



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: | Report No: PIDISDSA32311

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

Country Honduras	Project ID P177149	Project Name Corredor Seco Food Security Project Additional Financing	Parent Project ID (if any) P148737
Parent Project Name Corredor Seco Food Security Project	Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 23-Jun-2021	Estimated Board Date 30-Jun-2021
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Government of Honduras	Implementing Agency Honduran Strategic Investment Office (INVEST-H)

Proposed Development Objective(s) Parent

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

Components

Food production and rural household income generation
Nutrition education and household hygiene
Monitoring, evaluation and project management

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

Total Project Cost	
Total Financing	
of which IBRD/IDA	
Financing Gap	

DETAILS**World Bank Group Financing****Non-World Bank Group Financing**



Counterpart Funding	0.45
Local Beneficiaries	0.45
Trust Funds	5.00
Global Agriculture and Food Security Program	5.00

Environmental Assessment Category

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

- Economic growth and poverty reduction in Honduras have been held back by institutional challenges and vulnerability to external shocks.** Real gross domestic product (GDP) has grown by 3.8 percent per year since 1990, exceeding the 2.6 percent average for Latin America and the Caribbean (LAC) and on par with the Central American average of 3.9 percent. However, ineffective governance and institutions, one of the world's highest crime rates, and high exposure to natural hazards have discouraged investment and thwarted growth and job creation.
- Honduras remains one of the poorest countries in the LAC region.** The annual per capita income of the 9.9 million inhabitants is US\$2,340 (2020). In 2019, 49 percent were living on less than US\$5.50 per day, the second highest poverty rate in LAC after Haiti, while 14.8 percent of the Honduran population was living in extreme poverty, i.e. on less than US\$1.90 per day. Poverty is deepest in rural areas and among indigenous communities: half of Indigenous Hondurans are unemployed or underemployed and over 70 percent live in poverty. Economic vulnerability also varies by gender: in 2019, female labor force participation (52 percent) was far lower than male participation (86 percent), and employed women receive lower average wages than employed men.
- The COVID-19 pandemic, combined with tropical storms Eta and Iota, dealt severe blows to the Honduran economy in 2020.** Poverty in households under the US\$5.50 line is projected to have increased to 55.4 percent in 2020, nearly 68 percent of households reported losing income and more than one-third reported food insecurity. Tropical storms Eta and Iota in late 2020 compounded these impacts, generating social and economic losses estimated at 7.5 percent of GDP.

Sectoral and Institutional Context

- While the agri-food sector is a key pillar of the Honduran economy, rural areas are characterized by significant poverty and by food and nutrition insecurity.** Agriculture is the main economic activity of more than 500,000 households, provides a direct source of income for 30 percent of the labor force, and accounts for 12 percent of GDP, rising to 23 percent when backward and forward linkages with other sectors are included. More than half of the poor and two-thirds of the extreme poor live in rural areas, notably in the Dry Corridor (*Corredor Seco*, in Spanish). They are disproportionately affected by food and nutrition insecurity, as chronic malnutrition is about twice as common



among children in rural areas (28.8 percent) compared to urban areas (14.6 percent), rising to 58 percent of children under age five in the Dry Corridor.

5. Climate change and other weather-related events present critical risks for agriculture and the welfare of farmers, as well as important links to migratory pressures. Honduras is one of the most vulnerable countries to climate change due to its high exposure to climate-related hazards (hurricanes, tropical storms, floods, droughts, landslides). By 2050, average temperatures are projected to increase by 1° to 2.5°C whereas annual rainfall is projected to decrease by 9–14 percent, which would intensify droughts and could reduce yields of key staple crops such as beans by 32 percent. Climate change will also increase the frequency and severity of hurricanes, as evidenced by tropical storms Eta and Iota in 2020.

6. Around 72 percent of Honduran rural families engage in subsistence farming and transitioning agriculture. Family farming generates 56.5 percent of national agricultural production and 76 percent of rural employment, and it is important to national food and nutrition security. A portion of family farmers operates commercially oriented enterprises, but family farming systems are mostly characterized by low productivity and revenues, little organization and integration of producers and agribusiness, poor-quality employment, and high vulnerability to economic and climate shocks. Women, Indigenous Peoples, and Afro-Descendants play a major role in family farming but suffer from specific vulnerabilities.

