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# TRANSPARENT LOCAL GOVERNANCE AND IMPROVED SERVICE DELIVERY

SEMI ANNUAL TECHNICAL PERFORMANCE REPORT  
APRIL 01 – SEPTEMBER 30, 2015

October 31, 2015

This publication was produced for review by the United States Agency for International Development and prepared by Deloitte Consulting LLP.

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APRIL 01 – SEPTEMBER 30, 2015**

Prepared for:

USAID|HONDURAS, Office of Democracy & Governance

Prepared by:

**Deloitte.**

Contract No. AID-522-C-11-00002

October 31, 2015

**The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.**

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## Abbreviations

<b>AJAAM*</b>	Association of Municipal Water Boards
<b>AMHON*</b>	Honduran Municipal Association
<b>CAS</b>	Country Assistance Strategy
<b>CCS*</b>	Community Health Committees
<b>CCT*</b>	Citizens Commission of Transparency
<b>CDCS</b>	Country Development Cooperation Strategy
<b>CESAL*</b>	Study and Solidarity Center for Latin America
<b>CESAMO*</b>	Health Unit with Doctor and Dentist
<b>CESAR*</b>	Rural Health Unit
<b>CM*</b>	Municipal Commissioner
<b>CMI*</b>	Maternal-Infant Clinic
<b>COMAS*</b>	Municipal Water and Sanitation Commission
<b>CSO</b>	Civil Society Organization
<b>CUSP*</b>	Public Services Users Cadaster
<b>DEC</b>	Development Experience Clearinghouse
<b>DEE</b>	Decentralization Enabling Environment
<b>DEI*</b>	Executive Revenue Directorate
<b>DG</b>	Democracy & Governance
<b>DIA*</b>	Alternate Integral Developmen
<b>EAPS*</b>	Primary Health Attention Crews
<b>ERSAPS*</b>	Water and Sanitation Regulation Entity
<b>FHIS*</b>	Honduran Social Investment Fund
<b>FOPRIDEH*</b>	Federation of Development Organizations of Honduras
<b>GJD</b>	Governing Justly and Democratically
<b>IR</b>	Intermediate Result
<b>JAAP*</b>	Potable Water Managing Boards

<b>MIP</b>	Municipal Investment Plan
<b>OCDIH*</b>	Christian Organism for the Integral Development of Honduras
<b>ODECO*</b>	Organization for the Development of Corquin
<b>ONG*</b>	Non-Governmental Organization
<b>PMP</b>	Performance Monitoring Plan
<b>POA*</b>	Annual Work Plan
<b>PPI*</b>	Small Infrastructure Projects
<b>RDS*</b>	Departmental Health Regions
<b>RFA</b>	Request for Application
<b>RRCCTOH*</b>	Western Regional Network of Citizens Commission of Transparency of Honduras
<b>RUC*</b>	Single Tax Payers' Registry
<b>SAFT*</b>	Financial and Tax Administrative System
<b>SAMI*</b>	Municipal Financial Management System
<b>SANAA*</b>	National Autonomous Service of Aqueducts and Sewers
<b>SDHJGD*</b>	Ministry of Human Rights, Justice, Interior and Decentralization
<b>SESAL*</b>	Ministry of Health
<b>SIMAFI*</b>	Municipal Administrative and Financial Information System
<b>TSC*</b>	Superior Accountability Court
<b>UFAU</b>	Customer Service Functional Unit
<b>ULAT</b>	Technical Assistance Local Unit
<b>UMA*</b>	Municipal Environmental Unit
<b>USAID</b>	United States Agency for International Development
<b>USCL*</b>	Local Control and Monitoring Unit
<b>USG</b>	United States Government
<b>UTI*</b>	Inter-Municipal Technical Unit
<b>UTVM*</b>	Joint Technical Road Unit
<b>WMO</b>	Women's Municipal Office

\*Acronyms in Spanish

## 1. Executive Summary

The USAID Transparent Local Governance and Improved Service Delivery Program (heretofore called “the Program”) seeks to achieve the following objective during the implementation of the contract: strengthen Honduran democracy in approximately ten networks that include approximately forty municipalities, by increasing citizen satisfaction with and participation in decentralized, democratic government-provided or regulated services through improved service delivery, which will result in more accountable, transparent government.

This is the eighth semi-annual report presented in compliance with provisions established in section F of the contract No. 522-AID-11-C-00002. This report details the activities developed by the Program for the period April 1, to September 30, 2015. Relevant results are described below.

Regarding Result 1, "Civil society advocacy for improved local services increased", the Program continued consolidating the process of strengthening civil society organizations (CSO) that are directly involved in local service management. As a result of this process, local service providers and managers from the mancomunidades of MANCOSOL, HIGUITO, COLOSUCA, MAVAQUI, MOCALEMPA and the municipality of Lepaera developed information exchange events with the Citizens' Commissions of Transparency (CCTs) and Municipal Commissioners (MCs) for social audit, assemblies community for accountability events and negotiation of water rates.

The audits to the Water Boards (JAAP) included topics on operation and management of the rural water systems; the CCT and MC of each municipality led this process, with the Program's technical assistance.

As a result of these social auditing processes, the Water Boards developed accountability events, as an effective mechanism used by service providers to promote transparency in their management and trust among service users. Also developed different activities to negotiate new service rates and ensure sustainability of water systems.

Three social audit exercises were concluded for the decentralized primary health services provided by CHORTI, COLOSUCA and MANCOSOL, where the CCTs<sup>1</sup> and MCs demonstrated the skills acquired as part of the Program's technical assistance. These audits focused on evaluating the 2014 agreement signed between the Ministry of Health (SESAL) and the service managers.

These practices promoted dialogue between the service managers and users, assuming commitments that arised from the recommendations given in the respective reports. Particularly, in the case of the audit to CHORTI, this dialogue also included authorities from SESAL, who committed to revise the 2016 agreement.

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<sup>1</sup> The Regional Network of Citizens Commissions of Transparency of Western Honduras (RRCCTOH) participated in the social audit process of CHORTI, with the CCTs and MCs of each member municipality.

The technical assistance provided to Santa Barbara and Marcala to strengthen civil society organizations involved in social control of services allowed to establish a dialogue between civil society and the municipal government through joint sessions to analyze, discuss and make commitments to impact on service improvement. It is important to mention the agreement to establish a fee for collection of solid wastes in the Marcala Market, and the use of service revenues for improvement and sustainability of services in Santa Barbara.

The health service provision is expected to have better articulation with the completion of the strategic health plans of COLOSUCA, CHORTI and MANCOSOL, involving civil society as a strategic actor in health promotion and prevention activities. These plans were socialized in each member municipality, establishing agreements related to include civil society's participation in health service management.

Regarding Result 2, "Local institutional capacity to deliver decentralized services strengthened", the Program's strategy to generate own revenues is having positive results. Own revenues increased approximately 20.1 million lempiras, from 116.8 million lempiras in 2014 to 136.9 million lempiras in 2015<sup>2</sup>. In addition, in 2015, service fees collected increased if compared to 2012, 2013 and 2014.

In relation to services, USAID|NEXOS continues to promote in nine municipalities the implementation of sustainable models for improved service provision. The strengthening proposal for municipalities that provide water and sanitation services was approved in all municipalities, and shows an implementation progress between 30% and 76%. Most municipalities have physical spaces for the operation of the public services office, have approved operational and administrative procedures manuals, have increased efficiency in collection of service revenues in 2014 and 2015, and more than 60% have completed the users' service cadaster. Despite the approval of new service rates, the main challenge lies in service sustainability.

The municipalities of San Antonio and Belen delegated the sewage and/or solid waste services in August 2015. This delegation allows the establishing of service fees for integrated delivery of water and sanitation services. In the case of Proteccion, the Municipal Corporation approved the proposal in April 2015, and the water board has submitted the necessary documents to the Ministry of Human Rights, Justice, Interior and Decentralization (SDHJGD) to obtain legal status.

In Nueva Frontera, the Municipal Corporation, with technical assistance from MAVAQUI, discussed the deficit with which the solid waste service is operating (the cost of service provision is higher than the revenues collected), agreeing to implement actions for the next period that may ensure the service's sustainability.

The implementation of the users' service cadaster allowed the municipalities to increase revenues from water, sewage and solid services' fees in 27%, 32% and 31%, respectively for fiscal year 2015 (October 2014 - September 2015).

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<sup>2</sup> Preliminary data for 31 municipalities.

During this period, the Joint Technical Road Unit (UTVM) from CAFEG coordinated activities with several small road businesses and provided support in the processes of formulation, contracting, supervision, estimate reviews and final reception of six projects for road maintenance and repair, for an approximate amount of 5.6 million lempiras, benefiting three municipalities from this mancomunidad.

Urban water plans have been implemented in four municipalities in CAFEG. The total cost of the plans amounts to 31.1 million lempiras, of which 791 thousand should be used for pre-investment studies.

Despite the water system's obsolete infrastructure, the water boards made minor repairs in order to improve service provision. However, major investments are required for rehabilitation and system improvement.

During this period, the Water Service Integral Index was applied for the fourth consecutive year, averaging 58.4%, a decrease of 3.4% if compared to 2014. The minimum score was 42.7% and the maximum was 69.8%. However, if the results are compared to the baseline, there is an improvement of 8.8 percentage points.

Regarding Result 3, "Structures and Systems to Implement Reform Strengthened", USAID|NEXOS continued strengthening decentralized health service providers through technical assistance, training and knowledge exchange in the three areas: institutional, technical and social.

In the social area, technical assistance was coordinated with Result 1; activities included preparation of service managers for accountability to service users and assistance for social audits, in order to establish dialogue spaces with civil society for improvement of service provision.

In the institutional aspect, the design of the strategic health plans for COLOSUCA, MANCOSOL and CHORTI was concluded, promoting more participation spaces by socializing these plans with health service users. The Program will monitor their implementation in subsequent periods to determine the results achieved.

Regarding the technical area, management and provision capacities for the health service providers were strengthened through technical assistance, experience exchanges between mancomunidades and municipalities, and workshops.

SESAL developed two monitoring exercises to all service providers in Honduras, as part of the 2015 agreement with them. The results show that more than 50% of the providers assisted by the Program received scores equal to or above 85%, in the first and second monitoring of 2015. This allowed the providers to obtain 100% of the budget included in the agreement for the provision of decentralized health services.

For the fourth consecutive year, USAID|NEXOS developed the Decentralized Primary Health Service Index in five mancomunidades (CHORTÍ, COLOSUCA, MAMBOCAURE, MANCOSOL

and MOCALEMPA), and in 6 municipalities (Macuelizo, Proteccion, Gracias, Gualcinse-San Andres and Lepaera), showing an increase of 5.7 percentage points in relation to the established target (the goal was 75.5% and the current value is 81.2%).

Women's agenda promoted shows important results achieved by the women's network in each target municipality. The networks are promoting training for women in implementation of productive projects, improvement in administrative and financial controls of projects, improvement in living conditions, gender training, leadership and political participation of women in the different social structures within the municipalities. To date, women's groups are executing approximately 200 productive projects, which constitute 91% of all projects in execution.

During the reported period, USAID|NEXOS intensified activities related to the grants and small infrastructure projects components. In the grants component, the second request for applications was concluded, granting nine grants to seven CSOs in year 4<sup>3</sup>, including two mancomunidades (COLOSUCA<sup>4</sup> and MAVAQUI). To date, more than 1.8 million dollars have been committed as in-kind donations (35%) and monetary grants (65%).

The execution of infrastructure projects is contributing to improve health units for better patient care. The construction of the health unit in Macuelizo generated savings to the municipality, since the old center operated in a rented space. In Proteccion, both medical and administrative staff are working in the same building, thus facilitating coordination of activities. In year 4, five projects were concluded: four in the health area and one in social cohesion.

In relation to rapid response funds, USAID|NEXOS assisted the conclusion of the strategic plan of the Inter-Municipal Technical Units Network, institutional strengthening to AMHON and delivered three in-kind grants (furniture and office equipment for HIGUITO, school furniture and construction materials for the perimeter wall of the "Policarpo Bonilla" school in the village of El Quebracho, municipality of Copan Ruinas, and laboratory and pre-clinical equipment for the CESAMO in Atima, Santa Barbara).

All these results favored to the fulfillment of the goals established in the Performance Monitoring Plan. Overall, USAID|NEXOS fulfilled more than 85% of the goals with an "acceptable" or "above expectations" score. The remaining 15% of the goals showed an "at risk" score, which is why the necessary actions are programmed for the next period to guarantee a satisfactory compliance.

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<sup>3</sup> Alternative Integral Development Organization (DIA), Study and Solidarity Center for Latin America (CESAL), JAAP in Concepcion de Maria, Christian Organization for Integral Development in Honduras (OCDIH) and Organization for the Development of Corquin (ODECO). The latter received two donations.

<sup>4</sup> This mancomunidad received two donations for equal number of projects.

## 2. Introduction & Overview

### 2.1 Scope and Objective

This is the eighth semiannual report submitted in compliance with the Contract AID-522-C-11-00002 for the “Transparent Local Governance and Improved Service Delivery Program” (USAID|NEXOS), in support of the USAID’s strategic objective of *More Responsive Governance and Intermediate Result 2*, “Locally-provided services in response to citizen needs improved”.

The Program supports the second strategic objective of USAID|Honduras Country Development Cooperation Strategy (CDCS) for FYs 2015-2019: “extreme poverty sustainably reduced for vulnerable populations in Western Honduras”. Likewise, it contributes to the Intermediate Result 2.3, “human capital improved, with a focus on children”.

The Contract calls for the contractor to submit a semiannual report, to be delivered within 30 days of the end of each period. The report shall be structured to highlight achievements, obstacles faced, and any other significant information for all components.

### 2.2 Strategic Framework

The Transparent Local Governance and Improved Service Delivery Program will contribute to broader USG policy efforts to strengthen democracy and governance in Honduras. The 2007 – 2012 Joint State-USAID strategic foreign assistance framework aims “To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.”

One of the five objectives supporting this overarching goal is “Governing justly and democratically”, which, for countries like Honduras, translates into support for policies and programs that accelerate and strengthen public institutions and the creation of a more vibrant local government and civil society. In addition, USAID’s Country Assistance Strategy (CAS) 2009 - 2013 states that “Governing Justly and Democratically” (GJD) is one of the primary goals of the United States Government (USG) foreign assistance efforts in Honduras.

The goal of USG assistance in the GJD sector area is to strengthen democracy by improving governance, increasing transparency and accountability, and ensuring a credible electoral process.

The current USAID|HONDURAS FY 2015-2019 CDCS seek as goal a more prosperous and safer Honduras that advances inclusive social and economic development among vulnerable populations.

Programmatically, USAID|Honduras will focus on two Development Objectives (DOs): (1) citizen security increased for vulnerable populations in urban, high-crime areas, (2) extreme poverty sustainably reduced for vulnerable populations in Western Honduras. Figure 1 shows the USAID|HONDURAS CDCS Result Framework and highlights in dark blue the results and objectives related to the Transparent Local Governance and Improved Service Delivery Program.

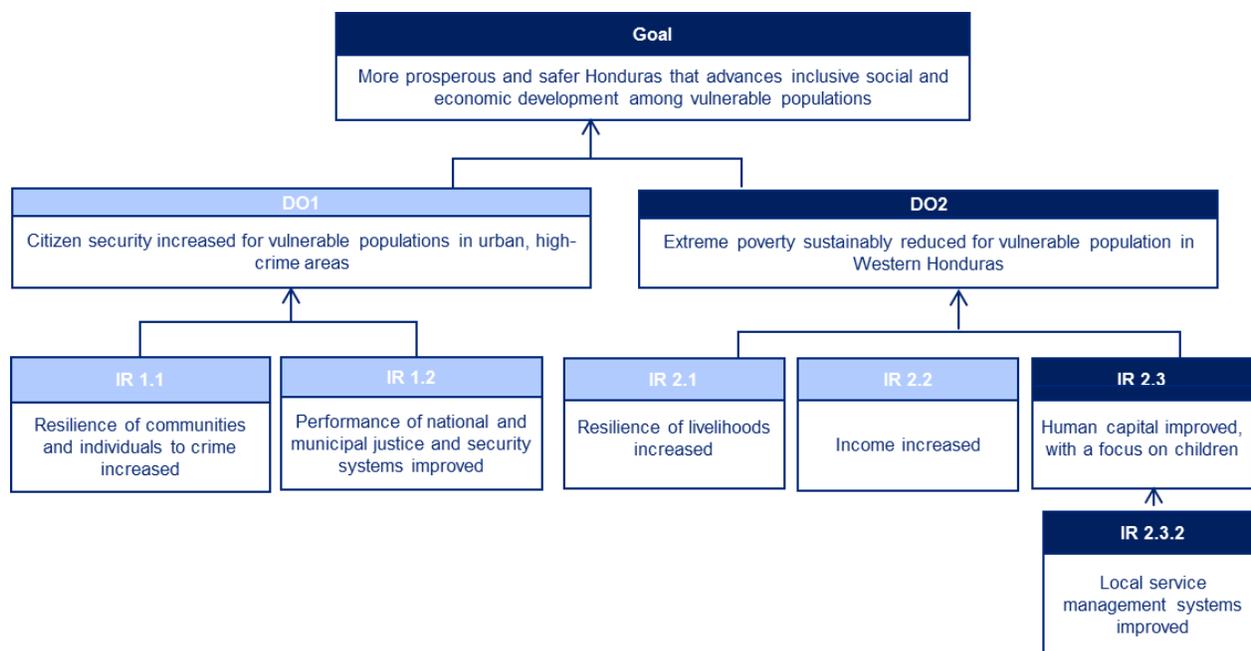


Figure 1: USAID|Honduras CDCS Result Framework

### 2.3 Transparent Local Governance & Improved Service Delivery Goals

USAID|NEXOS had a direct impact on Intermediate Result (IR) 2: “Locally-provided services in response to citizen needs improved”. The objective of the Program is to strengthen Honduran democracy in approximately ten networks that include approximately forty municipalities by increasing citizen satisfaction with and participation in decentralized, democratic government-provided or regulated services through improved service delivery, which will result in more accountable, transparent government.

In support of that IR, the Program has three main components or expected results:

- The first component, IR 2.1: *Civil society advocacy for improved local services increased* focuses on increasing civil society’s support and demand for decentralized services and understanding of their role in services delivery.
- The second component, IR 2.2: *Local institutional capacity to deliver decentralized services strengthened* focuses on strengthening the institutional capacity of local governments to respond to citizen demand and oversight of improved decentralized services.
- The third component, *Structures and systems to implement reform strengthened*, focuses on the implementation of decentralization frameworks through the strengthening of structures and systems at various levels of government. This component feeds into IR 2.3: *Enabling environment for decentralized services strengthened* and complements the results of the Decentralization Enabling Environment (DEE) Program.

The Small Grants, Infrastructure, and the Rapid Response Fund are three additional technical components of the Program.

In the second year of the Program, USAID|NEXOS began small grants administration to carry-out local projects related to service delivery.

The purpose of this activity is to have a mechanism that may finance activities that will contribute to achieve the Program's goals, emphasizing in innovation and creativity.

Small grants activities may include small purchases of equipment and goods, training, and technical assistance. In order to sponsor services overseeing outreach campaigns and other initiatives that support municipalities and mancomunidades capacity building, and the achievement of performance target in accordance with agreements with partners.

USAID|NEXOS works with municipalities, mancomunidades, and civil society to identify priority projects.

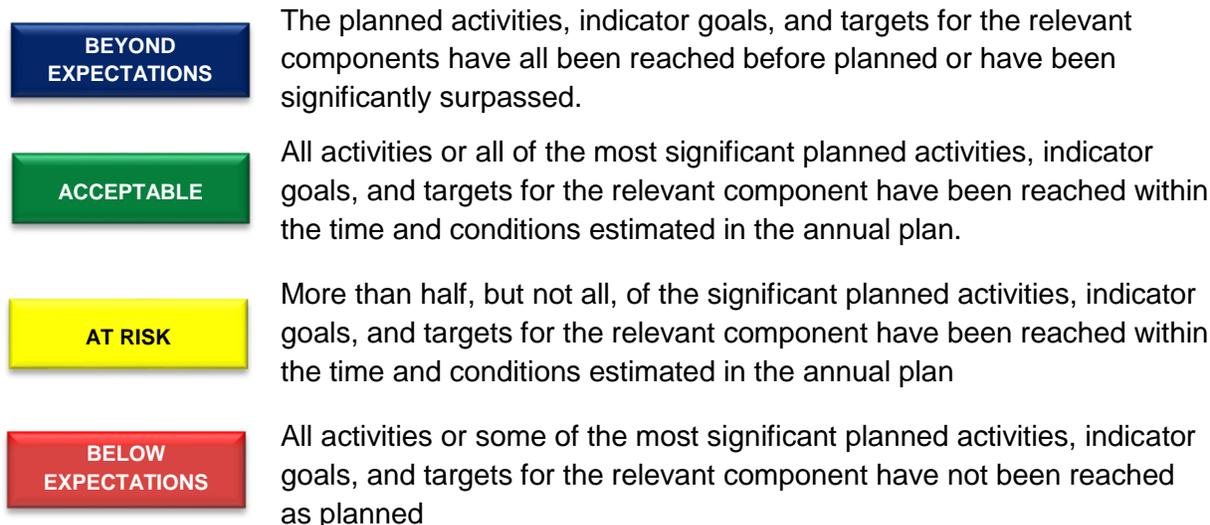
Through the small grants program, activities with civil society organizations also support projects related to the strengthening of local service provision in the communities of target municipalities.

In addition to small grants, USAID|NEXOS implements small infrastructure projects related to improve service delivery. These projects include improvements to health, education and other facilities, water and sanitation infrastructure, roads, street lighting, parks, and markets among others.

Finally, the Program has Rapid Response funds available to provide technical assistance, training or provision of raw materials, in response to unexpected opportunities and /or crisis that may occur during the project's duration.

## 2.4 Performance Ranking

In compliance with Section F of the contract, each of the three Program results has been designated a ranking to capture Program achievements as a function of the expected or planned progress. The definitions for each rank are explained in the figure below.

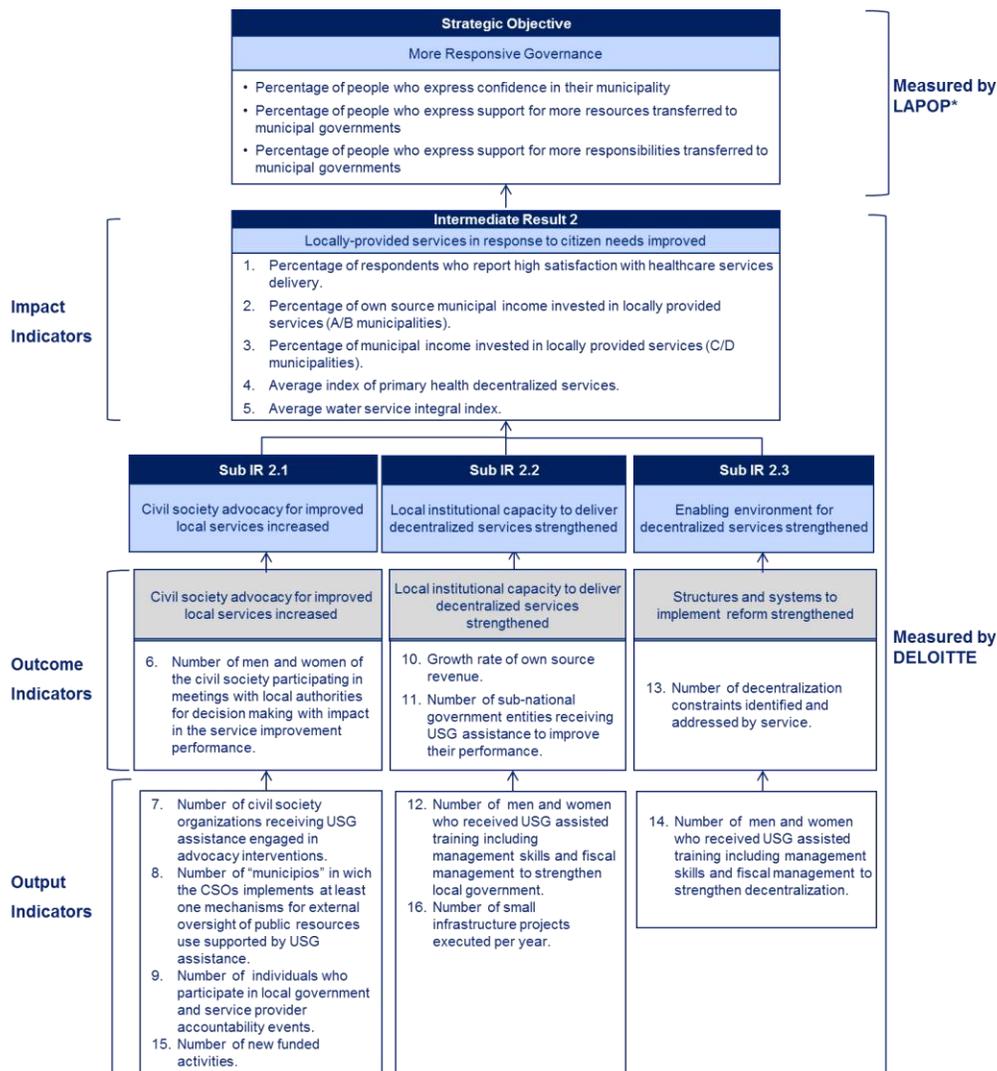


**Figure 2: Ranking definitions**

RANKING		
Category	Greater than or equal to (%)	Less than (%)
<b>Below Expectations</b>	0	50
<b>At Risk</b>	50	75
<b>Acceptable</b>	75	100
<b>Beyond Expectations</b>	100	

**Table 1: Ranking Criteria**

This section presents the progress towards achieving the goals established in the contract and in the Program Monitoring Plan (PMP), considering the above mentioned ranking. According to PMP a total of sixteen (16) indicators are used to monitor progress and manage performance throughout the life of the program. Figure 3 below illustrates the selected indicators and the level of impact they measure within the results framework.



\* Latin American Public Opinion Project, Vanderbilt University  
 \*\* See appendix 1 (Indicator Reference Sheets) for explanation of indicators.

