



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 11-Mar-2019 | Report No: PIDC160139

**BASIC INFORMATION****A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P167767		Moderate	Improving the Livelihoods of Miskito indigenous peoples in la Moskitia
Region	Country	Date PID Prepared	Estimated Date of Approval
LATIN AMERICA AND CARIBBEAN	Honduras	11-Mar-2019	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Coordinating Association of Indigenous and Community Agroforestry in Central America (ACICAFOC)	Coordinating Association of Indigenous and Community Agroforestry in Central America (ACICAFOC)	

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PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	2.72
Total Financing	2.72
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	2.72
Japan Social Development Fund	2.72



B. Introduction and Context

Country Context

Honduras is a middle to low income country facing significant challenges, with more than two thirds of the population living in poverty and five out of ten suffering from extreme poverty (WB Country Profile 2012). In rural areas 6 out of 10 households live in extreme poverty. Since the 2008-2009 global economic crisis, Honduras has experienced a moderate recovery, propelled by public investments, exports and higher remittances. Nevertheless in 2013 economic recovery decreased to 2.5%, and the economy is expected to grow a 2.8% in 2014. Inclusive growth continues to be hampered by inequality in particular with indigenous peoples and women (WB Country Profile)

The country is also vulnerable to external shocks. An example is the agricultural sector, which has lost about a third of its purchasing power in the last two decades, largely due to a decrease in the prices of the exported crops, notably bananas and coffee. Honduras is also susceptible to adverse natural events such as hurricanes and droughts. Measures to mitigate the impact of these shocks are focused on strengthening the adaptation capacity of households, extend risk management mechanisms based on the market and develop effective social safety nets.

Some World Bank studies have highlighted the importance of improving the livelihood of the most vulnerable people. It will also be necessary to enhance rural productivity and diversify sources of rural income, in particular among indigenous peoples since most of the country's poor live in rural areas and depend on agriculture for their livelihoods. Among these studies *Improving Farmer's Livelihoods in a Changing World* (Malcolm, Hall, 2001, World Bank and FAO).

Poverty among Miskito Indigenous Peoples. La Moskitia is one of Honduras's poorest regions with a primarily indigenous Miskito population. The Miskitos are the second largest indigenous community in Honduras with 80,007 people or 11 per cent of total indigenous population (Honduras National Census 2013). The Miskito population inhabits a large area in the south-eastern section of the country located in the Caribbean coast from Río Plátano to Gracias a Dios. The Miskitos have largely remained in their traditional areas, engaging in agriculture and fishing activities such as seasonal work, including diving for lobsters, sea cucumber and conch. Poor equipment and exploitative labor conditions result in serious health problems that have affected a large percentage of divers. This has been exacerbated by inadequate healthcare and educational facilities and the historical socio-economic marginalization of Miskito areas.

Land tenure system: This section describes the land tenure system in the Miskito population. It does not mean that the funds of the project will be used to finance any issue to land tenure or land rights. The project will not finance any activity related to land tenure, land rights. nor land acquisition. Following the Property Law (2004) the lands in the Moskitia were titled as collective lands (2014-2016). The Miskitos have a tradition of communal lands that are internally divided per areas such residential, forestry common production, agriculture etc. Territorial Councils is one of the local organizations responsible to oversee the use of land (Roman Alvarez BBL presentation At World Bank 2015).

Miskitu Asla Takanka (MASTA). This is a territorial organization formed by 11 Territorial Councils with 1,099,701.59 hectares of land and 51,417 beneficiaries. It is the highest authority of political representation,



advocacy and ancestral identity for the Miskito indigenous communities in Honduras. MASTA works to protect indigenous territorial rights and culture, strengthen local governance and natural resource management, and improve regional health and education systems (web). The group protects a large part of the remaining intact rainforest in Honduras, approximately 1.2 million hectares or 7 percent of the national territory. MASTA represents all 60,000 Miskitus people in Honduras and has used social mobilization, skillful negotiation, creative communications strategies and alliance building to secure titles for Miskitus territories. MASTA is the first indigenous organization in Central America to develop their own 'bio-cultural protocol' as a mechanism to defend the collective right of the Miskitus to free, prior, and informed consent on proposed development projects in their territories. The federation has helped the Miskitu defend their territories from ranchers, drug traffickers, and palm oil and petroleum companies. Beginning in 2012, the government launched a program aimed at transferring land rights in the Gracias a Dios department to Miskitos. As of 2015, over 3,800 square miles were awarded. These lands were demarcated and titled with the cooperation of the Second Land Administration Project (PATH II) with the technical and financial cooperation of the WBG. (ICR Land Administration Project PATH II).