7. The Corredor Seco Food Security Project (PROSASUR) is referred to in the national Food Security and Sovereignty Assurance Program as a priority project in the agricultural sector under the country's Food Security and Early Recovery Strategy post COVID-19. PROSASUR, funded by a grant from the Global Agriculture and Food Security Program (GAFSP) Trust Fund, is satisfactorily supporting 11,844 poor and food-insecure rural families in 25 municipalities of three departments in the Southern Dry Corridor of Honduras. The Project is an essential part of Honduras' food security strategy in the Dry Corridor, where most extremely poor rural families live (85 percent of extreme poverty). PROSASUR finances grants and technical assistance to (i) increase the availability of quality food and revenues of poor and extremely poor households, through a nutrition-smart agriculture approach, as a basis for improving nutrition and reducing child stunting in the long run; (ii) improve the consumption of nutritious foods and the nutrition status of pregnant and lactating women and children less than five years of age; and (iii) undertake community activities to promote behavior change for greater nutrition awareness.

8. The PROSASUR team has responded swiftly and agilely to continue providing support in during the pandemic, but there is need for much greater financial and technical support. While PROSASUR is attending to 12,000 eligible households within the project area, an estimated 38,000 additional households in those same municipalities are eligible for support. The Project's activities related to food and nutritional security of the poorest households (in 25 municipalities) would be scaled up with the additional grant from GAFSP.

C. Proposed Development Objective

Original PDO

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

Current PDO

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

The following Key Results are expected of the Additional Financing (AF):

- Increase in average yield achieved in food crops by participating households (Number)



- Increase in number of households benefitting from the Project (Number)
- Increase in dietary diversity score (Percentage)

D. Project Description

9. **PROSASUR is structured into three components:** Component 1, “Food Production and Rural Household Income Generation,” aims to increase availability of quality food and revenues of poor and extremely poor households, through a nutrition-smart agriculture (NSmartAg)¹ approach, as a basis for improving nutrition and reducing child stunting in the long run; Component 2, “Nutrition Education and Household Hygiene,” aims to improve the consumption of nutritious foods and the nutrition status of pregnant and lactating women and children less than five years of age, and to undertake community activities to promote behavior change for greater nutrition awareness; Component 3 provides monitoring, evaluation and project management support.

10. **The Project seeks to increase the household availability of quality food and the incomes of poor rural residents as a basis for improving nutrition and reducing child stunting.** Technical assistance, training, and extension services are carried out through subprojects based on technically and financially viable business plans and/or incremental food security plans. These subprojects increase food and agricultural production, introduce high-value crops, increase market links, and expand non-farm revenue generation. The Project builds on existing evidence-based interventions in community child health and nutrition by focusing on access to diverse and quality foods, improved nutrition-related behavior, child growth monitoring, and improved hygiene at the household level. Subproject investments for value chain development were designed for high-value crops for small-scale rural producers’ organizations/small enterprises and are expected to generate on-farm and off-farm jobs, including processing and postharvest processes. Investments to ensure food security and for high-value crops production are based on climate-smart agriculture (CSA) initiatives intended to promote sustainability and adaptation.

11. **The proposed AF will continue supporting investments targeted at (i) contributing to short-and medium-term food, nutrition, and hygiene needs; and (ii) enhancing food, nutrition, and hygiene education and capacity to sustain these benefits and build food system resilience going forward.** The proposed strategy is to intensify and diversify home food production for consumption and for sale, thus supporting the availability of diverse, micronutrient rich foods, in conjunction with activities for nutritional education and household hygiene, complemented by a strengthened focus on COVID-19 response.

12. **Activities already supported by PROSASUR which will be continued under the AF include:** (i) food security plans with NSmartAg and CSA approaches; (ii) community nutrition plans; (iii) household hygiene plans; (iv) specialized technical assistance to raise awareness of the importance of household health and nutrition; and (v) coordination with local municipalities and local health centers.

13. **Activities that will be strengthened to respond to specific COVID-19 needs will be aimed at reinforcing biosecurity measures and helping reverse the effects of the pandemic among the most vulnerable through:** (i) providing nutritional supplements; (ii) upgrading and equipping health centers at the local level; (iii) providing technical assistance to improve the ability of beneficiaries and health centers to prevent and halt the spread of the virus.