**Figure 3: Selected indicators and their level of impact.**

The following table shows the achievement of this period's goals, including the ranking according to performance:

No.	Indicator	Type	BL	Year 4 (Oct14-Sept15)							
				Semester 7				Semester 8			
				Target	Actual	Performance	Ranking	Target	Actual	Performance	Ranking
<b>Intermediate Result 2: Locally-provided services in response to citizens needs improved</b>											
1	Percentage of respondents who report high satisfaction with healthcare services delivery.	all	67.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2	Percentage of own source municipal income invested in locally provided services.	A/B	41%	n/a	n/a	n/a	n/a	53.0%	43%	82%	Acceptable
3	Percentage of municipal income invested in locally provided services.	C/D	41.0%	n/a	n/a	n/a	n/a	46.0%	44%	97%	Acceptable
4	Average index of primary health decentralized services.	C/D	54.0%	n/a	n/a	n/a	n/a	75.5%	81.2%	108%	Beyond Expectations
5	Average water service integral index.	C/D	49.6%	n/a	n/a	n/a	n/a	63.5%	58.4%	92%	Acceptable
<b>Result 1: Civil society advocacy for improved local services increased</b>											
6	Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	A/B	0	60M 40F	50M 32F	82%	Acceptable	60M 40F	66M 35F	101%	Beyond Expectations
		C/D	0	960M 640F	1,004M 632F	102%	Beyond Expectations	960M 640F	1,722M 714F	152%	Acceptable
7	Number of civil society organizations receiving USG assistance engaged in advocacy interventions (cumulative).	A/B	0	15	11	73%	At Risk	15	11	73%	At Risk
		C/D	0	129	151	117%	Beyond Expectations	129	151	117%	Beyond Expectations
8	Number of "municipios" in which the CSOs implements at least one mechanism for external oversight of public resources use supported by USG assistance (cumulative).	C/D	0	n/a	n/a	n/a	n/a	25	30	120%	Beyond Expectations
9	Number of individuals who participate in local government and service provider accountability events.	A/B	0	30M 20F	29M 30F	118%	Beyond Expectations	30M 20F	46M 65F	222%	Beyond Expectations
		C/D	0	816M 544F	913M 593F	111%	Beyond Expectations	288M 192F	265M 229F	103%	Beyond Expectations
<b>Result 2: Local institutional capacity to deliver decentralized services strengthened</b>											
10	Growth rate of own source revenue.	C/D	20.0	n/a	n/a	n/a	n/a	10%	12%	124%	Beyond Expectations
11	Number of sub-national government entities receiving USG assistance to improve their performance (cumulative)	A/B	0	5	5	100%	Acceptable	5	5	100%	Acceptable
		C/D	0	35	35	100%	Acceptable	35	35	100%	Acceptable
12	Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	A/B	0	9M 6F	10M 6F	107%	Beyond Expectations	9M 6F	6M 6F	80%	Acceptable
		C/D	0	86M 58F	95M 57F	106%	Beyond Expectations	86M 58F	81M 53F	93%	Acceptable
<b>Result 3: Structures and systems to implement reform strengthened</b>											
13	Number of decentralization constraints identified and addressed by service.	n/a	0	n/a	n/a	n/a	n/a	2	2	100%	Acceptable

No.	Indicator	Type	BL	Year 4 (Oct14-Sept15)							
				Semester 7				Semester 8			
				Target	Actual	Performance	Ranking	Target	Actual	Performance	Ranking
14	Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	all	0	74M 50F	61M 66F	102%	<i>Beyond Expectations</i>	26M 18F	25M 49F	168%	<i>Beyond Expectations</i>
<b>Activity Area 1: Small grants</b>											
15	Number of new funded activities.	CSO	0	n/a	n/a	n/a	n/a	5-20	6	100%	<i>Acceptable</i>
		MAN	0	n/a	n/a	n/a	n/a	5-10	3	60%	<i>At Risk</i>
		LG	0	n/a	n/a	n/a	n/a	5-10	0	0%	<i>Below Expectations</i>
<b>Activity Area 2: Small infrastructure projects</b>											
16	Number of small infrastructure projects executed per year.	LG	0	n/a	n/a	n/a	n/a	5-15	5	100%	<i>Acceptable</i>

**Table 2: Goals and indicators of the PMP for year four.**

The main results related established goals for the second semester of year 4 are shown below.

#### 2.4.1. Intermediate Result 2: Locally-provided services in response to citizens needs improved

##### Indicator 2: Percentage of own source municipal income invested in locally provided services.

During the 2015 fiscal year (Oct. 2014 - Sept. 2015), category A and B municipalities have allocated 43% of their own income to the provision of local services.

Services	2013 (In thousands of L.)	Percentage	2014 <sup>5</sup> (In thousands of L.)	Percentage	2015* (In thousands of L.)	Percentage
Water	14,151.9	11	43,021.0	30	30,383.7	24
Sewage systems	15,383.6	12	18,722.9	13	11,961.3	9
Garbage collection	6,700.9	5	74.4	0	-	0
Fire department	-	0	-	0	-	0
Slaughterhouse	233.3	0	-	0	-	0
Cemetery	861.6	1	1,326.1	1	-	0
Municipal market	2,218.3	2	9.1	0	-	0
Roads	55,891.5	45	50,986.8	35	60,065.0	47
Parks and recreation	7,438.0	6	20,060.3	14	24,262.8	19
Health services	1,190.4	1	474.7	0	-	0
Education services	13,142.6	11	9,581.8	7	340.7	0
Social cohesion	7,154.1	6	1,328.2	1	-	0
<b>TOTAL</b>	<b>124,366.4</b>	<b>100</b>	<b>145,585.5</b>	<b>100</b>	<b>127,013.6</b>	<b>100</b>

**Table 3: Investment in A and B municipalities, by service.**

<sup>5</sup> The data from 2014 differs from that reported in the sixth SAR due to adjustments in the accountability available to date.

\* Preliminary data. At the closing of this report, some of the municipalities have not yet finished their rentistic expenditure reports or the project execution reports for the third quarter of calendar year 2015 (July – September).

### Indicator 3: Percentage of municipal income invested in locally provided services.

In the case of C and D municipalities, the percentage of their total income invested for service provision was 44%; road service continues to receive the largest percentage of resources.

The following table shows that during 2015, municipalities destined more than 40% of their total income to road maintenance and improvement; 17.3% to education; 15.8% to health; 9.5% to remodeling and construction of recreational places; 6.6% to improvement of water systems and less percentage to other services.

Services	2012 (In thousands of L.)	Percentage	2013 (In thousands of L.)	Percentage	2014 <sup>6</sup> (In thousands of L.)	Percentage	2015* (In thousands of L.)	Percentage
Water	19,399.7	7	18,816.6	8	21,091.2	7.1	24,080.6	6.6
Sewage systems	18,957.4	6	8,738.3	4	13,168.4	4.4	11,444.6	3.1
Garbage collection	7,431.6	3	7,880.0	3	4,294.9	1.4	2,364.1	0.6
Fire department	462.4	0	46.1	0	-	0.0	-	0.0
Slaughterhouse	650.5	0	310.8	0	360.8	0.1	635.5	0.2
Cemetery	1,122.1	0	2,259.3	1	1,149.2	0.4	475.8	0.1
Municipal market	8,937.3	3	2,063.0	1	1,273.2	0.4	1,410.5	0.4
Roads	143,623.9	48	101,461.4	42	133,764.1	44.8	147,043.5	40.2
Parks and recreation	17,334.1	6	17,324.0	7	16,627.9	5.6	34,859.3	9.5
Health services	16,848.7	6	23,605.8	10	32,820.2	11.0	57,713.0	15.8
Education services	47,910.0	16	38,118.9	16	54,931.9	18.4	63,326.5	17.3
Social cohesion	14,277.8	5	19,498.4	8	19,318.2	6.5	22,239.3	6.1
<b>TOTAL</b>	<b>296,955.5</b>	<b>100</b>	<b>240,122.5</b>	<b>100</b>	<b>298,800.0</b>	<b>100</b>	<b>365,592.6</b>	<b>100</b>

**Table 4: Investment in C and D municipalities by service.**

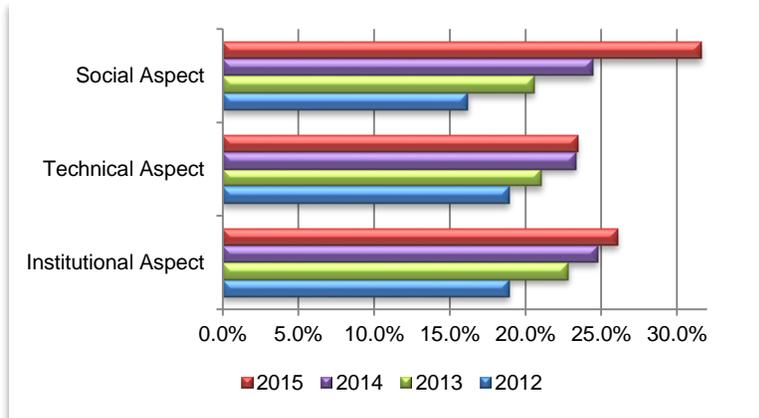
\* Preliminary data for 31 municipalities. At the closing of this report, some municipalities have not yet concluded the preparation of the financial reports for the third quarter of 2015 (July-September).

### Indicator 4: Average index of primary health decentralized services.

For the fourth consecutive year, USAID|NEXOS applied the decentralized primary health services index. The average score of the index in the 28 assessed municipalities in 2015 is **81.2%**; when compared to the 2014 result, the index shows an increase of 8.7 percentage points. These results allowed achieving the goal established in the 2015 PMP.

The results show improvement in the three evaluated aspects, mainly the social (see Annex A for more details).

<sup>6</sup> The data from 2014 differs from that reported in the sixth SAR due to adjustments in the accountability available to date. These adjustments were included in the 7th SAR's errata.

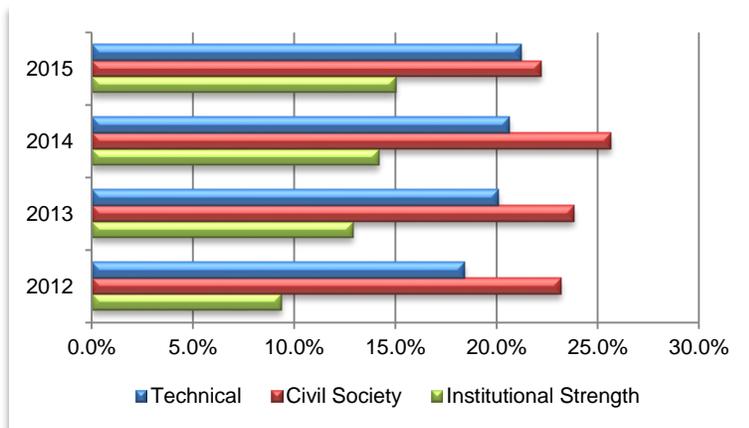


**Figure 4: Results of the index by year and evaluated aspect.**

**Indicator 5: Average water service integral index.**

Like the previous index, USAID|NEXOS applied for the fourth consecutive year the water service integral index, which achieved a value of 58.4%, with a decrease of 2.1 percentage points compared to 2014, with a minimum score of 42.7% and a maximum of 69.8%.

The analysis of the index's variables show that for 2016 it is necessary to strengthen the social aspect mainly, in order to achieve the established goal (see Annex C for further details).



**Figure 5: Average score of water service index, according to evaluated variable and year.**

**2.4.2. Result 1: Civil society advocacy for improved local services increased**

**Indicator 6: Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.**

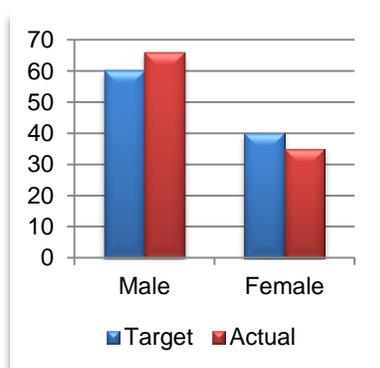
During the reported period, civil society organizations from two A and B municipalities (Marcala and Santa Barbara) developed advocacy work to verify compliance of agreements taken between citizens and the municipal government and influence in improvement of service provision.

The municipality of Marcala developed an accountability exercise for the solid waste service, establishing important agreements between civil society and local government, which include aspects related to service arrears and preparation of proposals to transfer the service management to the civil society organization "Aguas de Marcala".

In Santa Barbara, civil society and local government met to discuss and make important agreements in relation to the solid waste and water services. The following table shows the agreements reached in each municipality.

Municipality	Local service	Agreements/commitments	Date
Marcala	Solid waste	<ul style="list-style-type: none"> <li>Re-submit the study on the current situation of the solid waste collection service to the Municipal Corporation, along with a proposal to assign street sweeping to the contractor who collects wastes, for service efficiency in terms of swept area and costs.</li> <li>The municipality will submit to the directives of the community boards the information of 1,037 users of solid waste services, by community and/or neighborhood. These boards agreed to visit the families with pending service payments to know the reasons for not paying.</li> <li>The Traders Cooperative of the San Miguel Market have presented a formal request to the municipality to establish a rate for solid waste collection in the market's area, which will be charged and collected by the Cooperative's administration, who in turn will transfer the funds to the municipal treasury.</li> <li>The assembly requested the transfer of the solid waste collection service to the civil society organization "Aguas de Marcala"; this agreement must be discussed in the first Municipal Corporation meeting in June 2015.</li> </ul>	May 23, 2015
Santa Bárbara	Solid waste and water	<ul style="list-style-type: none"> <li>Beginning, September 21, 2015, the public service users will be updated to develop a plan for recovery of arrears.</li> <li>Repair the solid waste collection vehicle immediately.</li> <li>Streamline procedures for the purchase of 40 acres of land within the jurisdiction of the village of La Estancia, in the "Rio Escondido" watershed, for expansion of the water system and promote actions to protect and preserve the watershed.</li> <li>Purchase of 6 acres of land in the jurisdiction of the village of "Santa Rita de Oriente", in the "Rio Chiquito" watershed, to ensure water supply for 7 neighborhoods in the urban area.</li> <li>From this date, all revenues from public service fees must be invested for service improvement and sustainability and not to subsidize other municipal management purposes.</li> </ul>	September 19, 2015

**Table 5: Resolutions passed at open municipal councils with civil society's participation.**

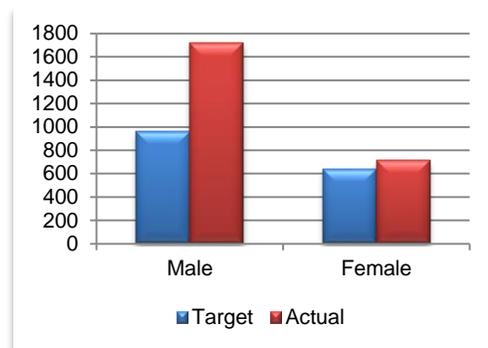


Thus, the indicator achieved a score slightly higher than the established goal for A/B municipalities. It is important to mention that male participation exceeded the established goal by more than 100%, and women's participation achieved 88%.

**Figure 6: Progress achieved on the indicator 6<sup>th</sup> for A and B municipalities by gender.**

In C and D municipalities, the agreements reached in open town hall meetings were related to water, health and education (see table below), with the goal widely exceeded through the sessions held by 112 water boards to negotiate and approve rate increases, among others. USAID|NEXOS will support civil society to monitor the implementation of these agreements.

In terms of gender, the established participation goal for men and women was surpassed by more than 100%.



**Figure 7: Progress achieved on the indicator 6<sup>th</sup> for C and D municipalities by gender.**

Municipality	Local service	Agreements/commitments	Date
San Andrés	Education	<p>The Municipal Corporation agreed to the following:</p> <ul style="list-style-type: none"> <li>Hire a teacher for the San Antonio Esquipara school starting May 1, at the community's request.</li> <li>Remodel the building of the "Pedro Nufio" Technical High School located in the urban area.</li> <li>Build storage and kitchen for the "San Nicolas" school.</li> <li>Build perimeter fence and bathrooms in the "El Rodeo" school.</li> <li>Build classrooms in the villages of Eguate, Copantillo, San Jose and Corquin.</li> <li>Assist in the purchase of whiteboards for the schools that need them.</li> </ul>	Minute No 142, April 17, 2015
Belén	Water	<ul style="list-style-type: none"> <li>As part of the transfer process of the sewage service to the JAAP of Belen Centro, and after the rate analysis presented, the board of directors and the assembly in general presented a new rate proposal, which was negotiated and approved as follows: water service L. 50.00; sewage service L. 40.00, with the clarification that this rate's increase will be revised and discussed annually to cover operation costs and system maintenance.</li> </ul>	Minute No. 251, May 9 2015
Mapulaca	Health	<ul style="list-style-type: none"> <li>MOCALEMPA agrees to negotiate with the municipality for the purchase of medicines that are not part of SESAL's Basic Essential Drugs.</li> <li>The mayor agreed to socialize with the municipal corporation the "Municipal Pharmacy" project, in order to help poor people who have diabetes and hypertension problems.</li> <li>The municipal corporation agreed to issue a municipal ordinance to promote institutional childbirth, to prevent maternal and child deaths.</li> <li>The Municipal Corporation, mancomunidad and civil society agree to coordinate to hire a doctor and nursing staff to cover vacation periods of the health center's staff.</li> </ul>	Minute No. 39, June 13, 2015.
Nueva Arcadia.	Water	<ul style="list-style-type: none"> <li>Increase 5 L to the water service, from this date the rate will be 25 L. (water board from "El Zanjon").</li> </ul>	July 7, 2015
Several municipalities	Water	<p>The water boards from several municipalities (La Virtud, Tambla, Tomalá, Valladolid, Corquin, Cucuyagua, San Pedro de Copán, Lepaera, Belen, Gracias, San Manuel Colohete, San Marcos de Caiquin, San Sebastian, Macuelizo and Proteccion), in users assembly, agreed to the following:</p> <ul style="list-style-type: none"> <li>Increase an average of 5L the water service fee.</li> <li>Establish a chlorine bank and monitor water quality.</li> <li>Assess the state of the hypo chlorinators and coordinate maintenance in case of malfunction.</li> <li>Disinfect pipelines of the different water systems.</li> <li>Review service arrears and take actions such as application of special rates for users who don't comply with the monthly payment.</li> </ul>	Assemblies celebrated from April to September 2015.

**Table 6: Resolutions passed at open municipal councils with civil society's participation in C and D municipalities.**

**Indicator 7: Number of civil society organizations receiving USG assistance engaged in advocacy interventions (cumulative).**

As part of the institutional strengthening of the CSOs, the Program continues to provide technical assistance to execute advocacy actions for local service management.

In C and D municipalities, the important activities developed during the period are related to accountability and social audit processes to the water boards in the municipalities of COLOSUCA, HIGUITO, MAVAQUI, MANCOSOL, MOCALEMPA and Lepaera; social audits to the primary health service in CHORTI, COLOSUCA and MANCOSOL, and rate adjustments approved by the water service users in COLOSUCA, HIGUITO and the municipalities of Tambla, Tomalá, Valladolid, La Virtud, Macuelizo, Protección and Lepaera. The accumulated value for the indicator is 151 CSOs receiving assistance. Section 3.1.1 details the number of water boards that participated in this process.

The Program's technical assistance also included training to the JAAPs, CCTs and MCs, to strengthen their advocacy actions in their communities, in topics such as social audits and accountability.

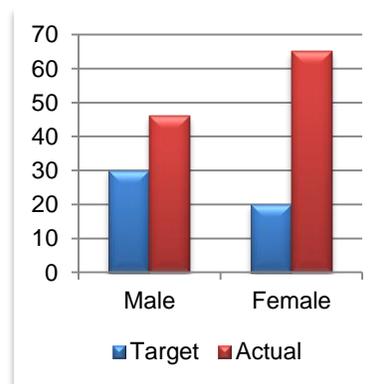
**Indicator 8: Number of "municipios" in which the CSOs implement at least one mechanism for external oversight of public resources use supported by USG assistance (cumulative).**

During this period, 14 social control exercises were developed (water and health) in equal number of municipalities, where the CCTs and MCs demonstrated their developed capacities provided by the Program's technical assistance. With these actions, the goal established for this indicator was exceeded. The accumulated value for this indicator is 30 social control exercises. Section 3.1.1 describes the results of these exercises.

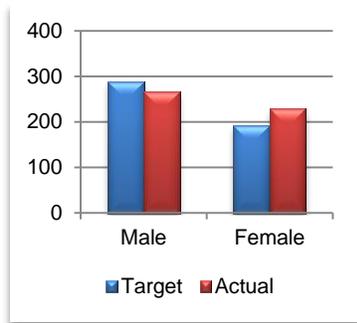
**Indicator 9: Number of individuals who participate in local government and service provider accountability events.**

The goal for this indicator achieved a value above 100% for A and B municipalities. During this period, the decentralized municipal unit "Agua de Marcala" developed an open town hall meeting for accountability of operations, progress, problems and obstacles on the water service management. Among the topics discussed are: water quality and care, protection of forests and rivers, pollution and conservation of the "El Chiflador" watershed, service arrears and improvement of the water treatment plant.

Participation of men and women in the above mentioned meetings achieved the established goal above 100%.



**Figure 8: Progress achieved on the indicator 9<sup>th</sup> for A and B municipalities by gender.**



**Figure 9: Progress achieved on the indicator 9<sup>th</sup> for C and D municipalities by gender.**

The goal exceeded 100% in C and D municipalities, where the decentralized health service providers (MAMBOCAURE<sup>7</sup>, MANCOSOL y MOCALEMPA) held accountability sessions with users on service administration. On the other hand, municipal authorities from Candelaria gave accountability of revenues, expenditures and investments done in 2014.

The percentage of women who participated in these accountability events surpassed the established goal above 100%, while men's participation was 92%.

### 2.4.3. Result 2: Local institutional capacity to deliver decentralized services strengthened

#### Indicator 10: Growth rate of own source revenue.

For this period, the growth rate of own source municipal revenues for C and D municipalities shows a value of 12.4% for the 2015 fiscal year.

Within the own source revenue structure, tax revenues show a relative weight above 75%, which means that most of the collected revenues come from municipal taxes (real estate tax, trade and service tax, extraction and exploitation of resources, personal or local tax and communications), rates and rights. The following table shows the structure.

Categories	Year (in thousand of L.) <sup>8</sup>				Share (%) in own revenues <sup>9</sup>				Variation (%) 2013/2012		Variation (%) 2014/2013		Variation (%) 2015/2014	
	2012	2013	2014	2015*	2012	2013	2014	2015	Relativa	Real	Relativa	Real	Relativa	Real
<b>Own Source Incomes</b>	<b>127,663.0</b>	<b>118,350.4</b>	<b>116,783.7</b>	<b>136,921.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100</b>	<b>100</b>	<b>-7.3</b>	<b>-12.3</b>	<b>-1.3</b>	<b>-7.0</b>	<b>17.2</b>	<b>12.4</b>
<b>Current Incomes</b>	<b>118,176.4</b>	<b>113,832.1</b>	<b>113,252.7</b>	<b>131,626.8</b>	<b>92.6</b>	<b>96.2</b>	<b>97.0</b>	<b>96.1</b>	<b>-3.7</b>	<b>-8.8</b>	<b>-0.5</b>	<b>-6.3</b>	<b>16.2</b>	<b>11.4</b>
Tax Incomes	93,439.9	92,983.2	87,970.0	103,475.1	73.2	78.6	75.3	75.6	-0.5	-5.8	-5.4	-10.9	17.6	12.8
Non-Tax Incomes	24,736.5	20,848.9	25,282.7	28,151.8	19.4	17.6	21.6	20.6	-15.7	-20.2	21.3	14.3	11.3	6.8
<b>Capital Revenues</b>	<b>9,486.6</b>	<b>4,518.3</b>	<b>3,531.0</b>	<b>5,294.4</b>	<b>7.4</b>	<b>3.8</b>	<b>3.0</b>	<b>3.9</b>	<b>-52.4</b>	<b>-54.9</b>	<b>-21.9</b>	<b>-26.4</b>	<b>49.9</b>	<b>43.8</b>
Assets sales	8,491.5	3,011.3	2,327.2	3,055.9	6.7	2.5	2.0	2.2	-64.5	-66.4	-22.7	-27.2	31.3	25.9
Contribution by improvements	995.1	1,507.0	1,203.8	2,238.5	0.8	1.3	1.0	1.6	51.4	43.3	-20.1	-24.7	86.0	78.3

**Table 7: Own source revenue structure (C and D municipalities).**

\* Preliminary data for 31 municipalities. At the closing of this report, some municipalities have not yet concluded the preparation of the financial reports for the third quarter of 2015 (July-September).

<sup>7</sup> The manager gave accountability of the service in Duyure and San Marcos de Colon, this event was held in the latter municipality.

<sup>8</sup> USAID|NEXOS adjusted 2013 and 2014 values due to errors in the registry of the starting balance item. For more details, see errata included in seventh semiannual report.

<sup>9</sup> Percentage by columns

**Indicator 11: Number of sub-national government entities receiving USG assistance to improve their performance (cumulative).**

The goal for this indicator achieved a satisfactory level of performance for both categories of municipalities. For A and B municipalities, the Program's technical assistance was oriented to solid waste and water services.

In C and D municipalities, the Program continues to provide technical assistance to improve municipal management in areas such as finance, cadaster, and public services, among others.

The following table shows the assisted areas:

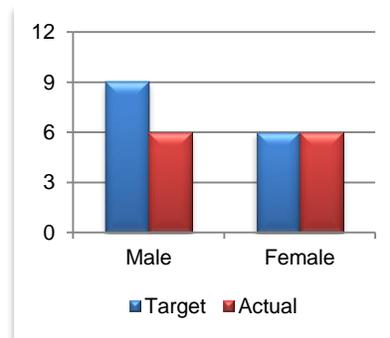
Technical Assistance Area	No. of Municipalities
Development of GL accountability.	34
Follow-up of the Single Taxpayers Registry (RUC).	25
Administrative fee for recovery of arrears.	12
Development or updating of the municipal cadaster.	9
Definition or expansion of the urban perimeter.	4
Implementation of the strategy for negotiating cadaster values.	3
Development and approval of the proposal for the delegation of the sewage service to the JAAP.	2
Development and approval of the proposal for the delegation of the solid waste service to the JAAP.	1
Implementation of solid waste services	1
Development and implementation of urban plans for water and sanitation.	4
Processes to develop municipal road maintenance service models.	4
Public Services Users Cadaster (CUSP).	5
Implementation and consolidation of the proposal for strengthening the provision of water and sanitation services.	6

**Table 8: Number of local governments assisted by area (C and D).**

**Indicator 12: Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.**

During this period, USAID|NEXOS developed several training sessions for technicians from the Program's target municipalities and mancomunidades.

A and B municipalities received the training workshop on "Simplified Environmental Licensing System", from the Ministry of Energy, Natural Resources and Mines (MiAmbiente), which strengthened the staff's capacities that work in the municipalities of Puerto Cortes, Comayagua, Marcala and Santa Barbara this new system will issue environmental permits in a faster way this workshop allowed the indicator's compliance in 80%.



**Figure 10: Progress achieved on the indicator 12<sup>th</sup> for A and B municipalities by gender.**

Workshops for C and D municipalities were oriented to municipal finances, training for the JAAPs in legal, administrative and operational aspects (participation of municipal technicians

from CAFEG), good practices in operation and maintenance of water systems and commercialization of municipal public services. The technicians also learned about the technological tool from MiAmbiente, which will be useful to identify the environmental viability of projects and achieve faster execution.

The following table details the staff from the municipalities and mancomunidades that received training:

Position	Men	Women	Total	Percentage
Mayors	1	1	2	6
Vice Mayors	2	0	2	6
Councilmen	1	0	1	3
Municipal technicians	16	3	19	58
Technicians from mancomunidades	7	2	9	27
<b>TOTAL</b>	<b>27</b>	<b>6</b>	<b>33</b>	<b>100</b>

**Table 9: Number of men and women who received USG assisted training (C and D municipality).**

#### 2.4.4. Result 3: Structures and systems to implement reform strengthened.

##### Indicator 13: Number of decentralization constraints identified and addressed by service.

USAID|NEXOS designed a matrix with the obstacles identified for the decentralization process of local services in Honduras the following obstacles were identified for the health service:

Obstacle	Solution Offered	Results or Developed Actions
It is necessary to include, at least, the signature of the Municipal Commissioner (MC), as representative of Civil Society, in the agreements signed with SESAL, since the Municipalities Law gives this figure the responsibility to ensure that the administration of public services is based on better services to citizens.	<ul style="list-style-type: none"> <li>• Training for the MCs and CCTs in the functioning of the decentralized health model, social control methodologies and the role of the municipalities in the model's implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• MC and CCT involved in social audit processes for health service providers.</li> <li>• Joint work between service providers and civil society to influence for better terms in the agreements signed with SESAL.</li> </ul>
In most cases the staff from the health units are still hired under the civil service system (with benefits agreed upon with SESAL's workers' union), which complicates their incorporation to the decentralization process. Moreover, the staff hired directly by the service providers demand the same benefits as incentives.	<ul style="list-style-type: none"> <li>• Design of a personnel evaluation system.</li> <li>• Encourage dialogue, promote meetings, and exchange sessions with providers, Departmental Health Regions (RDS) and workers' unions.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of technical exchanges in which participants interact with each other, allowing for better relations and promotion of team work for goal achievement.</li> <li>• Development of workshop "Learning to manage conflicts to improve the decentralized health service", to improve work environment and service provision in MAMBOCAURE, particularly in San Marcos de Colon.</li> </ul>

**Table 10: Obstacles and solutions proposed for the process of decentralization of health services.**

##### Indicator 14: Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.

In relation to the institutional strengthening of health service providers, USAID|NEXOS developed two training events. The first was focused on improving management capacities and

provision of health service, through an exchange between CHORTI and two provider municipalities (Macuelizo and Protección).