Sectoral and Institutional Context

According to the Global Climate Risk Index (2017), Honduras is more vulnerable to the long-term effects of climate change than any other country in the Central American region. The agriculture production is limited. The population is repeatedly affected by extreme weather events such as floods, drought and storms, which have partly negated the progress made in poverty reduction over the last few years. The country is home to fragile natural ecosystems that are threatened by deforestation and harmful farming practices. The Moskitia is rich in natural resources. This region has agricultural, forestry and fishery vocation. However, due to the inevitability of economic bust and their isolation from government authorities and economic centers the Miskitos have maintained a substance culture. The Miskito subsistence economy has been based on hunting, fishing and some limited agriculture and silviculture. Subsistence activities have traditionally been divided by gender. Women tended to work on agriculture while men cleared the land, hunted, fished and worked in seasonal jobs such as fishing lobster, sea cucumber and conch. Historically, it has been a balance between subsistence and commercial activities. When commercial goods are in demand Miskito labor shifts towards commercial activities such as the case of the lobster and sea cucumber during the last years.

The Project will finance a variety of activities in the agricultural sector, fishery and livestock, such as poultry that will help the beneficiaries to diversifying food production, developing capacity and improving coordination between the key stakeholders. The Project will seek to operate at several levels to enhance skills, resources and organizational capacity. At local level, smallholder farmers will be advised and trained to adapt their cultivation methods and diversify the production to improve their livelihoods.

The JSDF Seed funds were used to learn about the production of the Miskitos. Despite the fact the region is rich in natural resources they lack funds to produce the land. This includes agriculture. Their economy is based on subsistence. The production of poultry is very limited. Eggs and chicken is hardly part of their common staples. They have the lagoon and the ocean. Both are rich in variety of fish from salt and sweet



waters. However, they lack boats and basic instruments to fish. Helping them to improve agriculture, have some poultry and work with the beneficiaries in environmentally friend activities will contribute to improve their conditions and livelihoods.

Due to the lack of equipment they practice diving under very precarious and risky conditions. Increasing demand in the USA led to a boom in commercial exploitation of the lobster along the Coast beginning in the 1970's. More recently the increasing demand in Asian countries lead also to the exploitation of the sea cucumber. Both goods depend on the international demand. Many work as divers using basic scuba equipment to dive and catch lobsters and sea cucumber. Divers in general lack of formal diving trainer and the push to earn money to maintain their families leads them to dive too much and stay down too long. The result has been an increase in the number of cases of decompression sickness and deaths. One of the objectives of the partnership framework of the Alliance for the Moskitia is to provide alternative economic and productive activities to improve their livelihoods and reduce the dependency on the exploitation of these products. This is mentioned just to illustrate the need to support these communities with alternative activities that would improve their livelihoods without risking their lives. The funds of the Project will not be used to support the exploitation of the sea cucumbers nor the lobsters.

The Project will not finance any activity related to land rights nor land acquisition. All Project beneficiaries own the land. They have their property titles that were provided by a World Bank Project. Specifically, the Second Land Administration Project (PATH II – Credit 46410-HN) IDA-financed project was instrumental in the titling of indigenous-held lands in the eastern region of La Moskitia, Titling was an historically contested issue. The Project will help indigenous communities to develop alternative economic activities to improve their livelihoods. Four of the Miskito's territories were fully titled: Katinasta, Auhya, Yari and Finzmos. The town of Puerto Lempira is equidistant from all the territories. It has an airport. The headquarters of MASTA are there and so of the GoH. Its location facilitates the transportation either by road or water, which will facilitate the implementation of the project including the provision of technical assistance and supervision to the beneficiaries.