¹ Nutrition-smart agriculture consists of technologies and practices that improve nutrition while increasing farm and agribusiness productivity and income.



E. Implementation

Institutional and Implementation Arrangements

14. **PROSASUR has the technical and operational capacity in place to quickly deploy the proposed additional funding.** PROSASUR's Project Implementation Unit is housed in the Honduras Strategic Investment Office (INVEST-H). INVEST-H manages PROSASUR's activities, including fiduciary and monitoring and evaluation, and implements Components 1 and 2 through two competitively selected private sector consulting firms as project operators, which can continue carrying out project activities under the proposed AF with the same implementation arrangements. A dedicated team will continue monitoring the compliance of the AF with the World Bank's environmental and social safeguards.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The Project area covers 25 municipalities in three departments in the Dry Corridor, where more than 50 percent of Honduras' poor and two-thirds of extreme poor live in rural areas. The overlapping effects of COVID-19 and tropical storms Eta and Iota worsened their already vulnerable situation. The population is mostly of mixed Spanish and Indigenous ancestry. However, while some Indigenous Peoples (IPs) live in the Dry Corridor, the Parent project and AF areas of intervention do not overlap with the presence of IPs as defined in OP 4.10, which was confirmed in 2020 in a participatory workshop specifically called to analyze and eventually confirm this assessment. In selected municipalities, the implementing partners oversee the selection of the communities (approved by INVEST-H), prioritizing, through a participatory process, communities with these criteria: (i) within 10km from secondary roads; (ii) existence of a micro watershed; (iii) population greater than 400; (iv) viable land for agriculture. Both components cover the same communities. Honduras' endowment of water, forests, and soil is a central foundation for the country's economic activity, but it is vulnerable to natural shocks, mismanagement, and depletion. Poverty and natural resource depletion are strongly linked. About half of the population of Honduras is rural, 80 percent of whom live in environmentally unstable hillside areas practicing subsistence agriculture and affecting natural resource sustainability. Deteriorating natural resources fail to provide minimal livelihood to the poor. Given project objective and design, the two key environmental characteristics of the parent Project and the AF area are soil characteristics in Dry Corridor and the hydrological capacity of existing soil types. On the first, most area represents agrological classes VI and VII that do not allow cultivation of annual crops. VII only allows management of primary or secondary natural forest. Fruit trees such as plums, cashews, mango, and avocado have been identified as permanent crops adapted to the soil and climate characteristics of the area and are valued by consumers. Regarding the hydrological capacity of soil types in the parent Project area and the AF, predominant types are C and D, with moderately high and high potential for runoff. In such soil types, opportunities to cultivate with traditional water harvesting, such as ditches, collector ditches or recharge wells is severely limited or compromised.



G. Environmental and Social Safeguards Specialists on the Team

Erica Virginia Piber, Social Specialist

Andrew Francis Drumm, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01		
Performance Standards for Private Sector Activities OP/BP 4.03		
Natural Habitats OP/BP 4.04		
Forests OP/BP 4.36		
Pest Management OP 4.09		
Physical Cultural Resources OP/BP 4.11		
Indigenous Peoples OP/BP 4.10		
Involuntary Resettlement OP/BP 4.12		
Safety of Dams OP/BP 4.37		
Projects on International Waterways OP/BP 7.50		
Projects in Disputed Areas OP/BP 7.60		

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Project is classified as environmental Category B and the parent Project required a partial Environmental Assessment (EA). The eligible investments are small-scale and of dispersed nature, including e.g. minor infrastructure works on irrigation systems, storage facilities, and health centers that will be financed based on demand. Consequently, the Project is not expected to cause negative large-scale or irreversible environmental impacts. Instead, it has a remarkable potential for environmental value added. Almost 90 percent of the project area has been intervened by agricultural land uses, compared with the general baseline situation; the Project is expected to promote an overall positive environmental impact. This will be pursued through capacity building and technical assistance (TA) on environmentally friendly and climate-smart agricultural practices regarding plant and animal production, forest



management, and fish farming. To promote continuity and additional market value for agricultural products, producers and producer groups can receive assistance to obtain related certification. The main yet overall minor environmental risks are expected to relate with potential small-scale contamination derived from inadequate or even prohibited use of agrochemicals or deficient management of animal manure. Soil degradation might also occur in case sustainable agricultural practices were not followed. Taken the vulnerability of the project area to environmental degradation and related negative impacts of climate variability and change, environmental sustainability and climate resilience are key factors in determining the selection of the activities to be financed.