The second training event was focused on strengthening the integration of the health network personnel from San Marcos de Colon and Duyure, in order to improve their capacities for better management and provision of service.

The last workshop, not included in the planning of year 4, was developed in coordination with SESAL, to implement the National Basic Curricula to Train Health Service Providers. This workshop generated 100% compliance of this indicator, men exceeded the established target and women achieved more than 95% of participation.

Type of Participant	Workshop			Total	Percentage
	Technical exchange between CHORTI and provider municipalities of Macuelizo and Protección.	Learning to manage conflicts to improve the decentralized health service of MAMBOCAURE	Monitoring and Evaluation		
Civil Society	20	13	12	45	60.8
Mancomunidad	6	4	8	18	24.3
Central Government	1	5	1	7	9.5
Municipality	1	1	2	4	5.4
<b>TOTAL</b>	<b>28</b>	<b>23</b>	<b>23</b>	<b>74</b>	<b>100.0</b>

**Table 11: Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.**

#### 2.4.5. Activity area 1: Small grants.

##### **Indicator 15: Number of new funded activities.**

During year 4, USAID|NEXOS granted nine monetary donations to seven civil society organizations (CSOs)<sup>10</sup>, including the mancomunidades of COLOSUCA<sup>11</sup> and MAVAQUI.

Since monetary grants constitute a competitive process, the number of CSOs or mancomunidades that participate is beyond the Program's control. The goal for donations to CSOs was achieved satisfactorily; however, the goal for mancomunidades shows a value of 60%.

In addition, USAID|NEXOS will make a greater effort to deliver monetary grants to local governments, to comply with the target in year 5, thus reversing the low execution from year 4.

<sup>10</sup> Alternative Integral Development Organization (DIA), Study and Solidarity Center for Latin America (CESAL), JAAP in Concepcion de Maria, Christian Organization for Integral Development in Honduras (OCDIH) and Organization for the Development of Corquin (ODECO). The latter received two donations.

<sup>11</sup> This mancomunidad received two donations for equal number of projects.

#### 2.4.6. Activity area 2: Small infrastructure projects.

##### **Indicator 16: Number of small infrastructure projects executed per year.**

Five infrastructure projects oriented at strengthening health services and social cohesion were concluded and inaugurated in year 4. It is important to mention that there are currently 11 projects in execution, most of which will be completed early next period.

The infrastructure project consisted in remodeling and/or construction of health centers in Macuelizo, Protección, Cucuyagua and Cabañas, and the creation of recreational spaces in Nueva Frontera (see Annex J for further details). Thus, the indicator shows a satisfactory level of compliance, achieving the established goal.

### 3. Performance Assessment by Result

The objective of this section is to provide an assessment of USAID|NEXOS's performance in the activities supporting each of the Program Results.

#### 3.1 Result 1: Civil Society Advocacy for Improved Local Services Increased

Technical assistance for this result consists of strengthening CSOs to improve their understanding and comprehension of their role and that of local governments in the decentralized services management cycle. This also involves strengthening municipalities so that they can develop participatory and transparent governance mechanisms that enable CSO and citizen participation. A new model for managing local services is being promoted, where social auditing and promotion of transparency is executed through organizations such as the Municipal Commissioner and the Transparency Citizen Commission.

##### 3.1.1. Achievements/Progress

Based on the Program's work plan for the fourth year, this component's activities were focused on two main areas:

- A. Implementation of the Strengthening and Development of Local Capacities Plan for Civil Society Organizations.

During the eighth semester of the Program's execution, the developed activities in this component allowed the following results:

- *Strengthening the roles of actors involved in local services management.*

This component's activities focused on further consolidating the process of strengthening CSOs directly involved in local services management. Because of this process, various organizations continue to conduct advocacy actions for service improvement.

Local service providers developed accountability sessions, negotiation of water rates and information exchange with CCTS and MCs for social audit processes.

In this context, 89 water boards from MOCALEMPA, COLOSUCA, MAVAQUI and the municipality of Lepaera, developed accountability exercises as an effective transparency mechanism and promotion of trust among service users their reports included aspects from the administration and the 2014 fiscal year, with emphasis on income, expenses, inventory, arrears, system sustainability and need to adjust rates. USAID|NEXOS will assist civil society in the next period to evaluate the commitments made by the boards during the accountability sessions, in relation to improvement of internal control, reports and actions for service sustainability and quality.

Mancomunidad	Municipality	Number of JAAP that Developed Accountability Exercises
MOCALEMPA	La Virtud	12
COLOSUCA	Belén	10
	Gracias	12

Mancomunidad	Municipality	Number of JAAP that Developed Accountability Exercises
	San Marcos de Caiquín	3
	San Manuel Colohete	12
	San Sebastián	10
PUCA	Lepaera	6
MAVAQUI	Macuelizo	11
	Protección	13
<b>Total</b>		<b>89</b>

**Table 12: Number of water boards that participated in accountability exercises.**

The Program's technical assistance also included training to the JAAPs for negotiation of sustainable rates with users. A total of 142 boards from 15 municipalities participated in this process, of which 79% approved increases of 5 lempiras monthly in average (see table 13).

Despite this increase, there is still the challenge of sustainability of service; however, it is important to mention the effort done by the boards to open discussion spaces for service improvement. These municipalities require a gradual increase of rates, considering the socioeconomic status of users in rural areas.

A qualitative result of this process is the dialogue between the water boards and users, addressing issues that had not previously been discussed (importance of improving rates, reduce arrears and ensure the sustainability of the service).

Mancomunidad	Municipality	Number of JAAPs that negotiated and approved rates
MANCOSOL	Tambla	1
	Tomalá	3
	Valladolid	3
MOCALEMPA	La Virtud	6
COLOSUCA	Belén	10
	Gracias	12
	San Manuel Colohete	12
	San Marcos de Caiquín	3
	San Sebastián	10
HIGUITO	Corquín	9
	Cucuyagua	5
	San Pedro de Copán	8
MAVAQUI	Macuelizo	11
	Protección	13
PUCA	Lepaera	6
<b>TOTAL</b>		<b>112</b>

**Table 13: Number of water boards that negotiated rates.**

Additionally, the audits done to the JAAPs included aspects of the functioning, administration and operation of rural water systems, where 124 water boards participated in the process led by the CCTs and MCs of each municipality. These organizations will monitor compliance of recommendations given on each social control exercise, in coordination with the Municipal Water Board Association (AJAAM).

Mancomunidad	Municipality	Number of JAAs that participated in social audit processes
HIGUITO	Cucuyagua	5
	Corquín	9
	San Pedro de Copán	8
MANCOSOL	Tambla	4
	Tomalá	3
	Valladolid	6
MOCALEMPA	La Virtud	12
COLOSUCA	Belén	10
	Gracias	12
	San Marcos de Caiquín	3
	San Manuel Colohete	12
	San Sebastián	10
PUCA	Lepaera	6
MAVAQUI	Macuelizo	11
	Protección	13
<b>TOTAL</b>		<b>124</b>

**Table 14: Number of water boards that participated in social audit processes.**

The above mentioned reflects the effort developed with the water boards from the Program's baseline, where in addition to building local capacities, advocacy actions were intensified and which were not generally practiced with service providers.

On the other hand, the CCTs and MCs concluded three social audit exercises developed for the decentralized primary health service in CHORTI<sup>12</sup>, COLOSUCA and MANCOSOL. The audits focused on evaluating the agreement signed in 2014 between SESAL and the service provider, which allowed for capacity building and contribute to compliance of tasks established for the CCTs and MCs in the Municipal Law.

Civil society's influence in achieving commitments to review and negotiate the agreement between SESAL and CHORTI, as a result of the audit developed. During the presentation of the audit's results, representatives of the service provider, CCT, Departmental Health Region (RDS), Decentralized Management Unit (UGD) of SESAL and health volunteers subscribed a formal letter of agreement to negotiate and review the agreement in a meeting scheduled for June 2015. However, at the end of this report, the response from SESAL is still pending.

In this context, CHORTI developed a proposal for reviewing the terms in the 2016 agreement, which was known to the Regional Network of Citizens Commissions of Transparency in Western Honduras (RRCCTOH) and submitted to the UGD of SESAL for analysis and review. The Program will continue to strengthen this institutional dialogue to comply with the audit's agreements.

<sup>12</sup> The Regional Network of Citizens Commissions of Transparency in Western Honduras (RRCCTOH) developed this provider's audit.

- *Strengthening of CSOs in A and B municipalities.*

Under the governance model promoted by USAID|NEXOS, two A and B category municipalities (Marcala and Santa Barbara) received technical assistance for strengthening CSOs involved in social control of services. This included training for the MC and CCT to implement a social control exercise, support for the accountability process of the solid waste disposal service and establishing dialogue between local authorities and citizens.

In Marcala, a joint social control exercise was developed between civil society and the municipal government to verify compliance of agreements subscribed in 2014, related to the solid waste disposal service, the results of which are described below:

No.	Agreements	Compliance Yes / No	Actions taken
1	Socialize initiative on solid waste management involving all active organizations in the municipality.	Yes	Complied through visits to the projects in Santa Rosa de Copan, Ocotepeque and Zacapa, Santa Barbara. The initiative was also presented in an open town hall meeting in February 2015.
2	The Public Service Department will present to the public the scope of the proposal for service improvement.	Yes	Open town hall meeting developed on February 14, 2015 (with population represented by 39 communities and neighborhoods from the municipality).
3	Strengthen the municipal technical team, through a technical assistance and training process.	Yes	The staff has been in constant training processes, with the support of the Honduran Social Investment Fund (FHIS), ERSAPS and the Swiss Agency for Development and Cooperation (SDC), although not directly related to solid waste disposal issues.
4	Implement specific social audit processes so the actors involved in the project proposal comply with implementation of the Law in accordance to their roles.	No	Only socialization initiatives have been made, but no social audits.
5	Allocate funds to develop exchange trips that include community leaders and representatives from local organizations so they may learn from current experiences in solid waste management.	No	This activity has been rescheduled several times; to the date of the last visit, this agreement had not been met.
6	Issue a municipal ordinance to create a support association to carry out the new activities for the solid waste management in the municipality.	No	Achievements have not been focused on issuing ordinances, but on the approval of a public policy for women's participation and another for youth and environment.
7	Expand solid collection routes.	Yes	The feasibility study for the new routes is ready; however, it has not been executed due to existing arrears in the service, thus requiring adjustments in service rates (for the contractor who collects and disposes the wastes).

**Table 15: Follow-up on agreements signed between civil society and local authorities in Marcala (2014).**

In addition, an accountability session was held in June, where citizens learned in detail the investments made in the solid waste service, problems and obstacles presented.

A joint session between civil society and the municipal government was held in Santa Barbara, where the current situation of the services provided by the municipality was analyzed, resulting in the signing of agreements to contribute to service improvement (see Table 5, section 2.4.2).

- *Design of strategic health plans for the service provider mancomunidades of COLOSUCA, CHORTI and MANCOSOL.*

In coordination with the technical team from Result 3, the Program completed the design of the strategic health plans for COLOSUCA, CHORTI and MANCOSOL. These plans are part of the primary health service's technical strategy, aimed at an efficient coordination of service provision, generation of governance and creation of more local and regional spaces for civil society's participation for promotion, prevention and social control of the health sector.

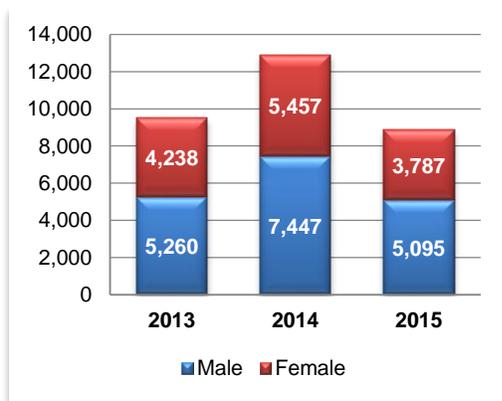
These three service providers socialized their plans in each of its member municipalities in open town hall meetings held between May and June 2015. During these events, the service provider, municipal governments and civil society established agreements to include civil society in the service's management, specifically for health prevention and promotion activities. Civil society in turn requested more commitment from the service providers in relation to health care. The municipal governments expressed their willingness to issue municipal ordinances to improve sanitary conditions, promote institutional childbirth and pay transportation costs for those patients who are referred to other health facilities (hospitals).

**B. Implementation of the Strengthening and Development of Local Capacities Plan in the municipality as participatory governance.**

This period's most notable achievements include:

- *Opening of participation spaces through planning, approval and implementation of participatory mechanisms.*

Based on the participatory mechanism plan for 2015, approved by each municipal corporation, USAID|NEXOS continues promoting the issue of municipal services to be included in the town hall meetings agenda. Thus, civil society is included in service management and service providers inform the public on achievements, obstacles and investments made to improve and expand service coverage.



Between January and September 2015, the Program's target municipalities held 100 open town hall meetings (see Annex E). The highest percentage of meetings was for decision-making in relation to services. Men's participation was higher than women's (57% and 43%, respectively).

**Figure 11: Participation in open town hall meetings, by gender (Jan-Sept. 2015).**

- *Follow up on agreements between the local government and civil society.*

During this period agreements to improve local services (water and health), were established. In relation to water, the agreements are aimed at approving water service rates, water chlorination, analysis of water quality, pipe cleaning, maintenance and reforestation of watersheds. In the health sector, agreements are oriented at promoting institutional childbirth, supply of medicines in health units, hiring of doctors and nurses to cover vacation periods and transparency in management of funds destined to health.

Between April and September 2015, 17 municipalities uploaded in the database more than 700 agreements taken between the municipal government and civil society. Of the total of agreements, 23% correspond to education, 23% to institutional strengthening, 19% to others, 9% is related to health, 6% to infrastructure, 8% to water and sanitation, 4% to roads, 4% to citizens' security, 3% to electricity and the remaining 1% to environment. The level of compliance of these agreements is approximately 66%.

Municipality	Agreements April – September 2015				
	Uploaded in the database (number)	Complied (in relation to local services)	Compliance percentage	In process of compliance	Not Complied
Candelaria	29	14	48%	15	
Corquín	98	74	76%	24	
Cucuyagua	60	45	75%	14	1
Gracias	51	42	82%	9	
Gualcince	30	23	77%	7	
Macuelizo	54	27	50%	27	
Nueva Arcadia	5		0%	5	
Nueva Frontera	22	15	68%	6	1
Piraera	58	31	53%	27	
Protección	11	10	91%	1	
San Andrés	46	24	52%	22	
San Antonio	21	13	62%	8	
San Manuel Colohete	27	21	78%	6	
San Marcos de Caiquín	43	26	60%	16	1
San Nicolás	21	17	81%	4	
San Pedro de Copán	116	81	70%	35	
San Sebastián	75	41	55%	34	
<b>Total General</b>	<b>767</b>	<b>504</b>	<b>66%</b>	<b>260</b>	<b>3</b>

**Table 16: Agreements taken by target municipalities between April and September 2015.**

### 3.1.2. Programmed Activities for the Year 5, Semester 1 (Y5S1)

The activities for the first semester of the Program's fifth year are shown as follows:

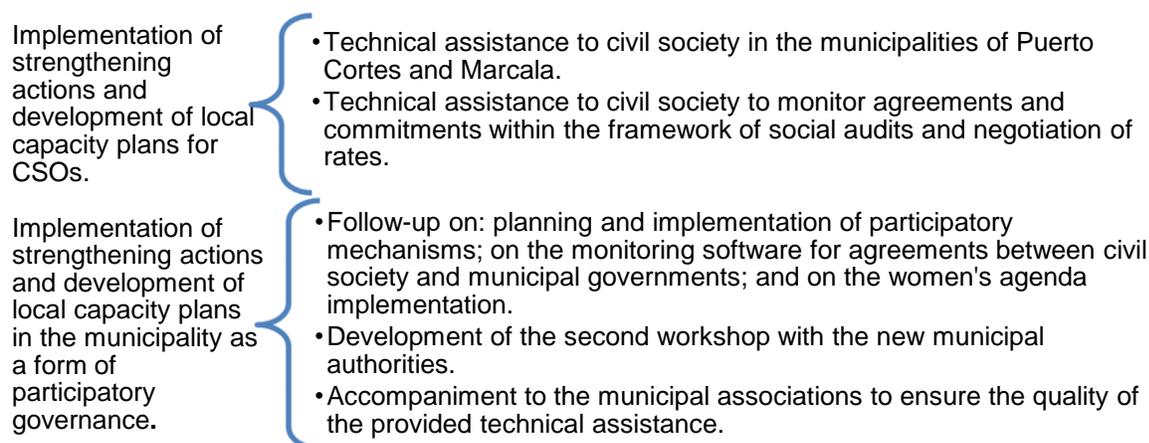


Figure 12: Result 1 Programmed Activities for Y5S1

## 3.2 Result 2: Local Institutional Capacity to Deliver Decentralized Services Strengthened

Program Result 2 aims at developing local capacity to deliver target services effectively in response to the demand for better services.

### 3.2.1. Achievements/Progress

During this period, USAID|NEXOS continued implementing institutional strengthening plans in 38 target municipalities. Strengthening plans include two basic components: 1) improvement of municipal administrative and financial management, and 2) improvement of local service provision.

#### A. Improvement of municipal administrative and financial management.

USAID|NEXOS implemented different strategies for income generation, the results are shown as follows.

- *Implementation of the Single Taxpayers' Registry (RUC)*

At the closing of this period, the target municipalities included new users, debugged the data base (eliminating those users who no longer had to be registered for some reason such as close of business, death, change of address, duplicates, among others) and updated necessary data to complete the single taxpayer's record (ID number, tax registration and/or cadaster code, among others). This is helping municipalities to have updated information on taxpayers.

This technical assistance is part of the strategies for own income generation in target municipalities. Its impact on municipal finances is shown in Annex F.

Mancomunidad	Municipality	Evaluated Aspect	
		Initial number of registered taxpayers	Final number of taxpayers (debugged and updated) included in the RUC database
COLUSUCA	Gracias	16,010	18,826
	Belén	2,161	2,496
	San Manuel Colohete	4,780	4,832
	San Sebastián	2,934	3,123
	San Marcos de Caiquín	2,113	2,417
HIGUITO	Corquín	2,287	2,088
	Cucuyagua	4,818	3,374
	San Pedro	3,485	3,864
MAVAQUI	Azacualpa	7,834	10,437
	Macuelizo	7,107	3,126
	Protección	10,575	11,199
	Nueva Frontera	6,457	6,965
CHORTÍ	La Jigua	1,551	1,191
	Nueva Arcadia	11,390	30,148
	San Antonio	n/d	2,013
	San Nicolás	3,600	3,925
MANCOSOL	Cololaca	1,160	1,448
	Guarita	2,041	2,706
	San Juan Guarita	1,259	1,828
	Tambla	2,963	3,160
	Tomalá	3,591	4,519
	Valladolid	2,145	3,362
INDEPENDIENTE	Lepaera	750	N/D
MAMBOCAURE	Concepción de María	5,421	5,655
	Duyure	1,417	1,444
	San Marcos de Colón	10,900	10,300

**Table 17: Progress in the RUC implementation, to September 2015.**

- *Implementation of administrative process for recovery of arrears.*

To September 2015, as a result of this technical assistance, 15 target municipalities collections revenues from recovery of arrears of more than 10 million lempiras, higher than the figure reported in the same period of 2012 and 2013.

On the other hand, revenues from recoveries in the municipalities that did not receive technical assistance in 2015 (19) were lower than those who received assistance. The first show a low level of economic development, high dependence on government transfers and low human development index, aspects by which the cost of providing this type of assistance is higher than the benefit.

Concept	Year (in thousand of L.)			Variation 2014/2013		Variation 2015/2014	
	2013	2014	2015	Relativa	Real	Relativa	Real
<b>Municipalities with technical assistance (15)</b>							
Recovery from tax collections and rights in arrears	6,543.3	8,858.4	7,568.6	35.4	27.6	-14.6%	-18.1%
Recovery from collection of municipal services' arrears	1,280.7	2,434.2	2,485.0	90.1	79.1	2.1%	-2.1%
<b>Total</b>	<b>7,824.0</b>	<b>11,292.6</b>	<b>10,053.6</b>	<b>44.3</b>	<b>36.0</b>	<b>-11.0%</b>	<b>-14.6%</b>
<b>Municipalities without technical assistance (19)</b>							
Recovery from tax collections and rights in arrears	1,651.1	2,828.7	1,884.0	71.3	61.4	-33.4%	-36.1%
Recovery from collection of municipal services' arrears	18.8	0.3	11.2	-98.7	-98.7	4377.6%	4192.8%
<b>Total</b>	<b>1,669.8</b>	<b>2,829.0</b>	<b>1,895.2</b>	<b>0.7</b>	<b>0.6</b>	<b>-0.3</b>	<b>-0.4</b>

**Table 18: Recovery from collection of taxes, rights and services in arrears by fiscal year.**

San Pedro de Copan, Corquín and San Manuel Colohete show the highest percentages of increase in revenues for this concept (see Annex G for further details).

- *Implementation of tax audits.*

During this period, municipalities focused their efforts in activities to recover arrears, debugging of users' database, registry of new cadaster values for collection of real estate tax, among others, which is why no tax audit processes are reported.

- *Development or updating of cadaster.*

All municipalities that received technical assistance have completed the process of the cadaster survey and property valuation. They now have an urban area cadaster database, debugged and updated, which generates information for collection of real estate tax. Likewise, the updating and registration of land in rural areas is currently underway.

The cadaster database was included in the cadaster module of the Financial and Tax Management System (SAFT), which allowed to generate collection notices and billing through this system.

No.	Municipality	Evaluated Aspect		
		Final numbers of new land plots included in the municipal cadaster	Final number of land plots included in the municipal information system	Billing done based on update (yes/no)
1	Cololaca	192	192	Si
2	Guarita	139	139	Si
3	San Juan Guarita	303	303	Si
4	Tambla	141	141	Si
5	Tomalá	683	683	Si
6	Valladolid	83	83	Si
7	Concepción de María	585	585	Si
8	Duyure	33	33	Si
9	Candelaria	550	550	Si
10	Gualcinse	1,245	1,245	Si

**Table 19: Results of cadastre implementation for the first time in target municipalities.**

- *Definition or Expansion of Urban boundaries.*

To date, the approval of the study for the definition of the urban perimeter is still pending by authorities from SDHJGD. The municipal authorities from Gracias have decided not to present the study.

- *Definition of the new cadastral values catalog to be implemented in 2015.*

During the previous period, all the municipalities negotiated cadaster values based on the new catalogue developed with assistance from USAID|NEXOS. Between April and September 2015, collection notices were generated through the information system (SAFT or SIMAFI), including the new values and the cadastral update developed, which allowed for the payment collection of real estate taxes. This technical assistance will contribute to the increase in the collection of real estate taxes.

No.	Municipio	Revenues from real estate taxes (in thousand of L)			Relative variation (Percentage)		Real variation (Percentage)	
		2013	2014	2015	2014/2013	2015/2014	2014/2013	2015/2014
1	Gracias	1,136.03	1,240.65	1,532.15	9.2%	23.5%	2.9%	18.4%
2	Belen	184.57	298.81	323.89	61.9%	8.4%	52.6%	3.9%
3	San Manuel Colohete	53.09	48.84	112.07	-8.0%	129.4%	-13.3%	120.0%
4	San Sebastián	68.91	85.12	93.51	23.5%	9.9%	16.4%	5.3%
5	San Marcos de Caiquin	61.45	71.19	133.21	15.8%	87.1%	9.2%	79.4%
6	Corquín	808.84	862.48	1,004.51	6.6%	16.5%	0.5%	11.7%
7	Cucuyagua	370.84	382.32	366.67	3.1%	-4.1%	-2.9%	-8.1%
8	San Pedro	251.44	417.33	438.23	66.0%	5.0%	56.4%	0.7%
9	Azacualpa	365.10	525.39	501.31	43.9%	-4.6%	35.6%	-8.5%
10	Macuelizo	356.99	499.31	388.10	39.9%	-22.3%	31.8%	-25.5%
11	Protección	419.71	474.93	571.75	13.2%	20.4%	6.6%	15.4%
12	Nueva Frontera	352.07	405.57	458.97	15.2%	13.2%	8.5%	8.5%
13	La Jigua	260.64	331.45	428.88	27.2%	29.4%	19.8%	24.1%
14	Nueva Arcadia	1,264.91	1,628.20	1,837.70	28.7%	12.9%	21.3%	8.2%
15	San Antonio	118.63	170.62	206.85	43.8%	21.2%	35.5%	16.2%
16	San Nicolás	157.51	175.32	472.26	11.3%	169.4%	4.9%	158.3%
17	Lepaera	687.60	471.46	608.78	-31.4%	29.1%	-35.4%	23.8%
18	Trinidad	463.71	485.21	576.45	4.6%	18.8%	-1.4%	13.9%
19	San Marcos de Colón	483.78	488.40	703.87	1.0%	44.1%	-4.9%	38.2%
	<b>Total</b>	<b>7,865.83</b>	<b>9,062.59</b>	<b>10,759.16</b>	<b>15.2%</b>	<b>18.7%</b>	<b>8.6%</b>	<b>13.8%</b>

**Table 20: Revenues from real estate taxes by municipality.**

- *Follow-up to the budget and accountability.*

At the closing of this report, all the Program's target municipalities had submitted to the SDHJGD the accountability reports for the January-March and April-June<sup>13</sup> 2015 periods.

On the other hand, the municipal budget was registered in the municipal information system, and the registry of the budget execution has begun.

<sup>13</sup> Nueva Arcadia has yet to submit this quarter's report due to staff turnover.

The reports (quarterly accountability, project execution and budget decisions) are prepared and presented in time and form as established by the General Directorate for Municipal Strengthening of the SDHJGD. The municipalities get their transfers on time, as a result of compliance with the budgetary provisions.

- *Follow-up to the implementation of financial accounting in MANCOSOL.*

All the municipalities from MANCOSOL are generating monthly financial statements (this information is the basis for developing forms 11 and 12 of the quarterly accountability reports).

**B. Improvement of provision of local services.**

- *Implementation of sustainable models of water and sanitation service provision (Corquin, Corquin, Cucuyagua, San Pedro, San Nicolás, Lepaera, Azacualpa, San Antonio, Protección and Trinidad).*

This technical assistance is oriented at municipalities that provide water and sanitation services. The following table summarizes the progress achieved in the implementation of the Institutional Strengthening Plan for Service Provision in each municipality.

No.	Expected Result	Maximum Score (Percentage)	Percentage of Progress Achieved					
			Corquin	Cucuyagua	San Pedro	San Nicolás	Lepaera	Azacualpa
N/A	Approved proposal of institutional strengthening plan for provision of municipal water and sanitation services.	Approved	Approved	Approved	Approved	Approved	Approved	Approved
1	Specialized structure for provision of water and sanitation services, created and operational. It includes the development and approval of an organization and functions manual.	10	10	10	10	10	4	10
2	Physical space for the operation of the public service office enabled, with minimum furnishings and equipment available.	10	10	10	10	10	5	5
3								
3.1	Users' cadaster for water and sanitation services updated.	10	8	10	10	10	6	10
3.2	Rate list that recovers actual costs of service provision, implemented.	10	5	5	5	0	5	5
3.3	Separated and integrated service billing and periodic distribution of payment notices among users.	10	5	5	10	5	10	5
3.4	Increased efficiency in collection of revenues for billed services.	10	8	5.3	8	8	0	5
4	Administrative Procedures for Public Services Manual approved and implemented.	10	8	7	8	8	0	7
5	Availability of infrastructure inventory for municipal water and sewage systems.	5	5	5	5	5	0	5
6	Availability of route map for solid waste collection service, in accordance to established collection days.	5	5	5	5	5	0	5
7	Preventive Maintenance Plan for Infrastructure of Water and Sanitation Services implemented.	10	5	5	5	5	0	5

No.	Expected Result	Maximum Score (Percentage)	Percentage of Progress Achieved					
			Corquin	Cucuyagua	San Pedro	San Nicolás	Lepaera	Azacualpa
8	Improved quality of service delivery.	10	0	0	0	0	0	0
<b>Total</b>		<b>100</b>	<b>69</b>	<b>67.3</b>	<b>76</b>	<b>66</b>	<b>30</b>	<b>62</b>

**Table 21: Progress in implementation of the proposal for strengthening provision of municipal local services.**

**Corquín** completed the process of debugging the water service users' cadaster, resulting in an increase of 16% in the number of users. In addition, it concluded the final version of the Preventive Maintenance Plan for Water and Sewage Systems.

