented
- Micronutrient powders acceptability study conducted and report produced
- Impact evaluation report and lessons learned report disseminated
- Grant outcomes sharing symposium held and attended by international delegates

6.4 Grant execution, management and supervision

As the implementation of the grant activities will be undertaken by the MINSAL in coordination with local authorities, this component also includes additional operating cost that the implementing agency will incur for running and coordinating the project. The grant will not finance civil servants’ salaries or benefits. Coordination will be ensured through a steering committee. Institutional agreements and / or memorandum of understanding will be elaborated when pertinent. This component also includes auditing costs to ensure that adequate financial and accounting procedures are rigorously applied. The Bank will be responsible for the overall grant supervision and ensuring the activities are in compliance with Bank norms.

Outputs:
- 3 annual audits will be conducted for each year of the grant execution and reports will be available
- Accounting and financial procedures for the management of the grant funds will be in accordance to the World Bank procedures

7. ELIGIBLE EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (US Dollars)</th>
<th>Percentage of Expenditures to be Financed</th>
<th>Percentage of Grant Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disb-Consulting</td>
<td>179,200</td>
<td>100%</td>
<td>6%</td>
</tr>
<tr>
<td>Disb-Training</td>
<td>387,920</td>
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<td>13%</td>
</tr>
<tr>
<td>Disb-Goods</td>
<td>1,635,000</td>
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<td>55%</td>
</tr>
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<td>Disb-Civil Works</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>Disb-Sub Projects</td>
<td>96,720</td>
<td>100%</td>
<td>3%</td>
</tr>
<tr>
<td>Disb-Other</td>
<td>218,090</td>
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<td>7%</td>
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<tr>
<td>Disb-Operating Cost</td>
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<td>8%</td>
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<td>Total Grant to Recipient</td>
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<td>Bank Incremental Costs</td>
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<td>Total Grant Amount:</td>
<td><strong>$2,997,424</strong></td>
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</tbody>
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7 Approximately 17,000 and 27,000 children in first and second year of implementation respectively will receive servings of goods; some children may receive goods over a period of 24 months. Those numbers are aligned with estimates from the Comunidades Solidarias Draft Concept Note (Dec, 2010)