The Government of Honduras (GoH) through the Ministry of Governmental Cooperation created the Alliance for the Development of La Moskitia. This is an effort to protect the natural resources and the livelihood of the indigenous peoples. The GoH signed a letter with MASTA to create the Alliance for the development of La Moskitia. Such letter contemplates the establishment of a Consultative Council, which is known as "The Council", which is chaired by a representative of the Central Government, in this case the Ministry of General Coordination of the Government. The main objective of the Alliance is to coordinate the actions of the GoH, indigenous peoples and to establish a partnership framework of inclusive participation for international cooperation (donors), and coordination with indigenous leaders and communities and governmental authorities. The partnership for the development of La Moskitia was signed on April 7, 2016, in Puerto Lempira (Gracias a Dios). The GoH is working jointly with some donors to channel funds to support sustainable agriculture and protection of the natural resources with the purpose of improving the livelihoods of these communities. The objective of the Council is to ensure that there is coordination in the use of the funds coming from donors and there will be no overlapping. At this stage one of the main active donors is the Swiss cooperation. Their main focus is to support the production of cacao. The German cooperation



identified forestry and agroforestry as some of their main focus of interest to be developed in other areas of La Moskitia that the Project will be implemented. The WB team who worked on the execution of the JSDF Seed fund attended to the meetings organized by the Council. Therefore, the pre-identified activities will not overlap with any other operations promoted by other donors.

The World Bank is not implementing any project or technical assistance in La Moskitia. The Project is the best instrument to work directly with the indigenous peoples providing funds to promote productive activities that will help them to work on agriculture, livestock (poultry) and building artisanal boats, nets and other instruments for fishery. This would not only create sources of employment but will also establish activities that would help these communities to improve their livelihoods. The results of the Project might contribute to develop WB initiatives in the region.

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Relationship to CPF

The Proposed project design is aligned with the current Honduran Country Partnership Strategy (CPF). An important component of the CPF seeks to strengthen and modernize the state institutions to foster social inclusion and development. Supporting activities aimed at improving the economic opportunities of the Miskito indigenous peoples and the social inclusion of the poorest sectors is crucial for the agreed CPF.

The proposed Grant activities directly coincide with Pillars 2 (Bolstering Conditions for Growth) and 3 (Reducing Vulnerabilities) of the World Bank's FY16-FY20 Country Partnership Framework (CPF). Objective 5 of Pillar 2: Enhance Rural Productivity seeks to increase productivity and market access for rural farmers. The follow-up grant seeks to improve the Miskito communities' value chains by financing activities to help preserve commodities for export to global markets, such as China, as well as national markets in Honduras as a means of better integrating this largely isolated community into the national economy. Additionally, it is expected that household income generation will vastly increase as La Moskitia develops its local agricultural production of heavily import-dependent commodities such as basic grains. It would also contribute to the goals Objective 6 of Pillar 3: Boost resilience to disasters and climate change by contributing to improvement of critical ecosystem management by improving soil quality and controlling deforestation by promoting agricultural practices that are not chemical dependent as well as sustainable agroforestry activities.

C. Project Development Objective(s)

Proposed Development Objective(s)

The development objective is to promote socio-economic productive activities to improve the livelihoods of Miskito indigenous peoples in selected territories.

The primary target beneficiary group is the Miskito indigenous peoples of both genders and of all ages living in the rural and municipal communities of Honduras's La Moskitia region within the Department of Gracias a Dios. The area of execution will be population of four territories: Katainasta, Auhya, Yari and Finzmos. It is expected to benefit about 2000 people. By supporting entrepreneur activities in agriculture, tools to support fishery (artisanal boats, nets, et) and



some livestock such as poultry will help to create employment and support the use of their natural resources on a sustainable and environment friendly manner. The project will follow a Community Driven Development (CDD) approach, aiming to provide matching grants to beneficiary communities to promote productive activities, targeting agricultural production (such as beans, rice, tomatoes), livestock rearing (poultry), and production of tools and equipment to improve fishery practices.