**San Pedro de Copan** is currently using the public service module of the SIMAFI for billing, and since May 2015 is periodically distributing payment notices among service users. Of 240 notices issued to users with all three services, 63% made the respective payment.

In addition, USAID|NEXOS is promoting the delegation of sewage and/or solid waste services to the urban JAAPs, in municipalities where these boards are already managing the water service, ensuring an integration of service management for financial sustainability. The following table shows the progress achieved in the delegation process of sanitation services in three target municipalities:

No.	Expected Result	Score (Percentage)					
		San Antonio		Protección		Belén	
		Max.	Current	Max.	Current	Max.	Current
N/A	Preparation and approval of proposal for delegation of sanitation services (sewage in San Antonio and Belen; solid wastes in Protección).	Without Value	Approved	Without Value	Approved	Without Value	Approved
1	Election of new urban JAAP.	5	5	N/A	N/A	5	5
2	Obtaining legal status.	10	0	10	5	N/A	N/A
3	Reparation of the sewage system.	10	2	N/A	N/A	20	20
4	Update and mapping of the service users' cadaster for water and sewage services.	5	0	N/A	N/A	5	5
5	Update and mapping of the service users' cadaster for water and solid waste services.	N/A	N/A	10	10	N/A	N/A
6	Revision of water service rates and calculation of sewage service rates This includes socialization and approval in users' assembly.	10	10	N/A	N/A	10	10
7	Revision of water service rates and calculation of solid waste service rates This includes socialization and approval in users' assembly.	N/A	N/A	10	5	N/A	N/A
8	Preparation of Service Provision Regulations This includes socialization and approval in users' assembly.	10	0	10	0	10	0
9	Implementation of Administrative Key Procedures Manual.	10	3	10	3	10	3
10	Formalization of the Delegation Agreement between the municipality and the water board.	10	10	10	4	10	10

No.	Expected Result	Score (Percentage)					
		San Antonio		Protección		Belén	
		Max.	Current	Max.	Current	Max.	Current
11	Identification of physical space for the board's office and provision of basic office furnishings and equipment.	5	0	10	0	5	0
12	Formation of the JAAP's organizational structure.	5	0	10	0	5	0
13	Installation of basic automated systems for service accounting, budget and commercialization.	5	0	5	0	5	0
14	Staff training in administrative and operational functions.	10	5	10	2.5	10	5
15	Generation of service users' database for billing and collection of fees.	5	0	5	0	5	0
<b>Total</b>		<b>100</b>	<b>35</b>	<b>100</b>	<b>29.5</b>	<b>100</b>	<b>58</b>

**Table 22: Progress in process of service delegation to urban JAAPs.**

In **San Antonio**, municipal authorities and the water board signed the delegation agreement in August 2015, which establishes the rate for the integrated provision of water and sewage services. The rate analysis included in the delegation proposal recommended a monthly fee of 80 lempiras (50 for water and 30 for sewage service). However, the agreement established a monthly fee of 70 lempiras, and includes a clause for an annual fee revision until self-sustainability of services is reached.

On the other hand, the water board advanced in the preparation of the Preventive Maintenance plan for water and sewage systems.

To advance in the process of delegation of solid waste services in **Proteccion**, the municipal corporation approved the proposal in April 2015, which aims to expand coverage from 43% to 100%, and enable the field for final waste disposal (with trenches for burial and daily coverage of garbage, with perimeter wall and leveling of field).

For the purposes of obtaining legal status and proceed to the signing of the delegation agreement, the water board submitted the respective papers to the Ministry of Human Rights, Justice, Interior and Decentralization (SDHJGD). Likewise, it prepared the Preventive Maintenance Plan for its water system.

The water and solid waste service users' cadaster was updated and mapped with support from MAVAQUI.

**Belen** is promoting a process to delegate the sewage service to the JAAP. The municipal authorities and the water board signed the delegation agreement in August 2015.

The rates for water and sewage services were approved in users' assembly. These rates are lower than the ones included in the delegation proposal; however, the board will implement strategies for their gradual increase in order to achieve service sustainability. The municipality will grant an annual subsidy of 25,000 lempiras for two years, starting in 2016 for maintenance of water and sewage systems; this will cover the percentage of operational costs (18%) not covered by approved rates.

Likewise, the water board prepared the Preventive Maintenance plan for its water system.

In **Trinidad**, the municipal corporation manifested not having the conditions to implement a decentralized management model. Given the above, the Program will provide technical assistance for the formulation and development of a strengthening plan for public service provision, upon request from the municipality.

- *Implementation of the urban solid waste collection and disposal service in the urban area of Nueva Frontera (Trasceros).*

In September 2015, the municipal corporation, with technical support from MAVAQUI, discussed the deficit situation in which the solid waste service is operating (the cost of service provision is higher than the revenues received). It is worth mentioning the improvement in the cleaning of the municipality's urban area and the final disposal of the collected wastes.

Faced with this situation, the corporation agreed to implement the following actions:

- Schedule awareness campaigns through community or sector assemblies to motivate users to pay for the service for revenue increase;
  - Expand the solid waste collection route;
  - Dig more trenches for final disposal of collected wastes;
  - Provide constant support to service provision by the Cadaster Department, Municipal Environment Unit and Tax Control Unit.
- *Implementation of users' cadaster for water, sewage and solid waste collection services (CUSP).*

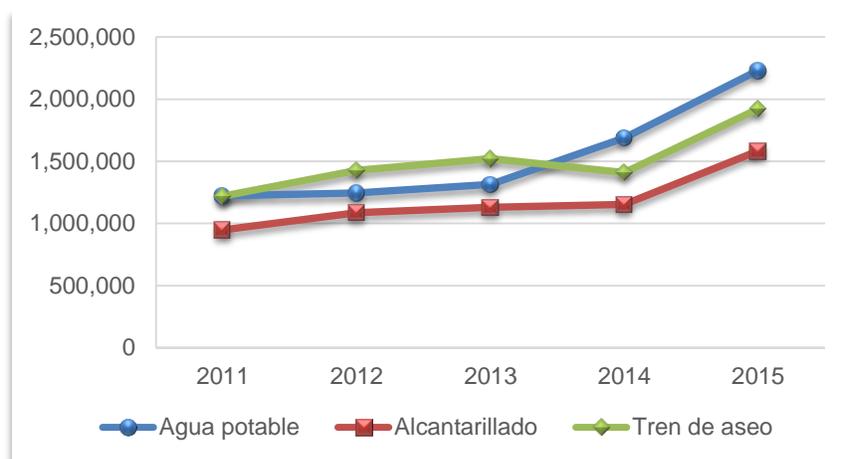
During this period, over 95% of the municipalities receiving this technical assistance concluded the debugging of the users' cadaster, identifying 3,822 new users, more than 8,700 illegal users that were not paying for the service, and registering approximately 66% of all users in the billing system.

Municipality	Water			Sewage			Solid Waste		
	Initial Users	Final Users	Illegal Users	Initial Users	Final Users	Illegal Users	Initial Users	Final Users	Illegal Users
Belen	171	109	JAAP	0	49	49	N/A	N/A	N/A
San Manuel Colohete	83	98	15	76	73	-3	0	51	51
San Sebastián	260	320	JAAP	0	214	214	N/A	N/A	N/A
San Marcos de Caiquin	100	71	JAAP	45	51	6	N/A	N/A	N/A
Corquín	1,756	2,031	275	1,356	1,507	151	1,556	1,498	-58
Cucuyagua	1,030	1,100	70	850	930	80	710	870	160
San Pedro	645	808	163	378	528	150	645	806	161
Azacualpa	1,597	1,792	195	533	1,596	1,063	741	1,592	851
Macuelizo	810	859	49	N/A	N/A	N/A	N/A	N/A	N/A
Nueva Arcadia	4,746	3,192	N/A	695	2,727	2,032	1,249	2,667	1,418
San Nicolás	767	834	67	431	471	101	123	398	275

Municipality	Water			Sewage			Solid Waste		
	Initial Users	Final Users	Illegal Users	Initial Users	Final Users	Illegal Users	Initial Users	Final Users	Illegal Users
Tomalá	234	JAAP	JAAP	131	183	52	105	106	1
San Marcos de Colón	2,352	N/A	N/A	789	N/A	N/A	N/A	N/A	N/A
Lepaera	750	1,098	348	400	982	479	750	1,075	325
<b>TOTAL</b>	<b>15,301</b>	<b>12,312</b>	<b>1,182</b>	<b>5,684</b>	<b>9,311</b>	<b>4,374</b>	<b>5,879</b>	<b>9,063</b>	<b>3,184</b>

**Table 23: Result of the users' cadaster, to September 2015.**

This effort helped to increase revenues from water, sewage and solid waste service in 27%, 32% y 31%, respectively, for the 2015 fiscal year (Oct. 2014-Sept. 2015) See Annex H for more details.



**Figure 13: Collection of revenues from service taxes for 14 municipalities that implemented the CUSP, by year.**

- *Implementation of pilot project for the joint decentralized road maintenance service.*

Currently, the Joint Technical Road Unit (UTVM) has the inventory and mapping of municipal roads<sup>14</sup>, developed by ASP-CONSULTORES.

During this period, the municipalities are in the process of reformulating the Annual Joint Road Maintenance Plan, in accordance to the guidelines given by the "For a Better Life" Program, promoted by the Central Government. Given the above, the municipalities began to implement maintenance projects, based on the Municipal Investment Plan (MIP).

In this context, the UTVM supported the formulation, contracting, monitoring, revision of payment estimates and final reception of such projects. In particular, it provided assistance for projects that connect several communities:

<sup>14</sup> Erandique was excluded since it's not part of the beneficiary municipalities of PIR/FHIS.

No.	Project	Location	Beneficiary Communities	Number of Beneficiaries	Estimated Budget (L.)
1	Maintenance of approximately 42 kms. of roads.	San Andrés	Eguate, Potonlaca, Sosoal, La Granadilla, Sunsunlaca and San Andres Centro.	3,100	899,000
2	Opening of approximately 17.5 kms. of road gaps.	San Andrés	La Rinconada, San Jose Esquimpara, El Matazano, Caona-El Portillo, El Tablon-Cangual, and Beteta	2,100	512,400
3	Preventive maintenance of approximately 65 kms. of roads.	Gualcinse	Santo Tomas, Quesungual-La Arada, Gualcinse Centro, Congolon and communities from Lower Gualcinse Area..	4,850	479,860
4	Opening of approximately 20 kms of road gaps.	Gualcinse	San Marcos Mora-Tierra Blanca, San Marcos Mora to Malincote, El Roblon-San Pedrito and Congolon-Caserio Los Sanchez.	720	815,400
5	Maintenance and repair of approximately 41 kilometers of roads.	Piraera	San Sebastian to San Juan and Piraera Centro, Maintenance of the entire road network in the municipality of Piraera..	7,450	1,022,400
6	Opening of 39 kms. of road gaps.	Piraera	Road Suyapita-Pichigual, Road Beltway-San Sebastian Centro, Funeras-La Puebla, San Jeronimo-Tocantique.	1,425	1,859,400
<b>TOTAL</b>				<b>19,645</b>	<b>5,588,460</b>

**Table 24: Executed projects by CAFEG's municipalities with assistance from the UTVM in 2015.**

The UTVM is coordinating activities with different small road companies. In Erandique, it is working with the small company of San Antonio del Valle for road maintenance (project Los Horcones-San Antonio Valle and Amatillo-Lepacile River), and in Gualcinse it delivered work equipment to the small company in Tenango.

- *Design of urban water plans in the municipalities of San Andres, Piraera, Gualcinse and Candelaria.*

In the third year, USAID|NEXOS assisted CAFEG's municipalities in the design of urban water plans. The progress in these plans' implementation is shown in the following table.

No.	Expected Results	Maximum Score (Percentage)	Percentage of Progress Achieved			
			Candelaria	Gualcinse	Piraera	San Andrés
1	Development of a Pre-Investment and Investment Plan for Water and Sanitation Infrastructure.	20	20	20	20	20
2	The partial implementation of the urban water plan has been concluded, executing at least one operation and maintenance activity and/or one	20	20	20	0	20

No.	Expected Results	Maximum Score (Percentage)	Percentage of Progress Achieved			
			Candelaria	Gualcinse	Piraera	San Andrés
	physical work project.					
3	Strategy and action plan for obtaining the JAAPs' legal status, developed and implementation initiated.	15	5	5	N/A	5
4	Plan for water purification, monitoring and quality control developed, socialized and implementation initiated.	15	5	5	7	5
5	Study for review and calculation of fees for water service, presented to the urban JAAP and partially or fully implemented.	15	7	7	10	7
6	JAAP's members and staff trained in administrative and operational issues of water service in the four municipalities.	15	0	0	0	15
	<b>TOTAL</b>	<b>100</b>	<b>57</b>	<b>57</b>	<b>37</b>	<b>72</b>

**Table 25: Progress in implementation of urban water plans in CAFEG's municipalities.**

The plans' total cost amounts to 31.1 million lempiras, of which 791 thousand should be destined for pre-investment studies.

Municipality	Pre-investment Studies' Cost (L.)	Total Cost (L.)
Candelaria	245,000	708,000
Gualcinse	232,000	20,572,000
Piraera	208,000	740,500
San Andrés	106,000	9,120,700
<b>TOTAL</b>	<b>791,000</b>	<b>31,141,200</b>

**Table 26: Cost of urban water plans designed for CAFEG's municipalities.**

All the municipalities held a users' assembly in which they obtained approval to begin the process for legal status. A model of statutes and formats was delivered for this process, recommending its discussion with the board for subsequent approval in users' assembly.

These municipalities require a water purification system, since the users are receiving the service with no treatment. In this context, a water purification plan was designed to solve this problem. The cost should be included in the service fee.

Moreover, each municipality has a rate study that analyzes five scenarios based on the costs included in the users' fees. The adjustments for the respective fees are pending approval.

Municipality	Number of users (domestic category)	Monthly rate (L.)	Monthly rate according to analyzed scenario (L.)				
			1	2	3	4	5
Candelaria	125	60	61	63	65	66	63
Gualcinse	113	4	24	28	31	33	36
Piraera	78	50	83	90	93	94	98
San Andrés	52	50	50	83	85	90	91

**Table 27: Analysis of public service rates according to scenarios, by municipality.**

In Candelaria, the JAAP built a reservoir 70 meters from the intake, from which water is collected through a 4" PVC pipe connected to the intake. In this way, landslides and soil erosions are avoided, which caused obstruction in the intake and high levels of turbidity in the water. This will improve the quality of water received by the service users.

The JAAP in Gualcinse installed 10 distribution valves in the municipality's urban water system, to improve service quality. However, the system's service life is a serious problem that prevents further improvement to the service.

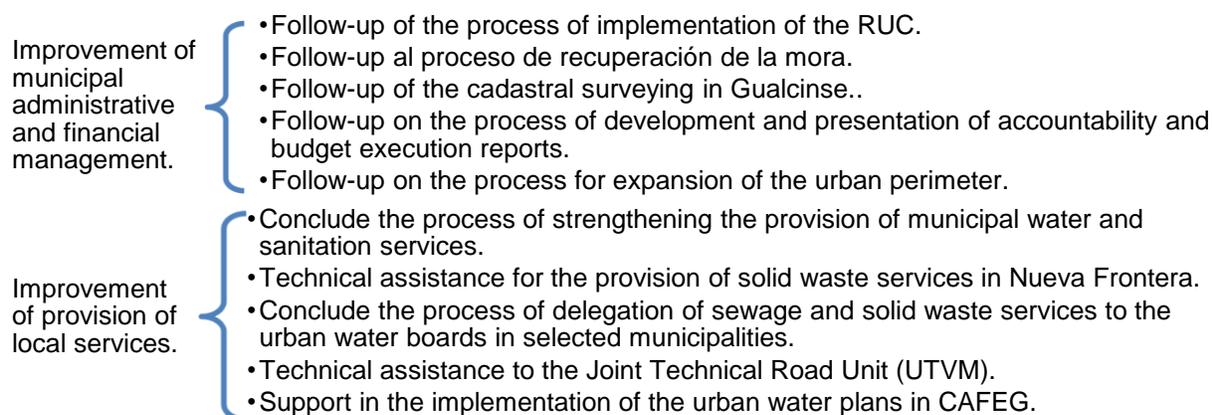
In San Andres, the repair of the water storage tank helped eliminate the outflow of water from cracks in the tank.

- *Strengthening of urban solid waste management in four A and B municipalities (Puerto Cortes, Comayagua, Santa Barbara and Marcala).*

The follow-up to agreements taken between local governments and civil society of A and B municipalities assisted by the Program was carried out from Result 1, which is addressed in section 3.1.1 A of this report.

### 3.2.2. Programmed Activities for the Year 5, Semester 1 (Y5S1)

For next period, work will continue in the following two areas:



**Figure 14: Result 2 Programmed Activities for Y5S1**

### 3.3 Result 3: Structures and Systems to Implement Reform Strengthened

The emphasis of Result 3 is on identifying critical challenges and opportunities for decentralization of each targeted service, including the level of government in which the identified challenges and opportunities lie. This component implies working with all government levels involved in decentralization, including the leading regulatory institutions for each service, its regional representative, and local stakeholders.

#### 3.3.1. Achievements/Progress

This component's execution mechanism involves coordination with organizations and institutions (both local and national) to advance in the process of decentralization of local services and strengthening of decentralized health service providers. The results achieved are described below.

- Advocacy and coordination with other programs.

During this period, USAID|NEXOS continued to monitor developments regarding the decentralization process in the country, reviewing agreements, decrees, laws and projects executed by international cooperation. Likewise, the Program shares and reviews documents prepared by institutions involved in municipal activities, such as the Municipal Association of Honduras (AMHON) and the Federation of NGOs for the Development of Honduras (FOPRIDEH). To date, the discussion and approval of the Decentralization Law is still pending.

The XXV National Assembly of AMHON took place on April 2015; its main topic was "The Municipal Pact is the Way to Decentralization". USAID|NEXOS contributed in this event by hiring a speaker for the topic of "Peaceful coexistence and peace culture".

- Strengthening of local structures for provision of decentralized services.

Strengthening of decentralized health service providers continued focusing on three areas: institutional, technical and social.

In relation to the **institutional** aspect, the Program concluded the design of the strategic health plans for COLOSUCA, MANCOSOL and CHORTI.

This planning process also contributed to strengthen the providers' capacities. In addition, more participation spaces were promoted by socializing these plans with the service users.

This process also had a positive impact in the institutional and social variables of the decentralized health service index. In the first variable, the sub-variable "Institutional capacity of the service manager" improved by having an essential planning instrument. In the social aspect, the sub-variables "Civil society's participation in planning of service" and "Civil society 's participation in social control of the service" also improved, by including community organizations in planning, monitoring and evaluation processes of the health service.

In relation to the **technical** aspect, management and service provision capacities were strengthened through technical assistance, exchange of experiences and workshops:

- a) Technical assistance to service managers to follow up the plans for reduction of maternal and child mortality, compliance of recommendations given by the Departmental Health Regions (RDS) and other activities to improve performance scores. The Decentralized Management Unit (UGD) of SESAL will evaluate these recommendations during the third performance evaluation.

The health unit in Protección received training to analyze the maternal death occurred in August 2014, using the Characterization of Maternal Deaths Guide.

In Macuelizo, compliance of the majority of activities included in the maternal mortality plan was verified, achieving zero maternal deaths in the provider's area of influence since February 2015. In addition, assistance was given to the provider's staff to complete the "uterine fundal height" graph, as part of recommendations given by the RDS during the second evaluation and to improve service quality for pregnant women.

At the closing of this report, SESAL has conducted two monitoring exercises, in accordance to the agreement signed in 2015. This year, SESAL has changed the payment mechanism for service providers, transferring 80% of their budget after each monitoring, and the remaining 20% is subject to the score obtained. The results show that more than 50% of the service providers assisted by the Program received a score equal or above 85% in the first and second monitoring of 2015 (see table below).

N°	Manager/ Mancomunidad	Beneficiaries		Monitoring Exercises (Percentage)								Performance Evaluation (Percentage)		
		Municipalities	Total Municipalities	2013			2014			2015		2012	2013	2014
				I Quart	II Quart	III Quart	I Quart	II Quart	III Quart	I Quart	II Quart			
1	MAMBOCAURE	San Marcos de Colón and Duyure	3	72	79	86	88	90	96	96	79	73	91	80
		Concepción de María		85	92	97	82	87	91	91	87	93	79	80
2	MANCOSOL	Tambla, Tomalá, Valladolid, Guarita, Cololaca and San Juan Guarita	6	93	100	98	81	81	77	86	88	100	100	77
3	COLOSUCA	San Manuel de Colohete, San Marcos de Caiquín, Belén and San Sebastián (includes the village of Mezcalillo).	4	87	93	95	76	81	88	78	85	78	92	69
4	MOCALEMPA	La Virtud, Piraera, Candelaria, Virginia and Mapulaca	5	85	87	85	80	75	79	80	85	85	90	55
5	CHORTI	Nueva Arcadia, San Nicolás, San Antonio, La Jigua and El Paraíso	5	85	86	99	90	91	89	96	92	80	97	90
6	MACUELIZO	Macuelizo	1	75	77	85	91	92	92	85	78	78	91	92
7	PROTECCIÓN	Protección	1	90	89	86	85	94	93	86	80	77	91	68
8	LEPAERA	Lepaera and la Iguala	2	92	93	98	87	81	89	92	92	81	91	69
9	GUALCINSE	Gualcinse and San Andrés	2	86	86	94	76	78	87	85	85	N/D	94	64
10	GRACIAS	Gracias	1	92	99	95	85	89	94	86	90	N/A	99	91
<b>4 Regions</b>			<b>30</b>											

**Table 28: Evaluation results per provider mancomunidad by year, to September 2015.**

The following conclusions are observed when analyzing the table above:

- i. Overall, in 2015, the service providers obtained better scores in the first and second monitoring.
  - ii. Nine service providers achieved a score equal to or above 85% in the first monitoring of 2015, which is three more when compared to the same period of 2014.
  - iii. More than 70% of the service providers received 100% of the amount stipulated in the agreement during the second monitoring of 2015, by having scores equal to or above 85%.
  - iv. The only providers who achieved very high scores (equal to or above 85%) in the first two monitoring exercises of 2014 and 2015 are Gracias and CHORTI, the latter with a score above 90%.
  - v. San Marcos de Colon achieved a score below 85%, which is why it was sanctioned during the second quarter of 2015. The conflicts presented among the CESAMO's staff may explain this score. In this context, USAID|NEXOS supported the service provider with a conflict management workshop (see details further).
  - vi. The lack of knowledge observed in the service providers and the RDS in relation to the monitoring instruments based on the new health model affects the score obtained in the three quarterly monitoring exercises done by SESAL every year.
- b) Technical exchange between CHORTI and the municipalities of Proteccion and Macuelizo.

CHORTI shared its experience on topics related to medicine biddings, strategies for reduction of maternal and infant deaths, implementation of health houses and their Customer Service Functional Unit (UFAU). Macuelizo and Proteccion shared their experience on allocating funds for the construction of a health unit. Macuelizo also shared success stories related to the licensing process of the CESAMO and the creation of the Integrated Health Services Network (RIIS).

These exchanges of experiences allowed evaluating some challenges present in the decentralized health model:

- i. Strengthening of the RDS staff's capacities, so they can issue accurate recommendations when performing evaluations to service providers (due to lack of knowledge of the new health model).
- ii. Increase staff to support the decentralization process in the RDS.
- iii. Improve response time of disbursements, which impacts the availability of medical supplies and compliance of financial commitments and indicators established in the agreement.
- iv. Search for other funding sources.

COLUSUCA replicated CHORT's experience, creating health houses in the villages of Santa Cruz and Jicarillo in the municipalities of San Sebastian and San Manuel Colohete, respectively. This helps to ensure coverage and quality of service for patients living in remote areas.

Service providers who make a single incentive payment to midwives are considering implementing CHORTI's experience of making three payments, ensuring compliance of three indicators established in the agreements. Likewise, providers are interested in replicating other CHORTI experiences in 2016, such as medicine biddings and the UFAU. Also, CHORTI is interested in implementing MOCALEMPA's experience of issuing municipal ordinances to improve health services.

- c) Workshop "Learning to manage conflict to improve management of the decentralized health service in MAMBOCAURE". This workshop was developed with the municipality of San Marcos de Colon, in response to recommendations derived from the 2015 health index report.

The staff that works for some service providers have contracts either with the provider or with SESAL. This was identified as an obstacle in the study developed in 2012 by USAID|NEXOS (Identifying obstacles, challenges and opportunities for decentralization in Honduras), because of the difficulty in generating team work and existence of bad relationships among the staff, affecting the provision of the health service.

This is currently the situation in MAMBOCAURE, particularly in San Marcos de Colon, affecting negatively their performance evaluations done by SESAL and the health index applied by USAID|NEXOS.

Problems and possible solutions were identified during the workshop; the service provider will monitor their implementation with the Program's assistance.

As part of the coordination with SESAL, the Program financed a workshop whose topics (evaluation and performance report, supervision and monitoring) are part of the National Basic Training Curriculum for Health Service Providers. Forty service providers and fifteen RDS attended the workshops, including those that receive technical assistance from the Program.

In relation to the **social** aspect, technical assistance is coordinated with Result One. In this context, the service providers<sup>15</sup> were prepared for accountability exercises with service users, using guidelines issued by SESAL. USAID|NEXOS is developing a more "user friendly" guide for accountability exercises with civil society, which also considers SESAL's guidelines.

In addition, the Program gave assistance to service providers who were subject of social audit processes, in order to share the required information and establish dialogue spaces with civil society for health service improvement.

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<sup>15</sup> Macuelizo, Protección, CHORTÍ and MANCOSOL.

The assistance given to CHORTI and the CCT is worth mentioning, for the preparation of the report that includes key issues for the revision of the 2016 agreement with SESAL, which emerged as a civil society initiative from the social audit. This document will be submitted to the RDS to be discussed with SESAL and the service provider.

For the fourth consecutive year, USAID|NEXOS developed the decentralized primary health index in five mancomunidades (CHORTI, COLOSUCA, MAMBOCAURE, MANCOSOL and MOCALEMPA) and in six independent municipalities (Macuelizo, Proteccion, Gracias, Gualcinse, San Andres and Lepaera). See Annex A for more details.

### 3.3.2. Programmed Activities for the Year 5, Semester 1 (Y5S1)

For next period, work will continue in these two main areas:

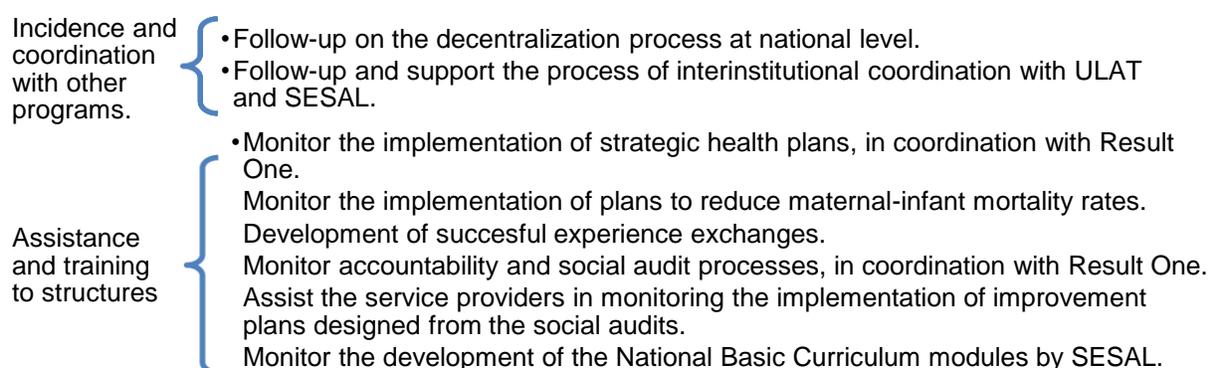


Figure 15: Result 3 programmed activities for Y5S1

## 3.4 Activity Area 1: Small Grants

### A. Achievements/Progress

The Grants Component successfully executed the following key activities during the reporting period:

- Implementation and follow-up of nine monetary grants awarded during the previous semester.
- Awarding of five approved applications of the second RFA process.
- Signing of five new grant agreements on September 25, 2015.
- Three grant recipients from the first RFA (BANHCAFE Foundation, Helvetas Foundation and OIDH) received the last disbursement. Inauguration of works is scheduled for the next period.
- Inauguration of the works included in the grant for the Water Board in the village of El Agualote, municipality of Azacualpa, Santa Barbara.
- Evaluation Committee has reviewed 24 applications received from the second RFA.