During preparation of the parent Project, the Government of Honduras and World Bank agreed on the Terms of Reference for contracting a qualified social specialist to assess the potential social impacts of the Project. The social assessment consultant conducted interviews and consultations with a broad cross-section of local stakeholders, including several individuals who self-identified as Lenca Indigenous Peoples (IPs), during three departmental level consultation events. During these consultations, the Recipient presented the proposed project activities and anticipated impacts and sought participants' feedback on the Government's proposed approach to ensure compliance with OPs 4.10 and 4.12. The Social Assessment (SA) provides considerable evidence of the strengths and inclusiveness of the local mainstream cultural, economic, social and political institutions. The SA also details the absence or sporadic nature of any customary Indigenous institutions in the project area. In early 2020, a participatory workshop with beneficiaries analyzed and confirmed that the parent Project area of intervention does not overlap with the presence of IPs as defined in OP 4.10. Given that the AF activities will take place in the same municipalities, this assessment remains unchanged.

Parent Project and AF activities have been assessed against the COVID-19 Specific Risk Considerations on discrimination and social inclusion, labor, meaningful consultation and participation, Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), exposure to COVID-19 and GRM. The parent Project has already undertaken some social inclusion and gender mainstreaming activities, working with Persons with Disabilities and raising awareness amongst beneficiaries on Gender Based Violence (GBV). However, specific mitigation actions identified in the Waiver to address these risks have also been integrated into the updated Environmental and Social Management Framework (ESMF) developed and disclosed prior to Appraisal.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

If successfully implemented, the Project has potential for positive indirect and/or long term socioenvironmental impacts as poor rural communities will be supported to develop and implement their agribusiness plans or plans for non-farm businesses, paired with technical assistance, extension services, and needs-based training with a special and critical focus on environmental sustainability. Component 2 will promote improved nutrition and health related behavior and practices with a focus on both household and community level work. Overall, it is expected that successful results would be sustained by direct beneficiaries and potentially replicated beyond the beneficiary households/communities. On the other hand, due to the weight that technical assistance and training activities have within project design, even if the Project would not prove successful, no major indirect and/or long term environmental liabilities beyond the business as usual scenario are foreseen on the ground.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

As the financed activities will be strongly demand driven, considering alternatives only becomes relevant during project implementation. Regarding alternatives in terms of land use, all infrastructure and equipment investments will be restricted to either lands privately owned by the participating beneficiaries and/or unoccupied municipal lands. This restriction on the available land use alternatives is aimed at avoiding adverse impacts caused by potential involuntary taking of land.



4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

During preparation of the parent Project in 2015, INVEST-H contracted an environmental, social, and gender specialist to conduct a partial Environmental Assessment (EA) and a Social Impact Assessment (SIA) in the project area. Said assessments formed the basis of an ESMF that INVEST-H built upon. The ESMF guides the Project's socio-environmental management, including a compliance with national regulations and implementation of the applicable Bank safeguards.

Beyond describing the key environmental and social features of Dry Corridor as relevant to project activities, the ESMF guides identification and assessment of their potential socioenvironmental impacts and provides detailed instructions on applicable mitigation measures. In further detail, the ESMF (i) ensures timely integration of socio-environmental considerations in the overall project implementation and spells out related responsibilities and resource needs; (ii) includes a negative list of activities to prevent any activity that could lead to conversion or degradation of natural habitats, physical cultural resources, deforestation related to expansion of croplands or pastures or any activities that could require land acquisition; (iii) standardizes mitigation measures for the main environmental impacts identified per different eligible investments; (iv) guides and facilitates monitoring of integrated crop and pest management and climate-smart agricultural practices; (v) guides provision of demand and capacity based environmental training to project beneficiaries and those in charge of their technical assistance/extension services; (vi) links environmental monitoring to further training and corrective actions as needed; and (vii) includes guidance to conflict prevention and addressing requests and complaints.