Key Results

PDO:

1) Increase of Income: At least 60% of beneficiaries increase their income by 20%. Baseline: 0 End Target: 60%

Description: Average percentage in which income of the beneficiaries increase by the sale of products promoted by the project. Indicators to disaggregate: gender, geographic location, and type of subproject.

2) Reduction of production costs: At least 60% of beneficiaries reduce their costs of production by 20%. Baseline: 0 End Target: 60%

Description: Average percentage in which costs of production of the beneficiaries are reduced in the products promoted by the project. It is considered that beneficiaries reduce its costs when the average reduction of the same reaches 20%. For production activities that did not exist before the project, the initial cost will be the gross cost that the beneficiaries would have incurred in the acquisition of the same products promoted by the project.

3) Increase in productivity: At least 60% of beneficiaries increase productivity in their economic activities. Baseline: 0 End Target: 60%

Description: Average percentage in which productivity of the beneficiaries is incremented by the products promoted by the project. It is considered that beneficiaries increase its productivity when the average productivity of the beneficiaries reaches 20%. For the activities that did not exist before the project, it will be defined based on productivity of a similar subproject that did not apply better practices or technologies of lower cost. Indicators to disaggregate: gender, geographic location, and type of subproject.

4) Number of direct beneficiaries of the project. Baseline:0 End Target: 900

Description: Indicators to disaggregate: gender, geographic location, and type of subproject.

Intermediate Results:

Component 1 and 2:

- Percentage of groups of beneficiaries applying lower cost technology (It is considered that a group of beneficiaries is applying lower cost technologies when 90% of the beneficiaries individually apply

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them.) Indicators to disaggregate: geographic location and type of subproject. Baseline: 0 End Target: 60%

- Percentage of groups of beneficiaries that implement the business plan. (It is considered that a group of beneficiaries implements the business plan when they have a level of progress of 80% with respect to the financial goals of the evaluation period.) Indicators to disaggregate: geographic location and type of subproject. Baseline: 0 End Target: 60%
- Percentage of groups of beneficiaries using good practices. (Good practices will be defined for each type of subproject. (For an orientation, see Annex of Good Practices in this document) A beneficiary that applies less than 60% of good practices defined by its economic activity is the minimum level of adoption accepted.) Indicators to disaggregate: gender, geographic location and type of subproject. Baseline: 0 End Target: 60%
- Percentage of beneficiaries from the community investments. Indicators to disaggregate: gender, geographic location, and type of subproject. Baseline: 0 End Target: 35%

Component 3 and 4:

- Implemented monitoring system. The system must include: monitoring of production investments, mapping of regions and areas of intervention. This system must be implemented 6 months after the project's approval. Baseline: 0 End Target: 100%
- Number of external evaluations satisfactorily completed. The evaluations must include the organization of workshops to show the results to the authorities. Baseline: 0 End Target 2
- Percentage of resolved claims received. A claim is considered resolved when the complainant receives in written a satisfactory response within the framework of the project. Indicators to disaggregate: gender, geographic location, and type of subproject. Baseline: 0 End Target: 70%
- Percentage of implementation of the Annual Operations Plan. The percentage of implementation is calculated dividing the implemented amount by the POA programmed amount. Baseline: 0 End Target: 85%

D. Preliminary Description

Activities/Components

The Project will contribute to the development and strengthening of the production capacity of the Miskito indigenous communities by (a) financing community-level sub-projects in order to promote and improve productive activities such as activities supporting fishing (production of artisanal boats, fishing nets, ice production, etc.) along with other lesser-developed activities such as agroforestry and poultry farming; (b)



improving the capacity of the Miskito communities by providing training and technical assistance; and (c) implementing a local-level Monitoring & Evaluation system to oversee sub-project activities.

Project Components: The PDO will be achieved through three components. Component 1, 2 and 3 are directly related to the achievement of the PDO.