The donation to the Water Board in the village of El Agualote helped improve the water system through change of pipes in the pipeline (2,533 meters from 3" to 4"), beneficiating 2,433 people

living in the village. Previously, the service was available for six hours during three different days. With this project, the water service is received 12 hours a day, seven days a week.

The following table shows the overall performance at September 30, 2015 with accumulated figures:

# GRANTS	TYPE	DESCRIPTION OF GRANT	GRANTEES	AMOUNT IN USD
33	IN-KIND	Office Furniture & Equipment, Electronic Equipment	C & D Category Project Municipalities of Copán, Lempira, Santa Bárbara and Choluteca Departments	362,675.70
2	IN-KIND	Equipping of Laboratories to process tests for Health Provider Units	COLOSUCA and CHORTI Mancomunidades of Lempira and Copán Departments	19,860.82
9	IN-KIND	Medical Equipment and Office Furniture	Health Units (Municipalities and Mancomunidades) of Departments of Copán, Lempira, Santa Bárbara and Choluteca Departments	236,893.99
<b>TOTAL IN-KIND</b>				<b>619,430.51</b>
9	MONETARY	Cash grants to 9 civil society organizations	Civil Society Organizations awarded grants through RFA USAID NEXOS 2014 # 001	702,731.30
5	MONETARY	Cash grants to 5 civil society organizations.	Civil Society Organizations awarded grants through RFA USAID NEXOS 2014 # 002	446,173.83
<b>TOTAL MONETARY</b>				<b>1,148,905.13</b>
<b>TOTAL ACCUMULATED AWARDED GRANTS TO DATE</b>				<b>1,768,335.64</b>

**Table 29: Accumulated awarded grants to September 30, 2015.**

In addition, the following donations were made with rapid response funds:

# GRANTS	TYPE	DESCRIPTION OF GRANT	GRANTEES	AMOUNT IN USD
1	OTHER IN-KIND (RRF)	School chairs and construction materials.	Policarpo Bonilla School, El Quebracho village in the municipality of Copan Ruinas, Department of Copán.	6,763.56
1	OTHER IN-KIND (RRF)	Furniture, medical and lab equipment.	Health Center in Atima, Department of Santa Barbara.	13,521.87
1	OTHER IN-KIND (RRF)	Furniture and office equipment.	Mancomunidad HIGUITO.	4,276.77
<b>TOTAL IN-KIND GRANTS TO DATE</b>				<b>24,562.20</b>

**Table 30: Grants made with rapid response funds.**

#### B. Programmed Activities for the Year 5, Semester 1 (Y5S1)

- Small Grants. {
- Closing of the second RFA.
  - Monitor implementation of grants from the first and second RFA.
  - Inauguration of grant projects from the first RFA.
  - Start of process for receiving requests for IN-KIND donations.

**Figure 16: Small grants programmed activities for Y5S1**

### 3.5 Activity Area 2: Small Infrastructure Projects

#### A. Achievements/Progress

Between April and September 2015, 7 project designs with their budgets were developed in the pre-investment phase, of which two dossiers were sent to USAID for approval.

To date, USAID has approved 26 infrastructure projects, of which 10 (38%) are aimed at improving health services; 9 (35%) for education services; 5 (19%) for continuity of distribution and quality of water and 2 projects for local security through lighting of public spaces. Figure 17 shows the SIP intervention in equal number of municipalities.

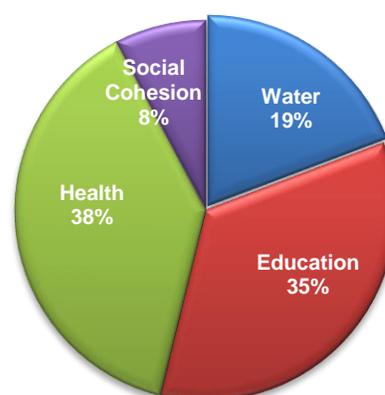


Figure 17: Percentage of approved projects by area.

The progress made in the investment phase is as follows:

- Thirteen ongoing projects, the following table shows their execution rate:

No.	Project Code	Municipality/ Village	Project Description	Percentage of Construction Progress	Estimated Budget (US\$)	Beneficiary Population
1	SIP-2013-015	Tambla – Urban area	Construction of 25,000-gallon water storage tank, repair of 15,000-gallon tank.	95	24,749.73	920 people.
2	SIP-2013-026	San Antonio – Urban area	Construction of 25,000-gallon water storage tank	85	46,243.00	3,000 people
3	SIP-2013-014	Lepaera - San Matías	Construction of school building and bathrooms of the "Martiniano Diaz" Rural Elementary School.	80	56,545.49	36 enrolled students. 584 people.
4	SIP-2013-024	Corquín-Potrerrillos	Improvements to the Health Center (CESAR)	75	63,142.53	611 people
5	SIP-2013-012	San Marcos de Caiquín	Construction of Maternal and Child Home	75	67,546.13	5,300 people
6	SIP-2013-019	Candelaria	Improvements to the vocational center	65	58,446.11	7,001 people
7	SIP-2013-010	San Manuel Colohete	Repairs and improvements to the "El Cipres" kindergarten.	40	61,716.17	270 people
8	SIP-2013-013	Gracias	Repairs and improvements to the "Ruben Villeda Bermudez" Rural Health Center	35	42,548.51	793 people
9	SIP-2014-027	La Jigua - La Tejera	Repairs to the "Francisco Morazán" School and "Estrellitas Fugaces" Kindergarten	35	74,625.79	250 people
10	SIP-2014-031	Tomalá	Central Park	25	96,843.31	1,220 people
11	SIP-2013-018	Trinidad	Men and women's bathrooms, "Juan Lindo" High School	20	34,491.30	19,700 people

No.	Project Code	Municipality/ Village	Project Description	Percentage of Construction Progress	Estimated Budget (US\$)	Beneficiary Population
12	SIP-2013-016	San Juan Guarita - Corozal	Construction of technology classroom	10	47,081.58	263 people
13	SIP-2013-023	La Virtud	Construction of Maternal and Child Home	10	63,221.84	6,800 people
	<b>TOTAL</b>				<b>737,201.49</b>	<b>46,711</b>

**Table 31: Progress in ongoing projects from April-September 2015.**

- Four projects in the process of purchasing materials to start construction in the next period:

No.	Project Code	Municipality/Village	Project Description	Estimated Budget (US\$)	Beneficiary Population
1	SIP-2014-036	Concepción de María.	Improvements to water system	74,213.32	1,705 people
2	SIP-2013-022	Mapulaca	Remodeling of "Manuel Bonilla" School	70,566.89	5,131 people
3	SIP-2014-032	Guarita - Olosingo	Health center	79,090.69	1,540 people
4	SIP-2013-020	Gualcinse	Construction of school modules.	60,509.87	11,179 people
	<b>TOTAL</b>			<b>284,380.77</b>	<b>19,555</b>

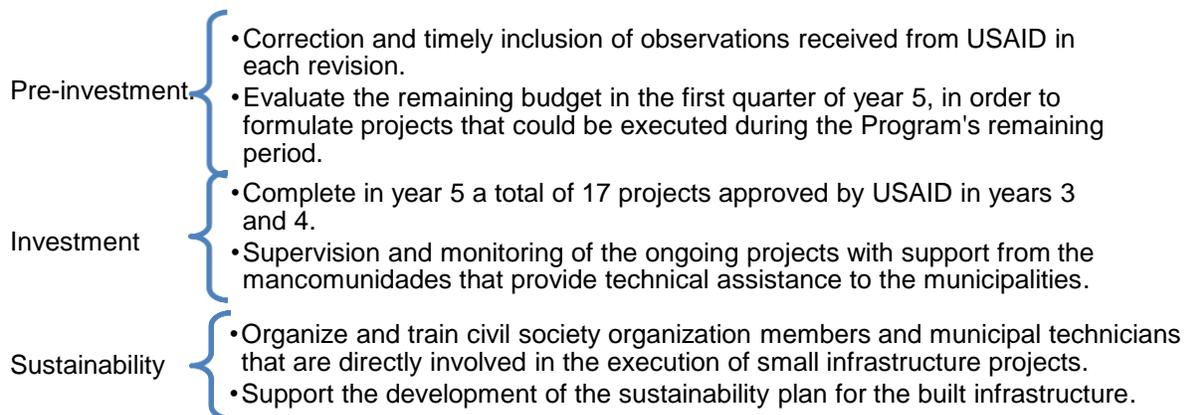
**Table 32: Projects in purchasing process to September 2015.**

For the **sustainability** phase, the Program is working with participant civil society organizations in each project's execution, to analyze and discuss the sustainability plan, develop the annual work program (which includes the use and maintenance of infrastructure) and develop the accountability procedure for the municipal counterpart.

In addition, the Program's subcontracted mancomunidades will assist the projects' technical supervision and will monitor the counterparts committed by the municipalities and participant civil society organizations.

## **B. Programmed Activities for the Year 5, Semester 1 (Y5S1)**

For the next period, activities will be concentrated in the following three phases for execution of small infrastructure projects:



**Figure 18: Small infrastructure projects programmed activities for Y5S1**

### 3.6 Rapid Response Fund

During this semester, USAID|NEXOS carried out the following activities related to this component:

- a) Institutional strengthening to AMHON. The development of the following manuals was concluded: organizations and functions, management of human resources, positions and salaries and financial management and control.
- b) In June 2015, USAID|NEXOS donated laboratory and preclinical equipment to the CESAMO in Atima, Santa Barbara. This donation amounts to more than 350 thousand lempiras and benefits approximately 18 thousand people. This equipment will help in developing laboratory tests for pregnant and postpartum women and children under five, thus contributing to the compliance of indicators related to quality of patient care and others evaluated quarterly by SESAL.
- c) Delivery of school furniture and construction materials for the perimeter wall of the "Policarpo Bonilla" school, village "El Quebracho", municipality of Copan Ruinas. This donation helps improve the education service and security of the school.
- d) Donation of office furniture and equipment to the mancomunidad of HIGUITO.
- e) Technical assistance to three municipalities (San Marcos de Ocotepeque, San Francisco and Las Mercedes) from the Mancomunidad of Municipalities from the Sensenti Valley (MANVASEN) for the development of the 2016 budget and work plan, definition of an organizational structure for each municipality and definition of roles for each internal unit.

For the execution of many of the activities of the aforementioned components, the Program established an inter-institutional coordination with different organizations from the central government and other programs involved in related fields. In this context, the Program held several coordination meetings with the Local Technical Support Unit (ULAT), ProParque Program, FINTRAC, Chemonics, SDHJGD, MiAmbiente, SANAA, Executive Directorate of

Revenues (DEI), National Vocational Training Institute (INFOP) and the Superior Accountability Court (TSC).

In some cases, joint workshops were developed, such as the "Learning to manage conflicts" workshop, mentioned in section 3.3, with an important participation from INFOP. Likewise, during the municipal finances workshop, the DEI presented the new on-line billing system and income tax management. The Program coordinated with SANAA the preparation of kits to be delivered to the water boards in year 5. The TSC shared its initiative to implement collaborative social audits during a workshop in which several donors also participated.

Common areas and partners were identified among the different USAID programs, to avoid duplication of efforts.

## 4. Gender

As part of the agenda's follow-up, the following activities were executed by the women's networks, with support from the Women's Municipal Office (WMO), in each target municipality: i) fund allocation with local governments and other institutions; ii) obtaining technical assistance to execute projects included in the agenda; and iii) accountability to the municipal government and citizens on project execution.<sup>16</sup>

These activities result in better training for women in implementing productive projects (coffee, basic grains, home gardens), improved administrative and financial control of projects, improved housing conditions, gender training, leadership and women's political participation in the municipalities' different social structures.

The main results of the various women's networks are:

- i. Sixty projects approved by the municipal corporations of several municipalities.
- ii. 214 projects in execution in 24 municipalities with different fund sources, benefiting more than 2,500 women and their families.
- iii. Allocation of more than 5% of the municipal transfer to finance women's projects in CAFEG. Likewise, these groups achieved to establish written agreements with the municipal government to secure funding for projects, including the counterpart from the municipality and women's groups.

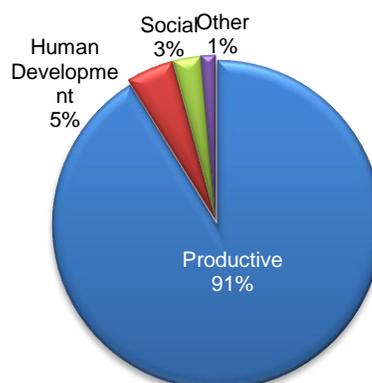


Figure 19: Percentage of projects by area

<sup>16</sup> Gualcinse, San Andrés, Piraera, Candelaria, Tambla, Tomalá, Valladolid, San Marcos de Colón and Concepción de María

- iv. The Municipal Corporations from MANCOSOL (Tambla, Tomalá and Valladolid) transfer funds to meet requests made by women's groups.
- v. In MAVAQUI, the funds from the municipal transfer (5%) were oriented to improve water storage and roofs in women's houses, improving their quality of life.

The women's agenda is a viable management tool that enables women to not only deal with their household chores, but also to venture in productive sectors to generate additional income for their families. With this, the Program is contributing to improve local development in target municipalities.

## 5. Communication Strategy for the Program

During this period, the Program continued its media campaign to strengthen corporate image, strategic alliances and promotion of good practices, through the following activities:

- *Positioning in media.* At least seven events developed by the Program had broad media coverage, both national and local media (TVC News, TN5, Channel 10, HCH, La Prensa, La Tribuna and Tiempo newspapers, among others).
- *Production of promotional material.* During the period from April-September 2015, the Program developed six monthly newsletters with information of activities developed by the Program, which were shared with strategic partners, beneficiaries and media, and uploaded in social networks and the Program's website.
- *Updating of the web page (www.usaidnexos.org) and social networks (Facebook, Twitter, Instagram, YouTube and Issuu).* This is a permanent activity to inform all the Program's activities in support of the target municipalities. During this period, the Program's Facebook page reached 5,000 fans, so a new page was opened that allows unlimited number of fans.
- *Success stories.* Five stories were identified and developed related to gender equality, entrepreneurship, provision of health and water services and youth, which are included in the annexes of this report.
- *Production of technical material.* These documents are included in the Digital Tool Box, which are structured in three areas (civil society, municipal strengthening and health service management).

## 6. Training Events.

The following workshops were developed between April and September 2015, with a minimum duration of 8 hours.

Name of Training Event	Field of Study	Relationship to Program Objectives	Start & End Dates	Estimated Cost (L.)	Number of Men	Number of Women	Total participants
Implementing commercialization of municipal public services.	Strengthening of local governments.	Result 2	April 28, 2015	22,113.14	6	8	14
Good practices in operation and maintenance of water and sanitation system.			June 24-25, 2015	95,714.79	23	6	29
Municipal Finances			July 23-24, 2015	125,891.20	28	36	64
Training to urban JAAPs from "CAFEG" Inter-municipal council.			May 18-19, 2015	29,390.82	5	1	6
Socialization of the new platform for the Simplified Environmental Licensing System.			September 11, 2015	81,079.65	33	12	45
Technical exchange between the mancomunidad of CHORTI and service provider municipalities (Macuelizo and Proteccion).	Strengthening of decentralized health service managers.	Result 3	April 29-30, 2015	83,434.68	14	14	28
Learning to manage conflicts to improve management of the decentralized health service.			August 12-13, 2015	38,426.56	8	15	23
Monitoring and evaluation (SESAL)			September 01-03, 2015	130,129.18	3	20	23
<b>TOTAL</b>				<b>606,180.02</b>	<b>120</b>	<b>112</b>	<b>232</b>

**Table 33: Training events summary for Y4S2**

By Result, 68% of participant were trained under Component 2 and 32% under Component 3. Of the total trained participants, 52% were men and the remaining 48% were women.

The Program evaluates the level of knowledge acquired by the participants before and after each workshop. 14% of participants of the workshops for Components 2 and 3 rated their level of knowledge prior to the workshops as "very good", while 44% rated it as "good". After the workshop, 60% rated it as "very good" and 36% as "good".

## 7. Deliverables Submitted

During the Program's fourth year, two deliverables have been presented and approved: Seventh Semiannual Report and the Fifth Year Work Plan. The status of these reports is summarized in the following table:

Document	USAID approval status	Implementation Status
Seventh Semiannual Report	Approved	Approved.
Fifth Year Work Plan	Approved	To be implemented on October 2015.

**Table 34: Deliverables submitted during the Program's fourth year.**

Most deliverables are intended to clarify the methodological approach to be used in the Program's activities.

The Program began the preparation of the technical deliverables during this period. These will be grouped in three kits: i) civil society, with documents organized by areas (citizen participation, social auditing, accountability, communication strategy with civil society and execution of women's agendas); ii) municipal strengthening, with guides and manuals for tax administration, cadaster and public services; and iii) decentralized health service provision, which will include documents to help providers improve their performance. These kits will be delivered to mancomunidades and Honduran institutions directly involved in municipal strengthening and will also be found in the Development Experience Clearinghouse (DEC).

## 8. Summary of Challenges and Remedial Actions

The Table below summarizes the issues encountered in this period and their corresponding remedial actions.

Issue	Description	Proposed Remedial Action
<b>Result 1: Civil Society Advocacy for Improved Local Services Increased</b>		
Interinstitutional meeting between the RRCCTOH, CHORTI and UGD from SESAL.	During the presentation of CHORTI's audit's results , the actors involved in health service management agreed to hold a meeting on June 26, in order to analyze and settle on an agreement for 2016. This meeting is still pending.	The Program recommended the RRCCTOH, who is a key actor in the negotiations between the provider and the UGD, to dialogue with the UGD Director to arrange a new date for the negotiation of the 2016 agreement for the decentralized health service. To date, the UGD is still pending confirmation of this meeting.
Social audit to the primary health service in MANCOSOL.	Civil society organizations such as the CCT and the MC from Cololaca did not participate in the audit process.	Despite the efforts of the Regional Coordinator assigned to that region and the consultant assigned by CARE, it was not possible for the MC and CCT from Cololaca to join the social audit process. However, the rest of the CCTs and MCs that conformed the Social Audit Inter-municipal Council, whose responsibility was to facilitate the audit process, agreed to audit the different health units in that municipality.
<b>Result 2: Local Institutional Capacity to Deliver Decentralized Services Strengthened</b>		

Issue	Description	Proposed Remedial Action
Water Service Integral Index	During the Program's fourth year, the water index showed a -2% of decrease compared to 2014. After some analysis the Program determined that it is necessary to strengthen the social aspect in the different municipalities to ensure compliance with next year's target.	Strengthening actions with civil society through Component 1.
Increase of own source municipal revenues.	USAID NEXOS's strategy to generate own source revenues is proving to be effective in some municipalities, while others do not show results.	Intensify technical assistance in municipalities with no results and identify successful experiences in other municipalities to replicate.
<b>Result 3: Structures and Systems to Implement Reform Strengthened</b>		
Development of the health index in parallel with other activities.	The development of the health index coincided with some activities, such as vaccination campaigns and development of strategic health plans. This caused certain indifference in the index's development, due to the large number of meetings attended by the service providers.	Schedule the 2016 index development, avoiding work overload for service providers.
Compliance of activities and goals established in work plans.	The lack of interest and commitment from the COLUSUCA Health Network is negatively affecting compliance of activities and goals established in some planning instruments (strategic health plan and plan for reduction of maternal-infant mortality).	Provide direct and intensive technical assistance to achieve compliance of goals and indicators established in both plans. Influence the respective authorities to ensure the selection of a suitable person for the post of the network coordinator.
<b>Activity Area 1: Small grants</b>		
Environmental licensing.	The procedure for obtaining environmental licenses for the infrastructure works included in some grants takes longer than expected, affecting the progress in the work execution.	Technical assistance to grant recipients through the infrastructure component. Training in the new Simplified Environmental Licensing System of the Ministry of Energy, Natural Resources and Mines (MiAmbiente).
Limited availability of suppliers (goods and services) that meet the new requirements of the Executive Revenue Directorate (DEI).	Grants recipients are facing problems in identifying suppliers that meet the requirements of the new billing system of the DEI.	Design of a user's manual on the new billing law for grant recipients. Technical assistance through the accounting and grants department of USAID NEXOS.
<b>Activity Area 2: Small infrastructure projects</b>		
Delays in the process of purchasing materials.	The length of the procurement process is delayed due to the response time of providers for the submission of tenders and delivery of materials, and delays in the process of exonerations from the DEI.	Some of these aspects are external factors that are beyond the control of USAID NEXOS. However, in the case of the suppliers, the procurement area works with them directly in order to reduce time for purchase of materials.

**Table 35: Summary of challenges and remedial actions**

## 9. Conclusions

- Strengthening of CSOs allowed to establish a dialogue with local governments to contribute in the improvement of local services and governance. CSOs mainly conducted accountability exercises, negotiation of rates and social audits.
- The accountability exercises to the water service were a key element for users to learn about the operation and administration of the different water systems. Approximately 89

water boards, in equal number of communities, held accountability sessions with service users, which helped in the negotiation of rates developed by several JAAPs.

- 79% of the boards that negotiated rates approved increases on an average of 5 lempiras. Despite the need for further increases for the service's financial sustainability, users had a better understanding of the service's financial situation.
- The social audits for the health service developed for the first time in CHORTI, COLOSUCA and MANCOSOL allowed to strengthen the capacities of the CCTs and MCs, learn more about the agreement signed with SESAL, exercise vigilance over public resources and propose recommendations to service managers and SESAL for efficient and transparent service delivery.
- USAID|NEXOS's technical assistance helped the CCT and the MC in Marcala to make advocacy based on the agreements signed to improve the solid waste service. In addition, they achieved for the municipality's public service department to develop an accountability exercise to service users, in which they learned of the need of service improvement, recovery of large arrears and the need to invest the service's revenues for its improvement.
- In Santa Barbara, the Program continued to strengthen coordination between citizens and the municipal government in relation to local services. There was better understanding from civil society representatives in the management of the solid waste service. The proposal for an open dialogue for service improvement has the acceptance of the municipal government and citizens; however, immediate resources are needed for a substantial service improvement. Due to its liquidity problems, the municipality requested citizens the payment of service fees, and made the commitment to use these resources for service improvement.
- Local governments continue to implement participative mechanisms, in which local service improvement is discussed, involving citizens in service management. To date, in 2015, 100 open town hall meetings were held, in which 5,095 (57%) men and 3,787 (43%) women participated.
- Among the agreements taken between local government and civil society are: analysis and approval of water service rates, water chlorination, analysis of water quality, pipe cleaning, conservation and reforestation of watersheds. In the health sector, the agreements focused on promotion of institutional childbirth, supply of medicines to health units, hiring of doctors and nurses to cover staff's vacation periods and transparency in management of resources for health.
- The strategy promoted by the Program for own income generation is showing clear results; in 2015 these incomes increased approximately 20.1 million lempiras, from 116.8 million lempiras in 2014 to 136.9 million lempiras in 2015.
- The tax incomes show an increase of 12.8% in relation to 2014 fiscal year.
- San Pedro de Copan leads the municipalities with higher progress (76%) in the implementation of the plan for strengthening management and provision of water and sanitation services; while Azacualpa needs faster progress towards institutional

strengthening for improvement in service provision, for which the political will of municipal authorities is required.

- The implementation of the CUSP is one of the strategies for own income generation. Most of the municipalities that received this assistance managed to complete the users' cadaster, resulting in an increase of revenues from services taxes of 35% for the 2015 fiscal year. On the other hand, 3,822 new users were identified, as well as 8,700 illegal users.
- During this period, Belen and San Antonio signed the agreements for the delegation of the sewage service to the urban JAAP. Its implementation is programmed for the next period.
- The implementation of a UTVM in CAFEG is showing that there is local capacity to execute infrastructure projects. From January to September 2015, the Unit assisted 3 municipalities (San Andres, Gualcinse and Piraera) for the execution of 140 kms of road maintenance projects and construction of 76 kms of road.
- The Water Service Integral Index showed a value of 58.4% in 2015. La Virtud has the highest score (69.8%), while Nueva Arcadia has the lowest (42.7%). The index shows a decrease of 2.1 percentage points for 2015, mainly due to the decrease in the social variable. However, if the results are compared to the baseline, there is an improvement of 8.8 percentage points.
- Given the above, USAID|NEXOS will focus efforts to implement activities that will strengthen the social variable, such as: rate negotiation, inclusion of civil society in service planning and execution of investments in the water sector, social audits, accountability and development of user satisfaction surveys.
- In 2015, the variables that had a positive impact in the index's score were: increase of service coverage in rural and urban areas, accountability from service providers to users and improvement of relations between municipalities and service providers. Other factors that had a positive impact in a lesser scale were: formulation of local service policies, organizational capacity of rural service providers, accountability reports from service providers to the municipalities and municipal allocation of investment resources for water.
- On the other hand, the sub-variables that explain the index's decrease in 2015 are: negotiation of service rates between providers and users, development of user satisfaction surveys, protection and conservation of water sheds, inclusion of civil society in service planning decisions, civil society incorporated in the board of directors of the water service in the urban area and social audits developed to service providers.
- When analyzing the results of the 2015 water index and comparing them to the baseline (2012), Concepcion de Maria occupies the first place among the municipalities with improvements in their scores (29), while Gualcinse has the lowest improvement. On the other hand, five municipalities show negative variations in the index score, with Nueva Arcadia having the highest variation. These results show that during the Program's presence, 85% of the municipalities have improved their water conditions and service provision; the remaining 15% show a decline compared to the baseline.

- USAID|NEXOS strengthened more than 30% of decentralized health service managers. In relation to the institutional aspect, the design of strategic plans established collaboration with civil society to promote its inclusion in health prevention and promotion activities.
- MANCOSOL, COLOSUCA and CHORTI must implement their strategic health plans in order to comply with the goals and indicators established for 2021 and overcome the identified obstacles.
- The exchange of successful experiences allowed generating technical capacities. COLOSUCA replicated CHORT's experience related to health houses, contributing to improve coverage and quality of service for patients living in neglected areas.
- Likewise, the Program is providing technical assistance to providers so they can comply with the goals established in the agreements signed with SESAL, avoiding penalties that may impact their finances. The results show that more than 50% of the providers assisted by the Program obtained scores equal to or higher than 85% in the first and second monitoring exercise in 2015. However, it is necessary to work with those that did not achieve an optimum score (85%) or decreased their previous score.
- It is necessary to continue monitoring the implementation of the National Basic Curriculum for Training Health Service Providers, to complete training in planning, monitoring, evaluation and community development, and ensure efficiency in service improvement.
- The social aspect of the 2015 health index was strengthened through accountability exercises to users in open town hall meetings and social audits promoted by the Program.
- In 2015, the index averaged 81.2%, showing an increase of 12%, which represents an increase of 8.7 percentage points in relation to the previous year. The minimum score is 68.3% and the highest is 89.8%.
- The three variables evaluated in the index (institutional, technical and social) show an improvement when analyzing the scores by year; however, efforts must continue to obtain better results, mainly in the technical and social variables.
- To date, USAID|NEXOS has granted 1.8 million lempiras in in-kind and monetary donations. During the Program's 4th year, nine grant agreements were signed (monetary) with seven CSOs, including two mancomunidades.
- Five infrastructure projects were concluded during year 4, which are contributing to improve services, especially water and health. There are eleven more projects in progress that will be concluded in the next period.
- The construction of the CESAMO in La Flecha, Macuelizo, and the provision of medical equipment by USAID|NEXOS contributed to the center's licensing. This had an impact in the technical aspect's score of the health index and improvement in service provision.