The original ESMF was disclosed in-country on June 11, 2014 and by the Bank in Info Shop on June 12, 2014. A revised version of the ESMF, which includes an updated project description, was disclosed in-country on July 16, 2015 and by the Bank in InfoShop on July 16, 2015. For the preparation of the AF in 2021, an update of the ESMF was developed, consulted and disclosed prior to Appraisal. The updated ESMF include measures to ensure safeguard policy compliance and consistency with good practice management of additional potential risks and impacts as detailed in the ESF Waiver, such as discrimination and social inclusion, labor, meaningful consultation and participation, Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), exposure to COVID-19 and GRM. Measures for the inclusion of Persons with Disabilities initiated under the parent Project will continue during the implementation of the AF. The AF will have 10 workers hired by the PIU, approximately 180 workers by the two implementing partners and community workers to support implementation of the nutrition activities of Component 2. Biosafety protocols are in place, and are formally incorporated into the ESMF, to ensure that all project workers (including community workers) minimize the risk of COVID-19 transmission in their project-related work. National labor laws are adequate to cover labor risks for all direct and contract workers. To ensure appropriate protections for community workers, who may fall outside the scope of Honduran labor laws, the updated ESMF includes specific articulation of their rights including working condition requirements under the Project.

The AF does not increase the risk of SEA/SH in the area of intervention. While SEA/SH was discussed with the PIU and implementing partners during the most recent virtual mission (October 2020), there has been no formal training. An example of Code of Conduct with GBV provisions was included in the updated ESMF and will be shared proactively with PIU members and the implementing partners to be applied with all direct and contracted workers. The GRM of the original Project will be applicable to Additional Financing activities. The GRM was already updated with procedures in line with the principles of confidentiality (with a separate log for GBV complaints), survivor-centered and safety of the survivor. The mapping of GBV services will constitute a resource for referral purposes when survivors agree to continue the process.



Direct, contracted and community workers will have access to a GRM to submit their grievances, including situations of SEA/SH, and receive timely responses. The updated ESMF includes guidelines and principles to be followed for the development and socialization of said mechanism by INVEST-H and implementing partners. When addressing SEA/SH cases, the GRM for workers will follow the principles of confidentiality, survivor-centered approach, and safety of the survivor.

Under the terms of the GAFSP agreement, the World Bank is the Project's Supervising Entity and INVEST-H will implement the Project in line with Bank rules, procedures, fiduciary compliance, and environmental and social safeguards. A PIU with dedicated staff was created within INVEST-H, led by a Program Coordinator, and a team of professionals in the areas of communications, rural development, environment, social development, finance, procurement, and monitoring.

The PIU has a full-time safeguards specialist who supports implementation, coordination, and monitoring with implementing partners to ensure compliance with OP 4.01 as well as gender and social inclusion focus. The PIU has been implementing the parent Project with a satisfactory Social Performance Rating, actioning on the recommendations of the ESMF, including a gender equity and social inclusion approach. However, INVEST-H has been intervened by Central Government since July 2020 and the overlapping impact of the COVID-19 pandemic and Eta and Iota hurricanes have delayed implementation of the parent Project negatively impacting the monitoring of social safeguards, reflected in a delayed response to some grievances.

At the local level, technical support and monitoring is the responsibility of two implementing firms - Care and Creative, who each have full-time environmental and social specialists. Among other functions, they are responsible for project implementation including the ESMF, preparing quarterly and annual implementation reports, and implementing, monitoring and reporting on the GRM.

Although the AF will continue to be implemented under existing safeguards given that the waiver was granted, the commitments set forth therein, following the assessment of COVID-19 Specific Risk Considerations, and related mitigation measures, will require additional training to Government and implementing partners' environmental and social specialists.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Selection of the target population. The target participants:

- i. are poor and extreme poor households, beneficiaries of the Bono Vida Mejor (conditional cash transfer) program, and those who pass an additional poverty verification test. Many of these households have difficulties meeting their responsibilities in health, education and nutrition;
- ii. are highly vulnerable households that have low food stocks and have no stable means of income (including remittances, lack of employment);
- iii. are female-headed households with presence of pregnant women, nursing mothers and children under five years of age or other children with nutritional risks;
- iv. are households with access to land (owning, renting, sharecropping, communal land, etc.), possibly with potential for access to water resources (for agricultural subprojects only); and
- v. include a limited number (less than 500) of recognized leaders of community-based organizations (water boards, community councils "trustees" among others) who can influence other members of the community to participate in the Project.