This project will follow the Community-driven development (CDD) approach. It will seek to give control of decisions and resources to community groups. Community groups will be treated as partners in the development process, building on their organizations and resources. It will seek to include the strengthening and financing of inclusive community groups. The project will facilitate community access to information, and promote an enable the establishment of productive activities through the provision of financial support, training, and technical assistance. Through access to information and appropriate technical and financial support the Miskito of both genders can effectively identify priorities and productive activities that would improve their livelihood. Such productive activities will focus on supporting market-oriented investments that would support value chain opportunities in the sector of fisheries and poultry. The project will also support agriculture that might be limited to meet subsistence needs rather than market-oriented purposes, but it will contribute to improve people's access to food.

The project will support activities that are small in scale and not complex and that require local cooperation. To achieve this purpose the project will focus on:

- facilitating community access to information through a variety of consultation activities, the provision of information, training and technical assistance,
- strengthening and financing inclusive community groups or community-based organizations (CBO) to set in place community based sub-projects, which will be promoting productive activities aimed at improving people's;
- providing financial support through the sub-projects and
- providing sustained training to build the capacity of indigenous peoples both technically and administrative-fiduciary.

CDD approaches and projects seek to treat people as assets and partners in the development process. WB CCD group of practitioners (Susan Wong <https://worldbankgroup.sharepoint.com/sites/gsg/CDD/Pages/Home.aspx>) state that CDD is more responsive to local demands, inclusive, and more cost-effective compared to centrally-led NGO-based programs. CDD can also be supported by strengthening and financing community groups, facilitating community access to information, and promoting an enabling environment through organizational strengthening institutional reform (Dongier, 2002).

Following from this description, field practitioners at the World Bank have denoted five key characteristics of CDD projects.

1. "A CDD operation primarily targets a community-based organization or a representative local council of a community. This community focus means that the essential defining characteristic of a CDD



project is that the beneficiaries or grantees of implementations are agents of the community. Since the focus on small communities is so large the CDD normally targets small scale subprojects in the community.

2. In CDD operations, community- or locally based representation is responsible for designing and planning the subprojects in a participatory manner. Since the concentration on participatory planning is considerable in CDD operations, often the possible types of subproject investment options are very large with only a small list of subprojects that cannot be carried out.
3. The defining characteristic of CDD projects is that a transfer of resources to the community occurs and control of the resources is delegated to the community. The amount of transfer and control of resources will depend on the CDD implementations.
4. The community is directly involved in the implementation of the subproject. Often the participation of the community comes directly in the form of labor, in-kind or funds. However, the community may also contribute to the subproject indirectly in the form of management and supervision of contractors or the operation and maintenance of the infrastructure when complete.
5. An element of community-based monitoring and evaluation has become a characteristic of CDD subprojects. Most often it is social accountability tools such as participatory monitoring, community scorecards and grievance redress systems which allow for the community to ensure accountability of the CDD implementation"

Keeping in mind the main principles that define CDD and keeping also in mind that the PDO is " The development objective is to promote socio-economic productive activities to improve the livelihoods of Miskito indigenous peoples in selected territories" the project is structured in on components- one of which focuses on the sustained consultation, participation and inclusion of the main stakeholders -- during the life of the project-- . Other component that focuses on the provision of training and capacitation – during the life of the project on technical and administrative-fiduciary issues. Considered that the beneficiaries are the partners and main assets of the project this operation provides financial support and technical and administrative training – always provided following a highly consultative and participatory approach – as the social and environmental policies of the WB indicate.

Component 1: Community Investments (subprojects) (US\$1.8 m.) The objective of this component is to provide matching grants to the communities. Through this component the project will support community-based subprojects through sub-grants to promote productive activities. These subprojects are composed of financial resources provided by the Project and by a 20% matching from the counterpart. In addition to the financial resources these sub-projects would be composed of training and technical assistance to build the technical and administrative capacity of the beneficiaries. As mentioned above some of the areas to consider are mixed agriculture (meaning beans, rice, tomatoes), livestock (poultry) and the production of tools to improve their fishery capacities. At this stage the communities import from other regions of the country basic agriculture such beans, rice yucca, potatoes, tomatoes, etc. They also have to import chicken and eggs. The region is extremely rich on a variety of fish from the ocean and the lagoon. Richness they can hardly profit from because of the lack of tools and boats. The Project will finance the artisanal construction of those tools. It is important to note that sources of renewable energy technologies (RET's) would be evaluated such as the use of solar panels systems, and clean cookstoves for domiciliary and productive uses. Remote rural



areas often lack access to electric grids. Explore these technologies will allow beneficiaries to have generators to establish basic irrigation systems; provide electricity to the artisanal boat factory, reduce the consumption of firewood and to other activities that will be promoted by the project.