## 10. Annexes

### Annex A: Analysis of the Decentralized Primary Health Services Index

The decentralized primary health services index is part of the impact indicators of USAID|NEXOS. It measures the service situation in municipalities that have decentralized health units and are part of the Program's target group. It was applied for the first time in 2012, during the preparation of the local services diagnostics, and was the baseline used to measure the progress and results achieved.

Service situation is determined by three key variables: i) institutional; ii) technical and iii) social. The institutional variable measures the service's management capacity within the manager-supplier chain and municipal government; the second one evaluates the conditions under which the service is provided (infrastructure, access, coverage and quality) and the last one measures civil society's participation in the service provision.

Collection of information is done every year between May and June; this year (2015) is the fourth consecutive year in which the index has been developed. Twenty-eight service providers were evaluated, which represent 34% of the country's total.

USAID|NEXOS established a scale of four categories to classify the results obtained in each municipality or mancomunidad that provides the service. According to this scale, 54% of the providers are located at the "very high" level, the remaining 46% in the "high" level.

Categories	Percentage
Very High	81 – 100
High	61 – 80
Medium	41 – 60
Low	21 – 40
Very Low	0 – 20

Table 36: Category scales of the index results.

In 2015, the index showed an average of 81.2%, with a positive variation of 8.7 percentage points over the previous year, with a minimum score of 68.3% and a maximum of 89.8%.

Evaluated variables	Maximum score	Average Score (Percentage)				Difference (Percentage)		
		2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
<b>Institutional Aspect</b>	30.0	18.9	22.8	24.7	<b>26.1</b>	3.9	1.9	1.3
<b>Technical Aspect</b>	30.0	18.9	21.1	23.3	<b>23.5</b>	2.2	2.3	0.1
<b>Social Aspect</b>	40.0	16.2	20.6	24.4	<b>31.6</b>	4.4	3.9	7.2
<b>Total Score</b>	100	54.0	64.4	72.5	<b>81.2</b>	10.4	8.1	8.7

Table 37: Primary health service index's score, according to evaluated variable and year.

In analyzing the results of the average scores obtained for each of the variables, significant differences were found between the present values (2015) and the baseline (2012). The highest variation can be found in the social aspect (15.4%), followed by the institutional aspect (7.2%) and the technical aspect. This last one shows an improvement of 4.6 percentage points compared to 2012.

The index also shows that the three evaluated variables show an improvement when analyzing the scores from year to year; however, it is necessary to focus efforts to achieve better results, especially in the technical and social aspects.

Each of the index's variables has sub-variables that measure factors related to various aspects of the health service. The evaluations are conducted in focus groups with personnel involved in service management.

Variable	Evaluated Sub-variable	Maximum Score (Percentage)	Average Score (Percentage)				Difference (Percentage)		
			2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
Institutional	Institutional capacity of service manager	10.0	6.3	6.9	7.4	<b>7.6</b>	0.6	0.4	0.2
	Institutional capacity of municipal government as owner of the service.	10.0	6.0	7.4	8.5	<b>9.4</b>	1.4	1.1	0.9
	Institutional capacity of the service provider	10.0	6.5	8.5	8.8	<b>9.1</b>	2.0	0.4	0.3
Technical	Infrastructure	100.0	54.0	53.2	56.2	<b>61.6</b>	-0.8	3.0	5.4
	Access	100.0	63.6	83.8	81.4	<b>84.7</b>	20.2	-2.4	3.2
	Coverage	100.0	78.5	71.6	79.2	<b>86.6</b>	-6.9	7.6	7.4
	Quality	100.0	55.5	72.2	65.2	<b>51.8</b>	16.7	-7.0	-13.4
Social	Civil Society's participation in service planning.	100.0	51.7	64.7	68.6	<b>83.0</b>	13.0	3.9	14.5
	Civil Society's participation in the decentralized management of the service.	100.0	52.1	54.3	66.5	<b>81.5</b>	2.2	12.2	15.0
	Civil Society's participation in the social control of the service.	100.0	17.8	35.2	38.8	<b>60.7</b>	17.4	3.6	21.9

**Table 38: Health index rate according to evaluated sub-variable.**

As the table above shows, in relation to the institutional aspect, the highest rated sub-variable in 2015 was the institutional capacity of the municipal government as owner of the service (9.4%), followed by the provider's (9.1%) and the manager's (7.6%).

Several factors influenced the score obtained in the sub-variable "institutional capacity the municipal government", such as the knowledge the Municipal Corporations have of the needs in the health sector, decentralization of all health facilities (eliminating the existence of partially decentralized systems), the issuance of local policies (municipal ordinances) that have a positive influence on service, holding two open town hall meetings each year (in most of the municipalities) to address specific issues for improving service and leverage funds for the implementation of projects.

The service provider's institutional capacity has a score of 9.1%, mainly due to the integration of staff under the civil service regime and staff under contract in the health units (both fulfill the same obligations) in 91% of the service managers. Likewise, the managers hire more than 80% of staff and has a defined policy for service fees in all health units.

In relation to the technical aspect, the sub-variable "coverage" has a relatively high variation of 7 percentage points compared to 2014. Most of the service managers provided health care to more than 90% of the assigned population and achieved the goal established in the agreements with SESAL.

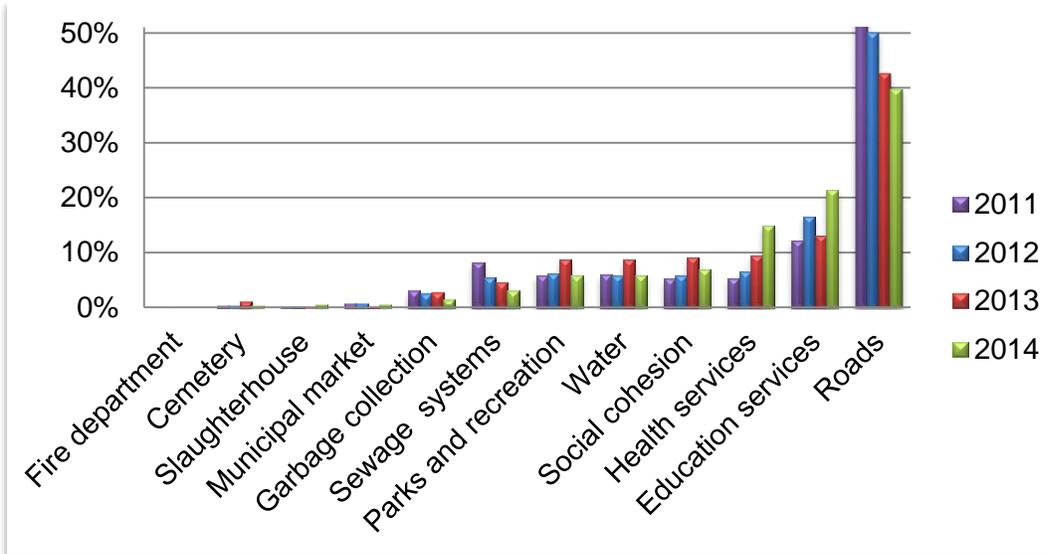
In relation to "access", the Program found that the relation of human resources vs. population is the optimal, achieving the incorporation of a dentist in all health centers. The score of this sub-variable is also determined by the accessibility of health facilities, which improved significantly with the implementation of "health houses" by some service providers. These houses operate as small health centers, where medical treatment is available for common diseases and health promotion and prevention activities are developed.

In addition, all service providers develop the basic health package activities in a standardized and scheduled way, as part of the activities implemented by the Primary Health Care Teams (EAPS). USAID|NEXOS trained these teams in the necessary guidelines to implement this strategy, as part of the modules included in the National Basic Training Curriculum designed by the Program.

The "infrastructure" sub-variable ranks third in the score obtained (61.6%). The implementation of a licensing plan in the health units had an impact on this score. USAID|NEXOS contributed with the delivery of equipment to all service providers from the target municipalities, in accordance to this plan. In addition, the Program donated two medical laboratories to COLOSUCA and CHORTI.

Moreover, the Program contributed to the improvement of infrastructure of three municipal health centers, located in the municipalities of Cabañas (service provider: MANCORSARIC), Protección and Macuelizo, and to the initiation of a maternal home in San Marcos de Caiquin (Mancomunidad COLOSUCA).

It is important to mention that the municipalities contribute by allocating every year funds in their budgets for maintenance of infrastructure and support staff (janitors, caretakers and security guards). The 28 evaluated municipalities increased their health investment in 34%, 87% and 106% in 2012, 2013 and 2014, respectively. The graphic shows that this service is among the first to which the municipalities are allocating most of their funds.



**Figure 20: Service investment in municipalities with decentralized health services (Jan-Dec of each year).**

Managers have an important challenge in reversing the decline in the score of the sub-variable "quality" shown in the last two years. Managers are unaware of the users' perception on service quality, the results of the user satisfaction surveys carried out by the Departmental Health Regions are not socialized, thus the managers do not make plans to improve this satisfaction (in case the result is negative).

USAID|NEXOS continued to support managers in monitoring the intervention plan for maternal and child deaths through direct technical assistance.

In relation to the social aspect, the sub-variable "Civil Society's participation in health service planning" continues with the highest score in the last three years (2013-2015), followed by the sub-variable "Civil Society's participation in the decentralized management of the service" and finally the sub-variable "Civil Society's participation in the service's social control". However, this last one shows the highest variation in the evaluated period, with a variation of 21.9 percentage points in relation to 2014.

The sub-variable "Civil Society's participation in health service planning" was improved by the participation of the health committees and volunteers in the development of community family records and the development of baselines with the EAPS. On the other hand, these actors assisted in the development of Strategic Health Plans in CHORTI, MANCOSOL and COLOSUCA. The volunteers also participated in the development of the annual work plan for health promotion, along with promoters that work in the municipal and rural centers.

Regarding the improvement in the score of the sub-variable "Civil Society's participation in the decentralized management of the service", the managers' openness to include a representative from the health volunteers' network in their board, and their participation in decision-making, contributed to the result. USAID|NEXOS supported the creation of volunteer networks in each municipality; each has developed a work plan and are working to obtain legal status.

On the other hand, there are sectoral tables in which the service providers involve civil society for the coordination of activities and execution of plans. Each municipality has at least one health sector project executed by the community.

The improvement in the score of the sub-variable "Civil Society's participation in the social control of the service" is due to the development of social control exercises conducted by the Regional Network of Citizens Commissions of Transparency of Western Honduras (RCCTO). Because of this exercise, it is worth mentioning the commitment of CHORTI to review the agreement with the Decentralized Management Unit (UGD) and the Departmental Health Region in Copan, and including the RCCTO in this revision.

Social control exercises were also conducted in Macuelizo, Proteccion, Lepaera, MAMBOCAURE's 3 municipalities and COLOSUCA (MANCOSOL, MOCALEMPA, Gualcinse and San Andres are still pending).

### Index analysis by service manager.

The following table shows the index results by manager:

Mancomunidad/ Manager	Institutional Aspect (Percentage)				Technical Aspect (Percentage)				Social Aspect (Percentage)				Index Score (Percentage)			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
CHORTÍ	14.9	24.5	25.0	25.2	16.3	19.9	23.0	24.8	12.3	18.0	23.6	37.1	43.5	62.4	71.6	87.1
COLOSUCA	15.8	23.3	26.2	27.3	18.9	20.7	22.9	23.2	16.5	22.0	25.5	35.5	51.3	66.0	74.6	86.0
MAMBOCAURE	15.8	18.7	21.8	25.4	19.4	20.5	23.1	24.8	17.8	29.4	27.7	31.2	53.0	68.6	72.5	81.4
MANCORSARIC	20.3	29.3	N/D	N/D	16.6	21.7	N/D	N/D	19.3	13.9	N/D	N/D	56.2	64.9	N/D	N/D
MANCOSOL	23.4	21.6	25.8	26.5	22.9	21.1	24.4	23.3	16.9	19.3	20.6	28.6	63.3	62.0	70.8	78.4
MAVAQUI	23.7	24.8	24.6	26.0	15.4	23.8	23.6	22.0	21.8	27.5	33.0	37.0	60.9	76.1	81.2	85.0
MOCALEMPA	17.0	19.8	22.2	24.9	19.4	21.2	23.6	22.4	14.1	18.5	21.3	25.5	50.6	59.5	67.2	72.7
MUNICIPALITIES INDEPENDENTS	19.3	21.6	27.1	27.1	16.8	20.8	21.9	24.0	12.3	22.8	27.8	31.0	48.5	65.1	76.8	82.0

**Table 39: Health index score, by manager, aspect and year of evaluation.**

#### a) CHORTÍ.

- Assessed with the lowest score in 2012, and achieving the highest score in 2015 (87.1%), with improvement in all variables, mainly in the social aspect.
- It is one of the mancomunidades with the best quarterly assessments and performance evaluations conducted by the UGD and RDS; keeping at zero the maternal mortality rate for the last five years, and has been consecutively awarded with 1% of the per capita assigned budget.
- Purchase of medicines is done through bidding processes, ensuring transparency and quality.
- All health facilities have a Customer Service Functional Unit (UFAU), to ensure proper medical attention, management of complaints, questions and suggestions by health service users.

- The health houses were this mancomunidad's idea, ensuring coverage and quality of service for patients who live in under developed areas.

All this factors have been considered to place CHORTI as a good example for other managers to replicate these succesful experiences.

#### **b) COLOSUCA.**

- Ranking second in 2015, with a score of 86%, it is also the second mancomunidad to increase considerably the score since the baseline in 2012 (increase of 34.7%).
- Each member municipality, as well as the mancomunidad, has a current strategic plan, which involves all the system's key actors.
- All municipal corporations issue local policies that complement national regulations for service provision, such as cleaning of fields, water management, alcohol prohibition, compulsory institutional childbirth, among others.
- The municipalities are vigilant of the monitoring and performance evaluation results, and require service providers to comply with the agreed results and indicators. It is important to state that for the purpose of this analysis, Gracias is included in COLOSUCA, even though it is a service manager municipality on its own.
- The mancomunidad develops formal mechanisms for citizen participation, such as open town hall meetings, where several issues regarding health services are dealt with civil society. On the other hand, social control processes were implemented through the CCT.

#### **c) MAVAQUI.**

- Ranking third, with a score of 85%, and an increase of 24.10 percentage points since 2012. The Program works with four out of the five member municipalities, two of which are health service providers (Macuelizo and Protección). The scores of these two municipalities are considered as part of the Mancomunidad's, for comparison purposes.
- The three evaluated aspects increased considerably, with the social aspect being the highest, followed by the technical aspect.
- Macuelizo and Protección have a very high index score, both have also achieved excellent scores in the three evaluations done in 2014.
- The CCT developed social control exercises of the health service provision, and the service manager developed accountability exercises to civil society through open town hall meetings.

#### **d) INDEPENDENT MUNICIPALITIES.**

- The municipalities of Gualcinse, San Andrés and Lepaera are considered in this group; together they achieved the fourth place in the index score.
- Lepaera (with 89.80%) is the municipality with the highest score of the 28 evaluated. It has a CCT that audits the health service.

- The health committees develop the annual work plan jointly with the service providers, including promotion and prevention activities. This constitutes a strength for this municipality, since it has an empowered and trained civil society, with a high commitment to self-health care within its communities.
- This municipality has high scores in its institutional, technical and social aspect; they can exchange experiences with other service providers on lessons learned and strengths.
- Gualcinse and San Andrés achieved a significant increase of more than 30 points in the health index, moving from a medium to a high score.

**e) MAMBOCAURE.**

- This mancomunidad is ranked fifth with a score of 81.4% (very high), thus reversing the 2012 scenario, where it had a low score of 53%.
- By comparing the index of each evaluated municipality, Concepción de María achieved a score of 38.1% in 2012, and 82.8% in 2015, thus becoming the municipality with the highest variation (44.7%).
- In relation to the institutional aspect, it is important to mention the transfer of the management role to the municipal corporations of San Marcos de Colon and Concepción de María, which was transferred by the mancomunidad (which only signs the agreement).
- As for the provider's institutional aspect, the Program found that the staff under civil service and municipal system fulfill the same obligations, yet in San Marcos de Colón they are not integrated; in Concepción de María they are partially integrated and in Duyure are totally integrated. This reflects the need to take action to integrate the staff in San Marcos de Colon and overcome the hostile work environment, especially in the CESAMO. The Program gave assistance with a conflict management and staff integration workshop and development of manuals (human resource management, control and management in supplies, financial, procurement and procedures). However, it is necessary to continue strengthening the service provider in the integration of its human resource.
- In relation to the social aspect, the achievements have been significant, yet it is necessary to increase civil society's involvement in the planning and management of the health service. There are currently health volunteer networks in the municipalities that with the proper assistance may contribute to improve this aspect.

**f) MANCOSOL.**

- Has a variation of 15.1 percentage points, from 63.3% in 2012 to 78.4% in 2015. It ranked first in 2012; however, in 2015 it ranks sixth among the service providers.
- The institutional aspect shows a slight improvement, from 23.4% in 2012 to 26.5% in 2015; the technical aspect shows a score of 22.9% and 23.3% in 2012 and 2015, respectively; the social aspect increased from 16.9% to 28.6%, being with MOCALEMPA the mancomunidades with the lowest scores in the social aspect.

- The division between the municipalities of the mancomunidad affects the institutional aspect, these have the same responsibilities and obligations, however, only one fulfills with the fee payment to the mancomunidad.
- As for each municipality's score, only Tambla and Valladolid have very high scores.
- In 2014, the total institutional child births of this mancomunidad was 138, however, the Maternal and Child Clinic located in Tambla attended 23% of these births due to other alternatives for pregnant women (closer CMI's). The cost of each delivery is approximately 25,000 lempiras; however, in accordance to the agreement signed, SESAL pays 2,500 lempiras, which makes the service manager absorb the difference in detriment of its finances. This affects the availability of resources for training, purchase of medicines or other activities to provide better service. It also affects the fulfillment of the expected child deliveries goal in the quarterly monitoring and performance evaluation.
- A positive highlight is the fact that the maternal mortality rate in the mancomunidad's area of influence is zero.

**g) MOCALEMPA.**

- It ranks last with a 72.7% score; however, it showed a significant increase during the four years of evaluation of 22.1 percentage points.
- The social aspect has the highest score, followed by the institutional aspect. In the latter, the health service is supported through the issuances of ordinances and economic contributions by the municipalities.
- None of the mancomunidad's municipalities has a very high score; this reflects the lack of articulation of the service manager, in which the municipalities of Virginia and Mapulaca are completely separated. In relation to the institutional aspect, the municipalities are supporting the health service with municipal ordinances and financial contributions.
- The reduction of maternal and infant mortality is evident.
- Health coverage has increased through family and community health teams that promote health prevention and promotion.
- The mancomunidad developed accountability exercises to service users and civil society on the health situation and execution of health projects.
- They obtained scores below 85% in the quarterly monitoring conducted by SESAL, and were penalized with a reduction of 10% than the established amount in the agreement. Consequently, they also lost the 1% incentive granted by SESAL.
- They also had a reduction of the per capita amount established in the agreement with SESAL. They are pending several mandatory staff trainings and most of the health centers had shortage of medicines and some medical supplies.
- USAID|NEXOS provided training through a technical exchange with CHORTI, in which experiences of the medicine procurement process were exchanged, as well as the implementation of the health houses and the UFAUs.

By municipality, Lepaera has the highest score (89.8%), followed by San Nicolas (89.4%) and Gracias (89.2%). The lowest average belongs to Mapulaca, which is member of MOCALEMPA, with 68.3%. The following table shows these results.

### Recomendations.

Variable	Sub-variables	Recommendations
Institutional	Institutional capacity of the service manager.	<ul style="list-style-type: none"> <li>• Develop a structured communication strategy and predefine what to communicate, which media will be used and their frequency.</li> <li>• Follow-up the implementation of strategic plans (CHORTI, COLOSUCA and MANCOSOL).</li> <li>• Focus efforts towards managers' sustainability.</li> <li>• Follow-up MOCALEMPA's strengthening plan to increase performance.</li> <li>• Develop a plan to recover the CMI's income in MANCOSOL.</li> <li>• Follow-up on agreements taken in the workshop "Learning to manage conflicts to increase decentralized health management" with MAMBOCAURE.</li> </ul>
	Institutional capacity of the municipal government as owner of the service	<ul style="list-style-type: none"> <li>• Work on sustainability of activities previously developed.</li> </ul>
	Institutional capacity of the service provider	<ul style="list-style-type: none"> <li>• Work on sustainability of activities previously developed.</li> <li>• Continue strengthening MAMBOCAURE in order to achieve staff integration and improve relationships.</li> </ul>
Technical	Quality	<ul style="list-style-type: none"> <li>• Continue supporting the plans for reduction of maternal and infant mortality (specifically for providers of Macuelizo and Protección).</li> <li>• Influence managers so they demand the results of the users' satisfaction surveys from the RDS.</li> </ul>
Social	Civil society's participation in the social control of the decentralized service.	<ul style="list-style-type: none"> <li>• Support the health volunteer network in obtaining legal status and in the implementation of at least one annual work plan.</li> <li>• Continue supporting and assisting the CCTs in municipalities that are still pending implementation of social audits to the manager.</li> <li>• Monitor the results of social audits performed in previous periods.</li> </ul>

**Table 40: Recommendations based on the application of the 2015 health index.**

No.	Municipality	Institutional Aspect (Percentage)				Technical Aspect (Percentage)				Social Aspect (Percentage)				Index Score (Percentage)			
		2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
<b>COPAN</b>																	
1	Cabañas	23.9	29.5	N/D	N/D	16.8	22.1	N/D	N/D	20.0	14.0	N/D	N/D	60.7	65.6	N/D	N/D
2	Copán Ruinas	19.1	29.4	N/D	N/D	14.3	23.3	N/D	N/D	20.0	14.3	N/D	N/D	53.4	67.0	N/D	N/D
5	La Jigua	17.2	23.9	25.9	25.1	13.4	20.7	23.4	23.3	11.7	13.7	20.7	38.3	42.3	58.2	70.0	86.7
6	Nueva Arcadia	12.7	23.9	24.0	24.9	18.4	19.6	22.2	26.1	15.3	13.7	22.3	33.3	46.5	57.1	68.6	84.3
7	San Antonio	16.2	24.9	24.5	25.1	14.3	18.8	21.6	24.8	12.3	17.3	22.3	38.3	42.8	61.0	68.5	88.2
8	San Jerónimo	18.5	29.6	N/D	N/D	16.9	22.1	N/D	N/D	20.0	16.0	N/D	N/D	55.4	67.7	N/D	N/D
9	San Nicolás	13.6	25.4	25.7	25.9	19.0	20.4	24.6	25.1	10.0	27.3	29.0	38.3	42.6	73.2	79.3	89.4
11	Santa Rita	19.6	28.6	N/D	N/D	18.3	19.3	N/D	N/D	17.3	11.3	N/D	N/D	55.2	59.2	N/D	N/D
<b>CHOLUTECA</b>																	
12	Concepción de María	11.0	17.8	19.9	26.3	17.3	17.6	19.8	22.5	9.9	26.7	35.3	34.0	38.1	62.0	75.1	82.8
13	Duyure	19.5	17.0	20.6	25.1	20.6	24.6	24.4	27.8	21.7	25.0	20.7	28.0	61.7	66.7	65.6	80.9
14	San Marcos de Colón	16.8	21.1	24.8	24.8	20.5	19.4	25.1	24.0	21.9	36.7	27.0	31.7	59.2	77.2	76.9	80.5
<b>LEMPIRA</b>																	
15	Gracias	N/A	24.4	24.0	27.9	N/A	23.2	22.3	22.9	N/A	22.3	37.0	38.3	N/A	69.9	83.4	89.2
16	Belén	14.3	24.4	25.7	27.4	20.8	23.1	24.9	24.8	14.7	19.3	23.7	35.0	49.8	66.8	74.3	87.1
17	Candelaria	15.0	19.3	20.8	24.2	19.8	21.8	22.1	21.9	14.3	14.7	25.0	28.3	49.2	55.7	67.9	74.4
18	Cololaca	24.4	21.2	25.8	25.1	21.9	21.5	25.1	21.1	17.0	14.7	20.3	26.7	63.3	57.3	71.2	72.8
19	Gualcinco	20.4	23.4	27.7	26.4	15.2	23.6	22.1	25.9	12.7	25.0	27.0	25.7	48.3	72.0	76.9	78.0
20	Guarita	23.2	21.8	25.8	26.1	25.1	21.8	25.1	24.5	20.7	22.3	20.3	26.7	68.9	65.9	71.2	77.2
21	La Virtud	19.0	21.1	26.2	26.0	21.4	20.1	25.1	22.1	22.0	23.0	17.0	25.0	62.4	64.2	68.4	73.1
22	Lepaera	20.1	23.6	25.9	28.1	19.7	18.2	22.3	23.1	11.7	24.3	30.7	38.7	51.4	66.1	78.9	89.8
23	Mapulaca	13.8	19.6	20.2	23.3	19.5	24.1	24.2	23.0	8.3	21.3	22.0	22.0	41.6	65.0	66.4	68.3
24	Piraera	18.4	20.2	23.1	26.5	17.9	19.2	22.8	20.9	16.0	22.0	25.0	30.3	52.3	61.4	70.9	77.7
25	San Andrés	17.4	17.8	27.7	26.6	15.5	20.6	21.4	23.0	12.7	19.0	25.7	28.7	45.6	57.4	74.8	78.3
26	San Juan Guarita	22.2	21.9	25.8	26.1	23.5	21.0	24.8	24.0	13.3	15.7	20.3	26.7	59.0	58.6	70.9	76.7
27	San Manuel Colohete	17.0	21.5	27.8	27.4	20.1	19.9	21.2	22.3	16.0	25.3	25.3	36.7	53.1	66.7	74.3	86.4
28	San Sebastián	15.5	22.5	27.0	27.4	14.3	19.7	22.9	24.3	18.1	19.0	19.0	33.3	47.9	61.2	69.0	85.0
29	Tambla	24.5	22.8	25.6	27.4	21.6	20.8	23.1	22.1	18.3	16.3	20.3	26.7	64.4	59.9	69.0	76.2
30	Tomalá	22.5	19.8	25.8	27.2	22.9	22.9	24.0	24.0	15.3	24.0	20.3	33.3	60.8	66.6	70.1	84.5
31	Valladolid	23.9	22.1	25.9	27.3	22.7	18.5	24.3	24.0	17.0	23.0	22.0	31.7	63.5	63.5	72.2	83.0
32	Virginia	19.0	18.6	20.6	24.4	18.4	21.0	24.0	24.0	10.0	11.3	17.7	21.7	47.4	51.0	62.3	70.1
33	San Marcos de Caiquín	16.5	23.9	26.5	26.5	20.5	17.4	23.1	21.8	17.3	24.0	22.3	34.0	54.4	65.4	71.9	82.3
<b>SANTA BÁRBARA</b>																	
37	Macuelizo	26.8	24.6	24.2	25.9	15.0	23.3	22.2	21.1	17.0	24.0	33.0	37.0	58.9	71.9	79.4	83.9
39	Protección	20.7	25.0	25.1	26.2	15.7	24.2	24.9	23.0	26.7	31.0	33.0	37.0	63.0	80.2	83.0	86.1
41	San Marcos	22.4	N/A	N/A	N/A	22.6	N/A	N/A	N/A	19.3	N/A	N/A	N/A	64.3	N/A	N/A	N/A

**Table 41: Primary health service index's score, according to evaluated variable, year and municipality.**

## Annex B: Quality Control Process of the Decentralized Primary Health Services Index Data.

The implementation of this index was developed in three phases: planning and induction, gathering of field information and quality control. Short-term consultants were hired for this activity, with the participation of the Program's permanent staff (territorial coordinators and staff from Component 3).