As of June 2020, the parent Project is satisfactorily supporting 11,844 poor and food insecure rural families (99 percent of the end target) in 25 municipalities of the Southern Dry Corridor of Honduras. While neither OP 4.10 nor OP 4.12 have been triggered, the Project has made progress on social inclusion, e.g. providing customized support to households with Persons with Disabilities (PwD). Given that there was a 15 percent increase of GBV cases in the project area, awareness-raising campaigns were implemented with more than 1,300 women receiving information on GBV prevention and response.

The SIA (2015) included a gender assessment and produced a Gender Inclusion Strategy. Based on said assessment, the main source of income among women living in the Dry Corridor is agriculture (63 percent), followed by wage labor (29 percent) and trade (8 percent). The assessment found that female-headed households constitute roughly one in five households throughout the project area, with a slightly higher percentage residing in urban areas. Given the significant time constraints on women, interventions that affect women's time allocation can help improve their own nutrition as well as that of their children. The parent Project has already made good progress to enhance gender inclusion, e.g.: (i) women are part of the committees and executive councils of participating organizations (37 percent in cluster 1 and 16 percent in cluster 2); (ii) almost 3,000 women have been sensitized on gender and human rights (148 percent achievement, compared to initial target); (iii) 60 non-agricultural business plans are led by women (120 percent achievement, compared to initial target).

Beyond the direct beneficiaries, other stakeholder groups include rural extension agents who will be contracted by the Project; local promoters that will engage to assist the Project in reaching out to the poorest families of the municipalities; specialized institutions that will provide specific training such as business development, management of rural organizations, marketing, and savings and loan societies' financial management; and nutrition extension specialists that will provide the delivery of the proposed nutrition education and promote close coordination with all programs promoting nutrition-related issues. Further, relevant sector authorities at national, departmental and municipal level, civil society/NGOs, and local residents.

The initial stages of Parent Project preparation included various consultations that are presented in the original GAFSP project proposal available in the Project's files. The Project and its ESMF were presented and discussed during a public consultation held on June 5, 2014 in the departmental capital of Choluteca. More than 120 people attended the event from a wide range of stakeholders, including representatives of the 25 municipalities (mayors, rural banks, municipal offices of environment, women, and health, etc.); members of the Sectoral Round Table of Gulf of Fonseca; representatives of related NGOs from the area; potential project beneficiaries; and representatives from key centralized institutions like the Ministry of Natural Resources and Environment (SERNA).

The draft updated ESMF was consulted with key stakeholders through a virtual meeting on June 21, 2021, which included a discussion on how the Project will engage with stakeholders during implementation. A total of 59 (30 men and 29 women) people participated in the consultations representing municipalities, environmental municipal units, community organizations, producers, monitoring staff of PROSASUR and implementing partners, among others. There were no concerns expressed regarding the update of the ESMF and the participants welcomed the additional measures to address SEA/SH and enhance the social inclusion and gender approach of the Project. The engagement process with affected and interested stakeholders undertaken during the parent Project implementation will continue for the activities of the AF. Reflected in the high level of participation in the consultation, the engagement of the Project is continuous and fluent. Participants expressed their broad support for the AF and environmental and social measures included. There was specific mention to the importance and usefulness of the GRM which is active, receiving and responding to complaints. The updated ESMF includes a section on stakeholder engagement describing the



measures to be undertaken to keep stakeholders informed, socialize project activities, and sustain a continuous engagement with beneficiaries.

No specific risks for the inclusion of women during consultations have been noted. For instance, the consultation undertaken during preparation had an equal percentage of male and female participants. Given that the implementing partners are close to the communities, Persons with Disabilities can be engaged directly through visit to their households, given that they are identified during initial screening of each subproject.

The advanced draft of the update of the ESMF was disclosed prior to the declaration of Appraisal, in the Borrower's site with an email to provide an opportunity for feedback. The result of the June 21's consultation was integrated in the final version of the ESMF which will be disclosed at <http://www.investhonduras.hn/acs-prosasur/> and the WB external website, prior to Project Approval. The Recipient will also share physical copies of the updated ESMF with stakeholders in the municipalities of intervention through the implementing partners.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

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