The funding structure that will be used is the application-based model, in which communities are required to apply for grants (sub-projects). Community-based groups would select development projects at a meeting organized by an existing community organization accompanied by a newly established committee that is set up for the project by the implementing agency. The implementing agency jointly with the WB team will build a list of eligible productive activities, according to the WBG safeguards and legislation of the GoH. It is expected an estimate of 72 subgrants, with an average size grant of US\$25,000. A subgrant will include an average of 25 individual beneficiaries. The implementing agency will set a project coordinating unit to manage the execution of the project which it will oversee the identification, selection and implementation of the grants. Community members will be required to contribute in kind with materials or labor. The implementing agency will facilitate the process of community participation to ensure social inclusion including the participation of women and marginalized or vulnerable populations. The project will work with well-established groups preferable if these are registered as a community-based organization in the Municipality and/or other institution. In case that the groups have been created by de facto but lack of the legal registration the project will help them to obtain such legal documentation and will help them to create by-laws. This is very important because it allows the community-based groups to open a bank account to manage the funds coming from the subproject. For accountability and fiduciary issues this matter is relevant. And, last but not least it will facilitate other donor to provide further financial assistance. WB team will work with the implementing agency to identify a "product" or "products" that can be the mark for the Miskito indigenous peoples to support the program that the Government of Japan has, which is known as-- "One Village One Product". This program seeks to identify one competitive and staple product as a business to gain sales revenue to improve the standard of living for the residents of that village and/or the community. The project will consult with local organizations such as the Territorial Councils and the communities to determine the most appropriated place to establish the community subprojects. The WB team would keep the Japanese Embassy in Honduras well-informed of all the activities that will be implemented with the Project. The WB team will cooperate with the Japanese authorities to identify a product that could meet the criteria that the Japanese Government must execute "One Village One Product" program.

The selected territories (Katainasta, Auhya, Yari and Finzmo) are conformed by many communities. The Project would finance more than one subproject on the selected territories; but it would provide only one subproject per community-based organization.

Component 2: Consultation, Participation and Outreach (US\$0.39 m)

Activities implemented through this component will take place during the life of the project. Consultation, participation and outreach is a systematic process that will be implemented across execution. Through this component the project will hire consultants to carry out consultation, participation and outreach activities to



make communities aware of the objective and implementation of the project and how and under which circumstances they can benefit.

The CDD provides communities control over decisions and resources that affect their development. It engages and empowers people through a participatory process of local development. The strategic use of communication tools and techniques to assess obstacles to the process and use information effectively is crucial since the CDD approach relies primarily on people and strives for their empowerment. Strategic communication can help ensure that sub-project design is realistic, appropriate, and effective by building awareness and understanding among the project team and project beneficiaries of prevailing cultural, social, and political conditions; perceptions; and incentive structures. It would help to (a) Effectively manage program and subproject processes; (b) educate, learn, and effect behavior change related to sectoral subject areas; (c) build relationships and coalitions, increase social and political mobilization, and build capacity; (c) rain for strategic and (d) sustainable communication systems and practices.

As a result, the role of the **communication specialist** is an important role in empowering communities, in several ways: (a) It empowers communities with the ability to identify their needs, challenges, and resources; engage in productive conflict resolution; tap into their own capacities; and make truly collective decisions. (b) It promotes an information-sharing culture within and among communities for learning and mobilization purposes, and it demonstrates to communities the power of sharing information and raising awareness. (c) It promotes and extends the voices of the poor in public dialogue, inclusion in community and development affairs, and demand for greater and better service within their communities and from local governments and institutions. (d) It facilitates two-way information dissemination and exchange about the design and management of community-based microprojects. (e) It facilitates two-way education and learning about sectoral and multisectoral topics for behavior change that promotes sustainable development and empowerment and (f) It facilitates community access to market information and provides community members with knowledge and information they can use to conduct transactions with both the government and markets. (Masud Mozammel Galia Schechte: Strategic Communication for Community-Driven Development A practical guide for project managers and communication practitioners. WB 2005).