A quality control process of the data was performed during the last two stages. The Program's staff accompanied the external consultant in COLOSUCA, MAMBOCAURE and Lepaera to verify that all obtained data had its respective supporting documentation.

In MANCOSOL, MOCALEMPA and CHORTI, supporting documentation was verified after the gathering of field information for each variable and sub-variable of the evaluated aspects (birth records, strategic plans, manuals, monitoring reports, payrolls, among others). Thus, quality control was applied to the data obtained in 79% of the sample's municipalities.

No.	Municipality	Initial Score (Percentage)	Revised Score (Percentage)	Difference (Percentage)
1	La Jigua	87.2	86.7	-0.5
2	Nueva Arcadia	78.0	84.3	6.3
3	San Antonio	89.2	88.2	-1.0
4	San Nicolás	88.8	89.4	0.6
5	Tambla	77.5	76.2	-1.3
6	Tomalá	77.3	84.5	7.2
7	Valladolid	77.4	83.0	5.6
8	Guarita	74.2	77.2	3.0
9	San Juan Guarita	70.4	76.7	6.3
10	Cololaca	70.6	78.8	8.2
11	La Virtud	72.5	73.1	0.6
12	Mapulaca	69.1	68.3	-0.8
13	Virginia	70.8	70.1	-0.7
14	Candelaria	75.2	74.4	-0.8
15	Piraera	78.5	77.7	-0.8

**Table 42: Sample of municipalities in which adjustments were made to the initial score of the health index.**

Likewise, each of the tables designed in Excel (in which the service providers uploaded all the information) were revised, correcting typos and inconsistent formulas.

## Annex C: Analysis of the Water Service Integral Index

The water service integral index is part of the impact indicators of USAID|NEXOS. It measures the service situation in municipalities whose service provider is the municipality or a JAAP<sup>17</sup>. It was applied for the first time in 2012, during the preparation of the local services diagnostics, and was the baseline used to measure the progress and results achieved.

Service situation is determined by three key variables: i) technical; ii) social and iii) institutional. The first one evaluates aspects related to service coverage and quality. The second variable assesses civil society's participation in planning and prioritization of service related projects, service management and social control of service providers; and the third one measures aspects related to institutional strength of the service providers in urban and rural areas, institutional strength of COMASs and USCLs and institutional strength of the municipal government as owner of the service.

The process to estimate the index involves the development of two participative events in each municipality:

- a) Event with focus group 1, composed of two representatives from each rural JAAP from the Program's baseline, plus urban JAAPs if any, plus two representatives from the municipality, in case the latter is the service provider in the urban area; and
- b) Event with focus group 2, composed of municipal authorities, officials and employees and representatives from civil society (mancomunidad, COMAS, USCL, community boards, AJAAM, CCT, CT, among others related to service provision).

Collection of information is done every year between June and July; this year (2015) is the fourth consecutive year in which the index has been developed.

USAID|NEXOS established a scale of four categories to classify the results obtained in each municipality that provides the service. According to this scale in 2015, 68% of the providers are located at the "medium" level, the remaining 32% in the "high" level.

Categories	Percentage
Very High	81 – 100
High	61 – 80
Medium	41 – 60
Low	21 – 40
Very Low	0 – 20

In 2015, the index averaged 58.4%, showing a decrease of 3.4%, which represents a decrease of 2.1 percentage points in relation to 2014. The minimum score was 42.7% and the maximum was 69.8%.

**Table 43: Category scales of the water index results.**

Evaluated Variables	Maximum Score	Average Score (Percentage)				Difference (Percentage)		
		2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
<b>Technical</b>	30.0	18.4	20.1	20.6	<b>21.2</b>	1.7	0.5	0.6
<b>Civil Society</b>	40.0	23.2	23.8	25.6	<b>22.2</b>	0.6	1.8	-3.4

<sup>17</sup> In the urban area, the provider may be the municipality or a JAAP; however, in the rural area the provider is usually a JAAP.

Evaluated Variables	Maximum Score	Average Score (Percentage)				Difference (Percentage)		
		2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
<b>Institutional Strength</b>	30.0	9.4	12.9	14.2	<b>15.0</b>	3.5	1.3	0.8
<b>Total Score</b>	100	49.6	56.8	60.5	<b>58.4</b>	7.2	3.7	-2.1

**Table 44: Water service integral index score, according to evaluated variable and year.**

The table above shows that the variable "civil society" affected the index's decrease in 2015, while the variables "institutional strength" and "technical" show a variation of less than 1% (but greater than 0%).

The factors with a greater positive impact on these results are: increase in service coverage, both urban and rural (28%), accountability of urban and rural service providers (16%) and improvement of relations between the municipality as owner of the service and service providers (10%). Other factors that had positive impact in a lesser extent are: formulation of local service policies, organizational training to service providers, accountability reports from service providers to municipalities and allocation of investment resources for water, which is consistent to the fact that the sub-variable of expansion of coverage of urban and rural service shows the highest positive impact in the assessment.

Another important indicator in the quality of service delivery is the chlorination/purification of water for human consumption, which experienced an increase of 3.50 percentage points during the period, in relation to the aqueducts in the municipalities' urban areas, while in the rural aqueducts this indicator shows a small decrease of 0.50 percentage points (0.50%).

On the other hand, in relation to the social aspect, the factor that affected its decrease are: negotiation of service rates between providers and users (-89%), user satisfaction surveys done by service providers (-14%), protection and conservation of watersheds (13%), civil society included in service planning decisions (9%), civil society included in the urban provider's board of directors (9%) and number of social audits applied to service providers (7%). This shows the need to continue developing actions mainly in the social control of services, despite the efforts done in 2015<sup>18</sup>, work is still pending with other JAAPs (aspect considered in the work plan for year 5).

Comparing the results of the scores obtained in 2015 with the baseline (2012), it was found that the aspect with the highest increase is institutional strengthening (60.2%), followed by the technical (15.1%), while the social aspect shows a decrease, however, globally, the index shows an increase above 17%.

The results of this analysis by mancomunidad show that the municipalities from MAMBOCAURE have improvements in the three variables, mainly in the social variable, followed by institutional strength and technical. HIGUITO also shows improvement in the three

<sup>18</sup> This year USAID|NEXOS promoted activities for rate negotiation, social audits and accountability in approximately 25% of the JAAPs from the baseline.

variables, as well as the independent municipalities of Lepaera and Trinidad. Globally, the index shows an increase in all assisted mancomunidades.

The factors with the greatest impact when comparing the 2015 results with the baseline are:

- Service coverage in the rural area.
- Relationship of the municipality with service providers.
- Service users' satisfaction in the urban area.
- Service coverage in the urban area.
- Knowledge of the service's legal framework by the municipality.
- Legal constitution of the COMAS.
- Institutional capacity of rural providers for service provision.
- Availability of instruments by rural providers for service provision.
- Allocation of investment resources by municipalities for water.
- Legal constitution of USCL.
- Identification of community needs by the municipality for improvement and expansion of water service.
- Planning of service provision management by rural providers.
- Accountability of service providers to the municipality.
- Accountability of service providers to users.

The factor that affected negatively are:

- Negotiation of rates between providers and users.
- Civil society included in service planning decisions.
- Protection and conservation of watersheds.
- Providers conducting user satisfaction surveys.
- Administration of financial resources by rural providers.
- Legal constitution of rural providers.

It is important to mention that the poor conditions of the aqueducts, with no possibilities of improvement due to lack of resources from the municipalities or service providers, affect the latter in adjusting service fees periodically. Therefore, service fees remain static, sometimes for several years, without discussing the issue with service users. Due to this situation, USAID|NEXOS began working with the JAAPs in rate negotiation, highlighting topics related to service sustainability.

### **Analysis of results by municipality**

In 2015, the municipality with the highest score is La Virtud (69.8%); while Nueva Arcadia has the lowest score (42.7%). The data shown in the table below conclude the following:

1. In relation to the total valuation of the index, the results show the following:

- 2012 - 2013 period: 29 municipalities (85%) show a positive impact and 5 municipalities (15%) show a negative impact.
- 2013 - 2014 period: 23 municipalities (68%) show a positive impact and 11 municipalities (32%) a negative impact.
- 2014 - 2015 period: 14 municipalities (41%) show a positive impact, while 20 municipalities (59%) show a negative impact.
- 2012 (BL)-2015 period: 29 municipalities (85%) report a positive impact, while in the remaining 5 municipalities (15%) the impact has been negative.

2. Regarding the technical variable, the results show the following:

- 2012 - 2013 period: 28 municipalities (82%) show a positive impact and 6 municipalities (18%) show a negative impact.
- 2013 - 2014 period: 21 municipalities (62%) show a positive impact and 13 municipalities (38%) a negative impact.
- 2014-2015 period: 17 municipalities (50%) show a positive impact, in three municipalities (9%), the impact is null, while 14 municipalities (41%) show a negative impact.
- 2012 (BL)-2015 period: 25 municipalities (74%) report a positive impact, while in the remaining 9 municipalities (26%) the impact has been negative.

3. In relation to the civil society variable, the results show the following:

- 2012-2013 period: 22 municipalities (65%) show a positive impact and 12 municipalities (35%) show a negative impact.
- 2013-2014 period: 25 municipalities (74%) show a positive impact and 9 municipalities (26%) a negative impact.
- 2014-2015 period: 8 municipalities (24%) show a positive impact, in 2 municipalities (6%), the impact is null, while 24 municipalities (70%) show a negative impact.
- 2012 (BL)-2015 period: 10 municipalities (29%) report a positive impact, 1 municipality (3%) has null impact, while in the remaining 23 municipalities (68%) the impact has been negative.

4. Regarding the institutional strength variable, the results show the following:

- 2012-2013 period: 34 municipalities (100%) experienced a positive impact.
- 2013-2014 period: 27 municipalities (79%) show a positive impact and 7 municipalities (21%) a negative impact.
- 2014-2015 period: 21 municipalities (62%) show a positive impact, while 13 municipalities (38%) show a negative impact.
- 2012 (BL)-2015 period: 34 municipalities (100%) experienced a positive impact.

No.	Municipality	Technical (Percentage)				Civil Society (Percentage)				Institutional Strength (Percentage)				Index Score (Percentage)			
		2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
<b>COPAN</b>																	
1	Cabañas	16.5	16.0	N/D	N/D	28.7	28.0	N/D	N/D	17.5	17.2	N/D	N/D	62.8	61.2	N/A	N/A
2	Copán Ruinas	N/A	N/D	N/D	N/D	N/A	N/D	N/D	N/D	N/A	N/D	N/D	N/D	55.0	N/A	N/A	N/A
3	Corquín	17.0	23.5	20.5	26.0	25.0	21.0	30.0	24.0	11.4	14.3	15.7	15.5	53.4	58.8	66.2	65.5
4	Cucuyagua	20.5	21.0	22.5	19.5	22.0	24.0	27.0	30.0	10.4	13.2	18.2	15.4	52.9	58.2	67.7	64.9
5	La Jigua	16.0	20.5	24.0	20.5	25.2	32.0	25.0	23.0	8.1	14.6	13.2	14.4	49.2	67.1	62.2	57.9
6	Nueva Arcadia	17.0	22.5	23.0	23.0	23.1	21.0	12.0	10.0	7.5	10.9	10.0	9.7	47.6	54.4	45.0	42.7
7	San Antonio	20.3	24.5	21.5	23.5	25.9	27.0	26.0	27.0	8.4	9.2	10.8	10.1	54.5	60.7	58.3	60.6
8	San Jerónimo	21.0	18.0	N/D	N/D	22.1	25.0	N/D	N/D	7.2	9.9	N/D	N/D	50.3	52.9	N/A	N/A
9	San Nicolás	19.0	23.0	23.5	26.5	21.8	22.0	21.0	21.0	7.3	12.4	12.5	13.7	48.1	57.4	57.0	61.2
10	San Pedro	19.0	25.5	24.0	24.0	23.0	16.0	22.0	26.0	11.6	13.1	15.6	13.9	53.6	54.6	61.6	63.9
11	Santa Rita	20.0	21.0	N/D	N/D	17.3	23.0	N/D	N/D	9.3	13.4	N/D	N/D	46.6	57.4	N/A	N/A
<b>CHOLUTECA</b>																	
12	Concepción de María	11.0	14.5	14.5	19.0	11.0	22.0	24.0	25.0	10.0	10.6	10.6	12.4	32.0	47.1	49.08	56.36
13	Duyure	17.5	18.5	17.0	14.5	13.0	8.0	29.0	21.0	9.6	13.3	10.8	15.9	40.1	39.8	56.8	51.4
14	San Marcos de Colón	17.5	18.0	21.0	20.5	6.0	10.0	5.0	12.0	8.8	10.2	13.0	15.4	32.3	38.2	38.95	47.90
<b>LEMPIRA</b>																	
15	Gracias	20.0	23.0	24.5	23.5	15.0	16.0	15.0	12.0	10.3	13.7	14.0	14.4	45.3	52.7	53.5	49.9
16	Belén	21.0	18.0	20.5	24.5	27.0	28.0	30.0	26.0	10.8	15.9	16.3	18.2	58.8	61.9	66.8	68.7
17	Candelaria	18.0	18.0	16.5	16.5	28.0	27.0	27.0	23.0	7.4	12.9	13.7	12.0	53.4	57.9	57.2	51.5
18	Cololaca	21.5	24.0	24.5	25.0	24.0	25.0	32.0	20.0	13.3	21.0	21.1	18.9	58.8	70.0	77.6	63.9
19	Gualcinse	18.5	21.5	15.5	21.0	27.0	27.0	27.0	24.0	8.5	9.2	11.7	11.0	54.0	57.7	54.2	56.0
20	Guarita	21.0	19.0	21.5	20.0	27.0	27.0	26.0	20.0	7.8	14.6	17.4	15.3	55.8	60.6	64.9	55.3
21	La Virtud	18.5	21.0	21.5	22.0	25.4	27.0	30.0	27.0	9.5	14.4	18.0	20.8	53.4	62.4	69.5	69.8
22	Lepaera	10.1	16.5	18.5	21.0	22.0	19.0	24.0	19.0	9.7	13.8	17.3	18.0	41.8	49.3	59.8	58.0
23	Mapulaca	15.5	19.0	17.5	20.0	28.7	33.0	35.0	22.0	8.0	10.7	18.0	20.5	52.1	62.7	70.5	62.5
24	Piraera	20.0	17.5	16.0	18.0	27.9	27.0	23.0	24.0	7.2	9.4	12.7	15.9	55.0	53.9	51.7	57.9
25	San Andrés	18.5	18.0	20.0	19.0	28.0	24.0	24.0	24.0	8.4	10.9	13.0	18.1	54.9	52.9	57.0	61.1
26	San Juan Guarita	17.0	22.5	21.0	23.5	23.0	26.0	31.0	25.0	16.6	18.4	18.4	19.8	56.6	66.9	70.4	68.3
27	San Manuel Colohete	18.5	21.5	20.0	17.5	28.0	27.0	32.0	27.0	8.7	11.6	12.9	12.0	55.2	60.1	64.9	56.5
28	San Sebastián	15.0	19.5	23.0	24.0	24.0	27.0	28.0	23.0	10.4	13.2	16.1	11.7	49.4	59.7	67.1	58.7
29	Tambla	20.0	15.5	16.0	15.5	26.0	24.0	28.0	25.0	8.5	11.2	14.3	15.5	54.5	50.7	58.3	56.0
30	Tomalá	21.0	22.0	26.5	22.5	26.0	22.0	22.0	26.0	7.4	12.4	15.3	17.6	54.4	56.4	63.8	66.1
31	Valladolid	17.5	15.5	17.5	18.5	29.0	27.0	29.0	27.0	7.6	11.5	11.5	15.1	54.1	54.0	58.0	60.6
32	Virginia	10.0	11.0	12.0	11.0	32.0	32.0	32.0	27.0	10.7	12.5	19.7	20.7	52.7	55.5	63.7	58.7
33	San Marcos de Caiquín	22.5	23.5	28.5	26.5	27.0	27.0	37.0	20.0	9.0	10.8	11.3	11.6	58.5	61.3	76.8	58.1
<b>SANTA BÁRBARA</b>																	
34	Azacualpa	21.0	23.0	20.5	24.5	23.0	21.0	22.0	18.0	4.5	12.2	10.9	14.8	48.5	56.2	53.4	57.3
35	Macuelizo	14.5	19.0	19.0	21.5	17.0	18.0	18.0	19.0	10.5	12.6	12.6	15.1	42.0	49.6	49.6	55.6
36	Protección	24.0	25.0	22.5	22.0	23.0	27.0	25.0	21.0	6.6	14.2	10.3	12.0	53.6	66.2	57.8	55.0
37	Trinidad	24.5	21.3	26.0	26.5	12.0	17.0	27.0	18.0	10.4	14.6	15.5	14.7	46.9	52.9	68.5	59.2
38	Nueva Frontera	21.0	21.5	20.5	19.5	23.0	27.0	27.0	19.0	8.0	14.4	11.4	11.3	52.0	62.9	58.9	49.8

**Table 45: Water service integral index score, by evaluated variable and municipality.**

From this analysis, USAID|NEXOS identified the main intervention areas to improve the index in 2016.

- Negotiation of service rates between providers and users.
- Civil society included in service planning decisions.
- Civil society included in decisions for prioritization and execution of investment projects for improvement and expansion of coverage.
- Social audits for service providers.
- Accountability of service providers to users.
- User satisfaction surveys done by service providers.

### **Recommendations.**

- Municipalities and mancomunidades must allocate resources for improvement and rehabilitation of water projects (urban and rural), in order to improve service quality. Otherwise, the systems' infrastructure will continue to operate with serious capacity and operational deficiencies, negatively affecting the indicators used to measure the water index.

It is important that investments be developed based on planning done by the local government with participation of civil society in each municipality, in order to optimize the use of available resources and ensure positive results in the water sector.

- Once the service infrastructure has been improved and renovated, providers must be strengthened to improve service delivery under conditions of financial and technical sustainability. It should be considered that the Program's baseline includes 512 JAAPs in the rural area, plus 34 urban providers (municipalities and urban JAAPs), their strengthening requires substantial resources given the total number.
- While resources for improvement and rehabilitation are allocated, it is possible to promote actions that do not demand resources and that have a positive impact on the index.
- The recommended actions are part of the "civil society" variable, in which the most important refers to the negotiation of rates between providers and users. In this regard, it should be taken into account that if the improvements aforementioned are not executed, it will be very difficult to achieve a periodic negotiation of service rates as annual costs of provision increase.

## **Annex D: Quality Control Process of the Water Service Integral Index Data.**

This process was developed in three stages: i) review of the data recorded in each municipality's matrix; ii) field re-visits to selected municipalities; and iii) correction of inconsistencies found.

The first stage was developed in all municipalities in which the index was applied, reviewing each matrix, analyzing each variable, sub-variable, and cross-referencing information with documents and/or technical assistance reports from previous periods. Subsequently, a physical verification is done with the questionnaires used to collect the information of the respective focus groups. If this is enough to correct inconsistencies, these are corrected; otherwise, the second stage should proceed.

The field re-visit stage consists in reviewing the implemented strategy on the field for calculating the index and validate the results from the collection and processing of information obtained from the focus groups and content of questionnaires applied. This stage also includes interviews to technicians from the mancomunidades, municipalities and directives from rural/urban JAAPs and AJAAMs involved in the application process of the water index.

In 2015, the in-field quality control sample included eight municipalities (Proteccion, Macuelizo, Leapera, San Sebastian, San Manuel de Colohete, Gualcinse, Cololaca and Guarita) and four mancomunidades (MANCOSOL, MAVAQUI, CAFEG and COLOSUCA).

The findings of the field revision and cross-referencing of data are included in the last stage, resulting in the final matrixes with the index's score for each municipality.

## Annex E: Open Town Hall Meetings per Municipality (January – September 2015).

No.	Municipality	N° of Open Town Hall Meetings 2013	Total participants meetings 2013			N° of Open Town Hall Meetings 2014	Total participants meetings 2014			N° of Open Town Hall Meetings 2015	Total participants meetings 2015		
			Men	Women	Total		Men	Women	Total		Men	Women	Total
<b>MANCOMUNIDAD OF LENCA MUNICIPALITIES FROM CENTRAL LEMPIRA (COLOSUCA).</b>													
1	Gracias	N/D	0	0	<b>0</b>	2	95	62	<b>157</b>	4	126	95	<b>221</b>
2	Belén	4	127	96	<b>223</b>	4	211	252	<b>463</b>	3	132	117	<b>249</b>
3	San Manuel Colohete	1	0	0	<b>0</b>	N/D	0	0	<b>0</b>	1	60	11	<b>71</b>
4	San Sebastián	1	38	12	<b>50</b>	2	271	71	<b>342</b>	3	189	60	<b>249</b>
5	San Marcos de Caiquín	1	0		<b>0</b>	1	88	63	<b>151</b>	2	84	40	<b>124</b>
<b>INTERMUNICIPAL COUNCIL HIGUITO RIVER (HIGUITO)</b>													
6	Corquín	3	147	141	<b>288</b>	3	265	96	<b>361</b>	3	114	93	<b>207</b>
7	Cucuyagua	3	185	82	<b>267</b>	3	140	72	<b>212</b>	3	175	62	<b>237</b>
8	San Pedro	3	81	44	<b>125</b>	2	85	59	<b>144</b>	3	112	69	<b>181</b>
<b>MANCOMUNIDAD OF THE QUIMISTAN VALLEYS (MAVAQUI)</b>													
9	Azacualpa	5	244	168	<b>412</b>	5	347	239	<b>586</b>	3	237	166	<b>403</b>
10	Macuelizo	5	258	202	<b>460</b>	7	615	422	<b>1037</b>	5	339	272	<b>611</b>
11	Protección	5	446	381	<b>827</b>	5	170	218	<b>388</b>	3	205	295	<b>500</b>
12	Nueva Frontera	4	271	110	<b>381</b>	4	364	197	<b>561</b>	3	233	122	<b>355</b>
<b>MANCOMUNIDAD OF MUNICIPALITIES OF NORTHERN COPAN (CHORTÍ)</b>													
13	La Jigua	4	187	186	<b>373</b>	5	272	300	<b>572</b>	4	206	217	<b>423</b>
14	Nueva Arcadia	2	166	223	<b>389</b>	4	344	365	<b>709</b>	3	109	91	<b>200</b>
15	San Antonio	3	142	138	<b>280</b>	5	339	253	<b>592</b>	4	98	70	<b>168</b>
16	San Nicolás	5	121	158	<b>279</b>	5	71	127	<b>198</b>	4	141	153	<b>294</b>
<b>MANCOMUNIDAD OF SOUTHWEST LEMPIRA (MANCOSOL)</b>													
17	Cololaca	2	21	10	<b>31</b>	2	81	78	<b>159</b>	1	35	45	<b>80</b>

No.	Municipality	N° of Open Town Hall Meetings 2013	Total participants meetings 2013			N° of Open Town Hall Meetings 2014	Total participants meetings 2014			N° of Open Town Hall Meetings 2015	Total participants meetings 2015		
			Men	Women	Total		Men	Women	Total		Men	Women	Total
18	Guarita	2	128	70	<b>198</b>	4	305	131	<b>436</b>	3	N/D	N/D	<b>N/D</b>
19	San Juan Guarita	2	65	72	<b>137</b>	2	96	59	<b>155</b>	1	66	34	<b>100</b>
20	Tambla	3	168	104	<b>272</b>	3	209	175	<b>384</b>	5	237	90	<b>327</b>
21	Tomalá	6	431	276	<b>707</b>	4	325	110	<b>435</b>	4	169	197	<b>366</b>
22	Valladolid	4	207	116	<b>323</b>	3	243	128	<b>371</b>	4	216	177	<b>393</b>
<b>MANCOMUNIDAD OF MUNICIPALITIES OF THE BOTIJA AND GUANCUARE MOUNTAINS (MAMBOCAURE).</b>													
23	Concepción de María	5	294	232	<b>526</b>	4	213	166	<b>379</b>	4	392	248	<b>640</b>
24	Duyure	6	192	371	<b>563</b>	5	183	180	<b>363</b>	2	60	59	<b>119</b>
25	San Marcos de Colón	5	158	102	<b>260</b>	5	184	125	<b>309</b>	4	200	121	<b>321</b>
<b>MANCOMUNIDAD OF MUNICIPALITIES OF SOUTHERN LEMPIRA (MOCAL AND LEMPA RIVERS)</b>													
26	La Virtud	1	25	16	<b>41</b>	2	70	33	<b>103</b>	3	110	73	<b>183</b>
27	Mapulaca	1	57	53	<b>110</b>	4	74	76	<b>150</b>	2	110	79	<b>189</b>
32	Virginia	3	160	176	<b>336</b>	4	213	222	<b>435</b>	2	144	146	<b>290</b>
<b>MANCOMUNIDAD CAFEG</b>													
33	Candelaria	N/D	0	0	<b>0</b>	3	79	72	<b>151</b>	3	200	81	<b>281</b>
34	Gualcinse	2	95	82	<b>177</b>	5	154	110	<b>264</b>	2	77	133	<b>210</b>
35	San Andrés	4	421	339	<b>760</b>	5	661	447	<b>1108</b>	4	60	15	<b>75</b>
36	Piraera	N/D	0	0	<b>0</b>	5	242	122	<b>364</b>	1	232	185	<b>417</b>
<b>OTHERS</b>													
37	Lepaera	3	155	105	<b>260</b>	2	209	233	<b>442</b>	N/D	N/D	N/D	<b>N/D</b>
38	Trinidad	6	270	173	<b>443</b>	5	229	194	<b>423</b>	4	227	171	<b>398</b>
<b>TOTAL</b>		<b>104</b>	<b>5,260</b>	<b>4,238</b>	<b>9,498</b>	<b>124</b>	<b>7,447</b>	<b>5,457</b>	<b>12,904</b>	<b>100</b>	<b>5,095</b>	<b>3,787</b>	<b>8,882</b>

Note: Figures estimated to September 2015.

## Annex F: Municipal Financial Performance Analysis 2012-2015.

According to the analysis of the financial performance in municipalities assisted by the Program, the collected current revenues in 2013 show a decline when compared to 2012. This is mainly due to the following: i) in 2012, the municipalities received the payment of the debt owed from cell phone companies, which was paid almost entirely due to the intervention of CONATEL, AMHON and Congress, who issued an agreement and addendum to the Municipalities Law (The Selective Communications Tax was created); and ii) 2013 was a political year, in which municipal authorities avoid tax collection, especially if running for re-election.

However, thanks to the efforts made by the municipal financial technicians, with the Program's assistance, the impact on the decline of current revenues was minor.

Item	Year (in thousands of L.)				Relative variation (%)		
	2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
<b>Own Source Revenues</b>	<b>127,663.0</b>	<b>118,350.4</b>	<b>116,783.7</b>	<b>136,921.3</b>	<b>-7.3%</b>	<b>-1.3%</b>	<b>17.2%</b>
<b>Current Revenues</b>	<b>118,176.4</b>	<b>113,832.1</b>	<b>113,252.7</b>	<b>131,626.8</b>	<b>-3.7%</b>	<b>-0.5%</b>	<b>16.2%</b>
Tax Revenues	93,439.9	92,983.2	87,970.0	103,475.1	-0.5%	-5.4%	17.6%
Non-Tax Revenues	24,736.5	20,848.9	25,282.7	28,151.8	-15.7%	21.3%	11.3%
<b>Capital Revenues</b>	<b>9,486.6</b>	<b>4,518.3</b>	<b>3,531.0</b>	<b>5,294.4</b>	<b>-52.4%</b>	<b>-21.9%</b>	<b>49.9%</b>
Sale of Assets	8,491.5	3,011.3	2,327.2	3,055.9	-64.5%	-22.7%	31.3%
Contributions for Improvements	995.1	1,507.0	1,203.8	2,238.5	51.4%	-20.1%	86.0%

**Table 46: Own source revenue structure (C and D municipalities).**

When analyzing the behavior in the collection of the main sources of own revenues, it is observed that real estate, industry, commerce and service taxes show a varying behavior. However, the technical assistance focused mainly on income generation from these items (implementation of RUC, tax audits, implementation of the new catalogue of values, cadaster survey, among others) is contributing to reverse the 2013 negative scenario. Since 2014, the collection of these taxes has been increasing.