Promoters are community development workers who help communities to bring about social change and improve the quality of life and livelihoods in the area of execution of the project. Promoters work with beneficiaries, families and whole communities to empower them to: (a) identify their assets, needs, opportunities, roles and responsibilities; (b) plan what they want to achieve and take appropriate action and (c) develop activities and services to generate change and accomplish the objectives of the subprojects. It is expected that promoters spent time in the project office base but spend much of their time out and about in the community, visiting beneficiaries and community-based groups. Some of the specific responsibilities are: (a) identifying community skills, assets, issues and needs; (b) ensuring that beneficiaries of both genders have their say and equally are consulted and participate; (c) developing new resources in dialogue with the community and evaluating existing programs; (d) building links with other groups and agencies; (e) ensuring that technical assistance is properly provided and that beneficiaries are following the business plan; (f) mediating in matters of conflict; (g) planning, attending and coordinating meetings, workshops, focus groups and (h) overseeing the management of the budget. The safeguard team will make sure that free-prior and



informed consultations are carried out and that a systematic consultation plan is set in place. This plan would be linked to the participatory monitoring and evaluation which will support the work of the M&E initially prepared during the implementation of the Seed JSDF. The SA and the consultations will make specific remarks in how to facilitate the participation of women and youth in subprojects. The project will also finance goods and operating costs for these activities. During the implementation of the Seed JSDF, the team met with group of elders -- "Consejo de Ancianos" who requested support to rescue their culture, traditions, and language. The WB team is very keen at supporting this initiative. The Project will work with the Miskitos indigenous communities. The entire project is an indigenous peoples project.

Component 3. Building the Technical and Organizational Capacity of Community Groups (US\$0.28 m.) The objective of this component is to build the capacity of the beneficiaries. This is an ongoing activity that takes place all over the life of the project. The ultimate objective of building the capacity of communities when applying the CCD approach is to promote the 'capacity' of local communities to develop, implement and sustain their technical and managerial solutions in a way that helps them to be the leaders of their own change that will improve their livelihoods. The capacity of the beneficiaries will be built through training and technical assistance to develop skills and competencies the beneficiaries to succeed in the implementation of the subprojects. Following the WB procurement framework, the project will identify trainer providers undertaking competitive processes. Taking into account the activities that will be properly indicated in the procurement plan, the type of provider and procurement method to follow will be indicated.

The Project will seek to construct services and strategies that are aimed at stimulating enterprise, innovation, social capital and community capacity in these deprived areas of La Moskitia. Therefore, the approach will be to stimulate the capacity of the beneficiaries during the entire execution of the project. It is important to note that since climate change is a big issue in Central America, and moreover in Honduras, all the beneficiaries would be trained in environmentally friendly practices such as recycling and use of renewable energy sources. This is not only a mechanism to protect the environment and the natural resources but also is a mechanism to build environmental consciousness and to open avenues for alternative activities such as profiting from recycling.

The region has received limited resources from the GoH and from donors. The project will focus on:

- Promotion of incentives for economic production. The project will introduce new income generating opportunities. It will provide substantial technical and financial assistance to improve the productivity of increase existing skills. This will open the opportunity to create not only economic opportunities but business prospects.
- Improve Governance. The project will improve their governance by becoming more transparent and accountable to their communities.
- Economic Competitiveness. The communities will count with the sufficient technical and financial assistance to be able to respond to their needs by effectively identifying need, business opportunities and improve decision-making process.



- Improve governance and their voice in the Alliance for the Moskitia. Support MASTA in their role to work with the GoH on the proposing proposals to implement funds coming from other donors more effectively and enabling a CDD approach that will ensure the transfer of the decision-making process to the communities.

The capacity of the beneficiaries will be also built on issues such as the preparation of the subproject proposals, preparation of the budget, report writing, and monitoring and evaluation reports. Each subproject beneficiary will be trained on management, financial and procurement issues, and monitoring and evaluation systems. With this capacity it is expected that beneficiaries would move forward towards entrepreneurial activities that would contribute to ensure sustainability of the investments.

Component 4. Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination. (US\$0.28 m.)

1. **Project Management and Administration:** This subcomponent provides the **technical and fiduciary support elements** to ensure efficient execution of the project through administration, reporting, auditing and coordination. A Project Implementation Unit in ACICAFOC (Coordinating Association of Indigenous and Community Agroforestry in Central America) will be established. ACICAFOC has extensive experience in managing implementation of World Bank projects, and will have an office in La Moskitia (Puerto Lempira). This field office is necessary to provide support and carry out supervision to the beneficiaries in the implementation of subprojects. La Moskitia is located in a remote area of Honduras, and supervision from Tegucigalpa will be costly in term of staff and transportation costs. This unit will collect information for reporting purposes, and ensure a close coordination with the regional institutions in La Moskitia. Consultants will be hired for procurement and financial management, and annual audits. Goods and operating costs will be financed for office rental and equipment, and supervision support. ACICAFOC is composed of a board of directors' lead by the President and the Executive Director. Technically, it has engineers (agricultural and forestry), social and environmental staff and fiduciary personnel covering the financial and procurement areas. In each of the countries ACICAFOC have local staff depending of the projects they are implementing such irrigation and energy specialists. ACICAFOC will manage the project, will make the call for proposals for the sub projects, will supervise the design, execution and monitoring of sub-projects. It will be responsible for the overall overseen of the project. The supervisor will oversee the project from the technical and administrative point of view. The financial specialist will supervise the use of the funds and will oversee the finances of each of the sub-projects. The procurement specialist has the responsibility to ensure that the procurement framework is followed and that all processes are conducted following the WB rules and procedures. The social and environmental specialists will ensure that WB policies are properly incorporated in each of the sub-projects and that no act of social exclusion and/or damage to the environment is undertaken during the implementation of none of the sub-projects. These specialists have to make sure that social inclusion, consultation and participatory approaches are conducted – as the WB policies and ESF indicates. And, that all sub-projects do not harm the environment and are means to promote socio-economic development under the umbrella of environmentally friendly practices.



2. **Monitoring and Evaluation:** A solid Participatory M&E system will be set in place. The basis of this system was prepared during the execution of the JSDF Seed Grant. It would be adjusted once the results of the Social Assessment are ready, if necessary. The M&E System will monitor the capacity for the management of natural resources and the economic systems of the communities participating in the projects. Under this component it is also included a mid-term evaluation and a final one. The implementation of the M&E will commence together with the project implementation and before the subprojects implementation. The PI will develop the corresponding technical activities, including the process of selecting technical teams for establishing the baselines.
3. **Knowledge Dissemination:** Dissemination of results of consultations and implementation of subprojects will be included under this subcomponent. A combination of means with workshops and publications will be used.

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Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	The project doesn't include any hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial, or similar activities which would involve the use or potential pollution of any



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international waterway. The envisaged rural community livelihoods activities to be financed are furthermore existing schemes of a small scale nature, and investments would not adversely change the quality or quantity of water flows to any riparian, nor are they expected to be significantly affected by other riparians' potential water use. Any potential subproject with any such effect will be screened out and not eligible for financing under the project.

Projects in Disputed Areas OP 7.60

No

No disputed areas are part of the intended project area of influence.

Summary of Screening of Environmental and Social Risks and Impacts

The proposed ESRC for this project is Moderate. While the project context has some sensitive elements such as working with Indigenous communities in environmentally sensitive landscapes, the sub-projects themselves are not expected to pose significant risks. The classification takes into account the small scale nature of community sub-projects in a Community Driven Development (CDD) type project, which are not expected to present significant environmental or social risks which are complex or which affect large geographical areas. Sub-projects will be identified through a participatory community selection process and screened by ACICAFOC prior to approval to ensure they do not pose any significant environmental or social risks. Any E&S risks will be manageable with known mitigation and management measures.

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