In the case of public services provided by municipalities (water, sewage, solid waste collection), the collection of revenues shows an increasing trend, which shows that the strategies implemented by USAID|NEXOS are having positive impacts (promotion of sustainable rates, implementation of CUSP, among others).

Finally, another evaluated aspect is the recovery of arrears. Municipalities continue to collect tax arrears with excellent results in the majority, such as Nueva Arcadia, Cucuyagua and Gracias, among others.

It is important to mention that in fiscal year 2015, of the total recovery of arrears (tax and services) in all municipalities (approximately 11.9 million lempiras), 84% (10 million lempiras) is reported by municipalities (15) that received direct technical assistance to implement the administrative procedure for recovery of tax arrears.

Rubros	Year (in thousands of L.)				Variation from year to year (%)		
	2012	2013	2014	2015	2013/2012	2014/2013	2015/2014
<b>Own Source Revenues</b>	<b>62,240.8</b>	<b>54,218.3</b>	<b>61,948.2</b>	<b>69,865.1</b>	<b>-12.9%</b>	<b>14.3%</b>	<b>12.8%</b>
<b>Taxes</b>	<b>41,385.2</b>	<b>35,696.8</b>	<b>38,391.5</b>	<b>45,349.9</b>	<b>-13.7%</b>	<b>7.5%</b>	<b>18.1%</b>
Real Estate Taxes	11,605.7	10,267.9	11,838.9	13,593.4	-11.5%	15.3%	14.8%
Industry, Commerce and Service Taxes.	29,779.5	25,428.9	26,552.6	31,756.5	-14.6%	4.4%	19.6%
<b>Service Taxes</b>	<b>8,967.4</b>	<b>9,027.6</b>	<b>9,435.0</b>	<b>12,566.3</b>	<b>0.7%</b>	<b>4.5%</b>	<b>33.2%</b>
Water	3,337.8	3,380.5	3,812.8	5,156.3	1.3%	12.8%	35.2%
Sewage	2,043.1	2,035.4	2,071.1	2,933.3	-0.4%	1.8%	41.6%
Solid Wastes	3,586.6	3,611.6	3,551.1	4,476.7	0.7%	-1.7%	26.1%
<b>Recovery of Arrears</b>	<b>11,888.2</b>	<b>9,493.9</b>	<b>14,121.7</b>	<b>11,948.9</b>	<b>-20.1%</b>	<b>48.7%</b>	<b>-15.4%</b>
From Taxes	10,561.8	8,194.4	11,687.2	9,452.7	-22.4%	42.6%	-19.1%
From Services	1,326.4	1,299.5	2,434.5	2,496.2	-2.0%	87.3%	2.5%

**Table 47: Behavior of items with greatest impact from USAID|NEXOS's technical assistance.**

## Annex G: Results of Recovery of Tax Arrears per Municipality by Year (in Lempiras).

Municipality	2013			2014			2015			Variación (%) 2014/2013		Variación (%) 2015/2014	
	Recovery of tax and rights arrears (L.)	Recovery of municipal service arrears (L.)	Total recovery (L.)	Recovery of tax and rights arrears (L.)	Recovery of municipal service arrears (L.)	Total recovery (L.)	Recovery of tax and rights arrears (L.)	Recovery of municipal service arrears (L.)	Total recovery (L.)	Relative	Real	Relative	Real
Gracias	365,616.9	171,972.9	<b>537,589.8</b>	807,958.6	335,743.7	<b>1,143,702.3</b>	812,429.2	435,688.7	<b>1,248,117.8</b>	112.7%	100.5%	9.1%	4.6%
Belén	75,467.8	0.0	<b>75,467.8</b>	74,542.7	0.0	<b>74,542.7</b>	74,660.7	0.0	<b>74,660.7</b>	-1.2%	-6.9%	0.2%	-4.0%
San Manuel Colohete	172,476.7	7,555.0	<b>180,031.7</b>	47,761.7	28,503.2	<b>76,264.9</b>	127,228.1	11,408.0	<b>138,636.1</b>	-57.6%	-60.1%	81.8%	74.3%
San Sebastian	17,601.8	0.0	<b>17,601.8</b>	46,403.1	0.0	<b>46,403.1</b>	31,013.7	0.0	<b>31,013.7</b>	163.6%	148.4%	-33.2%	-35.9%
San Marcos de Caiquín	64,997.5	1,840.0	<b>66,837.5</b>	35,389.1	3,200.0	<b>38,589.1</b>	65,692.6	1,400.0	<b>67,092.6</b>	-42.3%	-45.6%	73.9%	66.7%
Corquín	115,379.7	77,750.0	<b>193,129.7</b>	304,304.9	186,904.1	<b>491,209.0</b>	527,160.5	369,545.3	<b>896,705.8</b>	154.3%	139.7%	82.6%	75.0%
Cucuyagua	590,372.7	0.0	<b>590,372.7</b>	657,772.7	179,549.0	<b>837,321.7</b>	478,833.6	198,188.0	<b>677,021.6</b>	41.8%	33.6%	-19.1%	-22.5%
San Pedro de Copán	126,922.9	74,510.0	<b>201,432.9</b>	127,964.1	66,345.0	<b>194,309.1</b>	292,456.3	155,480.0	<b>447,936.3</b>	-3.5%	-9.1%	130.5%	121.0%
Azacualpa	842,523.8	200,485.5	<b>1,043,009.4</b>	1,112,996.2	253,136.9	<b>1,366,133.0</b>	306,209.2	171,297.8	<b>477,507.0</b>	31.0%	23.4%	-65.0%	-66.5%
Macuelizo	507,119.7	129,334.5	<b>636,454.3</b>	570,397.2	309,251.3	<b>879,648.5</b>	1,022,505.7	261,515.3	<b>1,284,021.0</b>	38.2%	30.2%	46.0%	39.9%
Nueva Arcadia	641,305.3	124,619.5	<b>765,924.8</b>	1,252,254.8	81,535.0	<b>1,333,789.8</b>	764,655.2	164,792.0	<b>929,447.2</b>	74.1%	64.1%	-30.3%	-33.2%
San Nicolás	1,431,122.6	47,632.3	<b>1,478,754.9</b>	2,414,368.5	247,099.4	<b>2,661,467.9</b>	1,549,549.8	136,200.0	<b>1,685,749.8</b>	80.0%	69.6%	-36.7%	-39.3%
San Marcos de Colón	310,938.7	103,912.7	<b>414,851.4</b>	211,469.4	282,824.1	<b>494,293.5</b>	571,159.3	134,536.9	<b>705,696.2</b>	19.1%	12.3%	42.8%	36.9%
Lepaera	503,249.7	80,355.0	<b>583,604.7</b>	544,182.9	64,909.4	<b>609,092.3</b>	448,857.8	64,809.7	<b>513,667.5</b>	4.4%	-1.7%	-15.7%	-19.1%
Trinidad	778,210.0	260,743.8	<b>1,038,953.8</b>	650,669.3	395,245.3	<b>1,045,914.6</b>	496,223.7	380,138.2	<b>876,362.0</b>	0.7%	-5.1%	-16.2%	-19.7%
<b>TOTAL</b>	<b>6,543,305.8</b>	<b>1,280,711.3</b>	<b>7,824,017.1</b>	<b>8,858,435.0</b>	<b>2,434,246.3</b>	<b>11,292,681.3</b>	<b>7,568,635.3</b>	<b>2,485,000.0</b>	<b>10,053,635.2</b>	<b>44%</b>	<b>36%</b>	<b>-11%</b>	<b>-15%</b>

Note: USA fiscal year.

## Annex H: Collection from Service Fees per Municipality by Year (in Lempiras).

Municipality	Water (L.)				Sewage (L.)				Solid waste disposal (L.)			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Corquín	219,706.25	201,800.00	196,894.00	543,338.74	133,030.08	123,320.50	120,161.00	196,322.04	120,485.00	133,847.50	99,308.75	172,537.79
Cucuyagua	238,150.00	223,650.00	353,014.00	371,682.00	86,020.00	72,285.00	81,112.00	65,546.00	112,290.00	109,520.00	99,826.00	172,509.00
Nueva Arcadia	0.00	0.00	0.00	22,585.00	264,761.56	236,721.78	241,073.63	274,660.00	627,299.97	619,474.69	585,490.85	640,051.00
San Pedro de Copán	71,595.00	86,975.00	88,640.00	163,550.00	44,730.00	40,965.00	42,165.00	90,375.00	144,280.00	151,920.00	136,465.00	176,180.00
San Marcos de Colón	0.00	100.00	1,440.00	0.00	174,817.26	167,074.06	197,705.60	271,716.39	119,113.10	120,292.61	149,091.00	145,686.32
Lepaera	266,145.50	381,748.18	415,079.82	429,939.50	120,696.20	226,061.78	151,667.55	196,243.21	155,371.32	245,494.72	171,957.44	255,853.52
Azacualpa	181,318.55	190,951.00	395,826.49	366,476.99	116,205.00	126,451.85	169,204.06	250,091.24	108,803.55	100,384.50	127,756.85	235,746.82
Macuelizo	62,474.00	54,534.00	53,715.00	64,937.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
San Nicolás	199,336.04	171,764.53	179,593.01	255,327.65	77,141.11	74,969.95	80,036.00	121,666.00	24,650.64	23,475.00	26,527.00	107,420.00
Belén	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
San Manuel Colohete	6,479.00	2,500.00	3,492.00	3,921.00	13,820.50	9,200.00	12,182.50	14,100.00	1,904.00	1,373.00	1,076.00	664.00
San Sebastián	0.00	0.00	0.00	7,640.00	0.00	0.00	0.00	17,720.00	0.00	0.00	0.00	0.00
Tomalá	0.00	0.00	0.00	0.00	36,890.00	37,550.00	40,993.67	58,114.28	13,470.00	14,610.00	12,160.00	14,479.81
San Marcos de Caiquín	0.00	0.00	680.00	0.00	19,400.00	14,620.00	15,640.00	25,782.40	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,245,204.34</b>	<b>1,314,022.71</b>	<b>1,688,374.32</b>	<b>2,229,397.88</b>	<b>1,087,511.71</b>	<b>1,129,219.92</b>	<b>1,151,941.01</b>	<b>1,582,336.56</b>	<b>1,427,667.58</b>	<b>1,520,392.02</b>	<b>1,409,658.89</b>	<b>1,921,128.26</b>

Note: USA fiscal year.

## Annex I: Civil Society Organization Monetary Grants to September 30, 2015.

Grantee and Beneficiary Organization if Applicable	Project Name	USAID NEXOS Grant Budget In USD	Cost-Sharing Budget In USD	Total Budget in USD	Execution Period in Months	Date Agreement Signed	USAID NEXOS Disbursement to Date in USD	Cost-Sharing to Date in USD
<b>RFA USAID NEXOS 2014 # 001</b>								
Junta Administradora de Agua, Belén Centro	Improved Administration and Access to Water Service in Belén, Lempira	101,296.83	103,047.68	204,344.51	12	9/29/2014	68,479.35	11,815.37
Organización Desarrollo Integral Alternativo (DIA)/ Red Regional de CCT de Occidente.	Transparency with Citizen Participation to Transform.	95,417.87	79,765.23	175,183.10	12	10/20/2014	27,280.02	10,365.15
Fundación BANHCAFE para el Desarrollo de las Comunidades Cafeteras de Honduras (FUNBANHCAFE)	Equitable and Sustainable Access to Quality Water in 5 Communities of the Nueva Arcadia Municipality in the Copán Department	98,544.34	44,117.63	142,661.97	12	9/29/2014	98,544.34	30,052.83
Fundación Helvetas Honduras.	Local Service System for Management of Third Category Roads.	100,818.01	21,223.00	122,041.01	12	9/29/2014	100,818.01	22,277.40
Junta Administradora de Agua y Saneamiento de la Comunidad de Aguilotte	Improvement of 2,215 Meters of Pipeline for the Potable Water System.	17,652.47	5,710.85	23,363.32	3	9/29/2014	17,652.47	6,338.00
Organismo Integral de Desarrollo de Honduras (O.I.D.H)	Strengthening of Social Initiatives for Water Quality Improvement in 4 Municipalities of the Department of Copán.	68,430.08	14,329.97	82,760.05	12	9/29/2014	68,430.08	6,353.14
Centro de Estudio y Solidaridad para América Latina, CESAL-Honduras	Whit Entrepreneurial Youth, Culture, Sports and Work, United for Violence Prevention	81,556.89	35,941.65	117,498.54	12	02/24/2015	50,684.85	6,592.24
Mancomunidad de Municipios del Valle de Quimistan MAVAQUI	Strengthening of Local Capacity of Water Boards and Municipal Associations of Water Boards in the MAVAQUI Influence Area.	44,682.65	9,243.06	53,925.71	6	02/24/2015	8,936.53	4,707.08
Junta de Agua Municipal de Concepción de María	The AJAM Present in Environmental Conservation and Human Development, with Training of New Community Leaders	94,332.16	19,887.35	114,219.51	12	02/24/2015	54,663.09	9,243.07
<b>RFA USAID NEXOS 2014 # 002</b>								

Grantee and Beneficiary Organization if Applicable	Project Name	USAID NEXOS Grant Budget In USD	Cost-Sharing Budget In USD	Total Budget in USD	Execution Period in Months	Date Agreement Signed	USAID NEXOS Disbursement to Date in USD	Cost-Sharing to Date in USD
Mancomunidad de municipios Lencas del Centro de Lempira, COLOSUCA	Improvement of the San Manuel de Colohete Water Service through the Construction of the System and Strengthening of Local Capacity.	150,000.00	187,345.45	337,345.45	11	09/23/2015	0.00	
Mancomunidad de municipios Lencas del Centro de Lempira, COLOSUCA	Improved Access to Laboratory Services for Provision of Quality Health Service to the Municipalities of San Manuel de Colohete, San Sebastian, San Marcos de Caiquin and Belen in the Lempira Department.	58,150.25	21,736.36	79,886.61	11	09/23/2015	0.00	
Organismo Cristiano de Desarrollo Integral de Honduras (OCDIH)	Improvement of Water Service Coverage and Quality through Active Civil Society Participation in the Management and Administration of the Trinidad Municipality of Santa Barbara.	129,730.36	27,551.99	157,282.34	11	09/23/2015	0.00	
Organización Para El Desarrollo de Corquín "ODECO"	Organizational Strengthening and Improvement of Water Quality in 4 Communities of the San Pedro Copán.	55,823.46	11,613.36	67,436.82	11	09/23/2015	0.00	
Organización Para El Desarrollo de Corquín "ODECO"	Organizational Strengthening and Improvement of Water Quality in 4 Communities of the Cucuyagua Copan Municipality.	52,469.76	20,992.77	73,462.53	11	09/23/2015	0.00	
<b>TOTAL AMOUNT OF GRANTS - APRIL 01 TO SEPTEMBER 30, 2015</b>		<b>446,173.83</b>	<b>269,239.93</b>	<b>715,413.76</b>				
<b>TOTAL ACCUMULATED AMOUNT OF GRANTS - LIFE OF PROJECT</b>		<b>1,148,905.13</b>	<b>602,506.35</b>	<b>1,751,411.48</b>			<b>495,488.74</b>	<b>107,744.28</b>

## Annex J: Summary of Small Infrastructure Projects (SIP). September 2015.

No.	Municipality	Community	Code	Name	Status	Percentage of Physical Progress	Total Cost Estimated of SIP (USD)	Estimated NEXOS' Contribution (USD)	Contribution (USD)	Attended Service
1	San Sebastián	Agua Fría - La Chorrera	SIP-2013-001	Repair water storage tank.	Completed.	100	7,068.25	4,211.11	2,857.14	Water
2	Copán Ruinas	El Quebracho	SIP-2013-002	Improvements to the premises of the "Policarpo Bonilla" Rural School.	Completed.	100	23,581.80	20,602.80	2,979.00	Education
3	Santa Rita	El Jaral	SIP-2013-003	Construction of Perimeter Fence for the Maternal and Child Clinic "Hector Bueso Arias".	Completed.	100	33,062.06	21,627.84	11,434.22	Health
4	Cabañas	Urban Area	SIP-2013-004	Expansion and improvement of the Municipal Health Care Unit (CESAMO).	Completed.	100	33,234.20	21,799.98	11,434.22	Health
5	Macuelizo	La Flecha	SIP-2013-005	Completion of Rural Health Center in La Flecha.	Completed.	100	61,097.49	35,593.79	25,503.70	Health
6	Protección	Urban Area	SIP-2013-006	Expansion and improvement to the "Teresa Sarmiento" Health Care Unit (CESAMO).	Completed.	100	82,165.39	46,661.69	35,503.70	Health
7	Cucuyagua	Gualtaya	SIP-2013-007	Improvements to the Gualtaya Rural Health Center.	Completed.	100	37,274.32	26,410.14	10,864.18	Health
8	Azacualpa	Urban Area	SIP-2013-008	Improvements to the water distribution network.	Completed.	100	25,690.56	7,169.96	18,520.60	Water
9	Nueva Frontera	Urban Area	SIP-2013-009	Lighting of public spaces.	Completed.	100	36,020.23	16,060.00	19,960.23	Social Cohesion
10	San Manuel de Colohete	El Cipres	SIP-2013-010	Improvement to "El Cipres" Kindergarten.	Execution.	40	61,716.17	55,016.17	6,700.00	Education
11	San Marcos de Caiquín	Urban Area	SIP-2013-012	Construction of Maternal and Child Home.	Execution.	75	67,546.13	52,181.23	15,364.90	Health
12	Gracias	La Asomada	SIP-2013-013	Remodeling of "Ruben Villeda Bermudez" Health Center	Execution.	35	42,548.51	34,048.51	8,500.00	Health
13	Lepaera	Rural	SIP-2013-014	Remodeling of "Martiniano Diaz" Rural Elementary School.	Execution.	80	56,545.49	34,045.49	22,500.00	Education
14	Tambla	Urban Area	SIP-2013-015	Construction and repair of water tanks.	Execution.	95	24,749.73	15,225.92	9,523.81	Water
15	San Juan Guarita	Urban Area	SIP-2013-016	Construction of technological classroom.	Execution.	10	47,081.58	37,052.04	10,029.54	Education
16	Cololaca	El Obraje	SIP-2013-017	Construction of drinking water system.	Canceled		0.00			
17	Trinidad	Urban Area	SIP-2013-018	Juan Lindo Institute.	Execution.	10	34,491.30	26,991.30	7,500.00	Education
18	Candelaria	Urban Area	SIP-2013-019	Improvements to Career Center	Execution.	65	58,446.11	48,446.11	10,000.00	Education
19	Gualcinse	Urban Area	SIP-2013-020	School building modules.	Request of purchasing		60,509.87	38,059.09	22,450.78	Education

No.	Municipality	Community	Code	Name	Status	Percentage of Physical Progress	Total Cost Estimated of SIP (USD)	Estimated NEXOS' Contribution (USD)	Contribution (USD)	Attended Service
					materials					
20	San Andrés	Urban Area	SIP-2013-021	Expansion of Technical School	Formulation		0.00			Education
21	Mapulaca	Urban Area	SIP-2013-022	Remodeling of Manuel Bonilla School	Request of purchasing materials		70,566.89	51,203.63	19,363.26	Education
22	La Virtud	Urban Area	SIP-2013-023	Construction of Maternal and Child Home	Execution	5	63,221.84	43,470.49	19,751.35	Health
23	Corquín	Aldea Potrerillos	SIP-2013-024	Improvements to Rural Health Center	Execution	75	63,142.53	45,642.53	17,500.00	Health
24	San Pedro	Varias Aldeas	SIP-2014-025	Improvement of water supply system	Canceled		0.00			
25	San Antonio	Urban Area	SIP-2014-026	Improvement of water supply system	Execution	85	46,243.00	37,003.74	9,239.26	Water
26	La Jigua	La Tejera	SIP-2014-027	Reparation of "Estrellas Fugaces" Kindergarten	Execution	35	74,625.79	52,145.90	22,479.89	Education
27	Nueva Arcadia	Urban Area	SIP-2014-028	Reparation of "Dionisio Herrera School"	Canceled		0.00			
28	San Nicolás	Urban Area	SIP-2014-029	Football field lighting and multipurpose court.	Under review by USAID		63,641.58	43,641.58	20,000.00	Social Cohesion
29	San Jerónimo	Urban Area	SIP-2014-030	Water Supply System	Canceled		0.00			
30	Tomalá	Urban Area	SIP-2014-031	Central Plaza Building	Execution	15	96,843.31	58,208.06	38,635.25	Social Cohesion
31	Guarita	OLOSINGO	SIP-2014-032	Expansion and remodeling of CESAR	Request of purchasing materials		79,090.69	56,239.15	22,851.54	Health
32	Valladolid	Urban Area	SIP-2014-033	Improvements in the water supply system.	Canceled		0.00			
33	Piraera	San Felipe	SIP-2014-34	Expansion and remodeling of CESAR.	Canceled		0.00			
34	San Marcos de Colón	Urban Area	SIP-2014-035	Sewer System Improvements.	Canceled		0.00			
35	Concepción de María	Urban Area	SIP-2014-036	Improvements in the water supply system.	Request of purchasing materials		74,213.32	68,213.32	6,000.00	Water
36	Duyure	Urban Area	SIP-2014-037	Supply system improvements.	Canceled		0.00			
37	Virginia	Urban Area	SIP-2014-038	Supply system improvements.	Formulation		0.00			Water
	<b>TOTAL</b>						<b>1,424,418.14</b>	<b>996,971.57</b>	<b>427,446.57</b>	

Nota: preliminary data

## Annex K. Success Story: Mari Norma...an example of entrepreneurship, effort and hard work.



*Mari Norma is a young, 18 year old Lenca girl. She lives in the community of Quebrada Seca, located seven kilometers from the municipality of San Sebastian, in the department of Lempira, and which can only be travelled on foot or horseback.*



*Mari Norma working for the "LENCA" Associative Small Business for Production and Road Maintenance.*



*"Now I do not have to make only kitchen chores for my mom, doing tortillas; now I can help my father bring money home so my little brothers and sisters can eat, and I have decided to do something for myself and my community. I would like for other young women to do the same, to have no fear, because we can also do men's work with dignity and respect", said Mari Norma.*

Mari Norma is the eldest daughter of Cecilio Bautista and his wife Herminia, parents of eight children who lack access to education due to limited financial resources and long distances between their community and school centers. The family grows basic grains, vegetables and fruits to sell in San Sebastian. Mari Norma's parents are leaders in their community and are always willing to participate in various organizations and collaborate in anything that will benefit their community.

One day Mari Norma heard in the radio an announcement to participate in a Gender Equality workshop to be developed in the municipality; she and her parents decided to participate. The workshop's objective was to raise awareness in the population about the importance of including women in the different community activities and open up limited participation spaces. Mari Norma showed great interest, to the extent that she continued with all the training process and achieved to become a beneficiary of the Local Services Project for Tertiary Roads Management, executed by Helvetas Foundation and financed by USAID|NEXOS Program.

Mari Norma is now an active participant in her community, becoming the first woman member of the "LENCA" Associative Small Business for Production and Road Maintenance, which is part of the aforementioned project. This has allowed her to receive training and make significant changes in her personal development and her family's, being an example of entrepreneurship, effort, and work in the municipality of San Sebastian. Previously, Mari Norma's family income was 5 thousand lempiras received only for three months every year through the coffee harvest; today they receive a monthly income of 12 thousand lempiras for her work in the road company.

Mari Norma performs her work without fear of being questioned why she is doing works that were previously qualified as "men's work". She and her father perform several activities, such as cleaning of road sections, construction of ditches, marking and compaction of roads, definition of pumping requirements for roads, among others.

## Annex L. Success Story: Improving women's lives through water service.



**Vilma Carolina Pinto** is a young single mother, with 23 years of age and 4 children, beneficiary of the water project funded by USAID|NEXOS in the village of El Agualote, municipality of Azacualpa, department of Santa Barbara.



*"I thank USAID|NEXOS, because thanks to them we now have more than 12 hours of water every day, I can do laundry services and earn money to sustain my four children, feed them and send them to school", said Vilma Carolina Pinto.*

For many years the residents from the village "El Agualote", in the municipality of Azacualpa, have experienced problems with access to water service, since they only received the service every 15 days, for 7 hours, generating health problems and gastrointestinal diseases, having a negative impact on people's health and productivity.

In this context, the Water Board (JAA) in El Agualote received funds donated by USAID|NEXOS Program to improve the supply and coverage of the water service, which greatly improved the community. This is where the story of Vilma Carolina Pinto, a beneficiary of this project, begins.

Along with household expenses, children's school, preparing food and the responsibilities of being a single mother, Vilma Carolina, from the municipality of Azacualpa, had to walk for more than two hours to the creek to collect water for domestic use. Gastrointestinal and respiratory diseases regularly affected her four children from consuming water from the creek. When she heard that USAID|NEXOS was going to beneficiate the community with a water project, she decided to support the JAA in its execution. She helped cook and brought food to the men from the community who contributed with their labor. She also helped with cleaning and logistic activities in the room where the Water Board met when they did accountability exercises to the community.

Today, El Agualote has the benefit of receiving the water service for more than 12 hours every day. This project has improved Vilma Carolina's life, through the generation of income she receives by doing laundry services for her neighbors, and which she uses to support her home and send her children to school. Another benefit of this project is the reduction of diseases, achieving a better quality of life in the community.

USAID|NEXOS will continue supporting communities and municipal authorities for the improvement of decentralized public services, which will contribute to the welfare of Honduran society.

## Annex M. Success Story: Abdías Martínez, example of youth leadership ... building the present and contributing to the future.



Abdías Martínez is a 22-year-old native of the municipality of Belen, Lempira, a recognized leader, who promoted the "Agenda for Children, Youths and Adolescents" developed by USAID|NEXOS.



"I am grateful with USAID|NEXOS, because thanks to the agenda, the youths have developed several projects. We have also developed several activities to prevent teenage pregnancy, having a positive impact, in 2012 there was an average of 12 teenage pregnancies per year, now in 2015 there is only one pregnancy", said Abdías Martínez.



Children learning through drawing and painting...another priority issue in the agenda.

The municipality of Belen, in the department of Lempira, has an estimated population of 7,328 in 2015. It is characterized as an area with a 12.8% of young population. Throughout the years, the youth has faced different social problems, such as abuse, teenage pregnancy, alcoholism, among others, which negatively affect their quality of life and their future.

In this context, USAID|NEXOS Program developed the "Municipal Agenda for Youth, Children and Adolescents", which aims to contribute to the integral development of youth and children through the implementation of projects that meet their needs. This is where the story of Abdías begins, as an example of youth leadership and influence in the community.

Abdías Martínez comes from a poor family, consisting of his parents and five siblings. During his childhood, his family suffered his father's alcoholism, and he had to work in coffee plantations when he finished elementary school to help with his household needs. This did not stop him from continuing his schooling. Abdías had to walk four hours to get to school. With his perseverance spirit, he then studied to become a technician in social promotion in the municipality of Gracias, and had the opportunity to return to Belen to do his professional practice. This is where his leadership became known; when he heard that USAID|NEXOS was going to work with youth in developing an agenda, he decided to commit to this project.

As part of the agenda, Abdías developed a very important role, together with other youth from 10 communities in the municipality developed the agenda and identified several projects. These include the CURIQUNQUE ROUTE, which promotes tourism in Belen, and SEEDBEDS OF THE FUTURE, a project coordinated by the municipality, which promotes youths' abilities and talents. Throughout this process, Abdías continued to exert his leadership, to the extent that the community appointed him as Municipal Commissioner.

As Commissioner, he had the opportunity to make a positive impact, presenting in an open town hall meeting the issue of alcohol intake in the municipality; influencing the decisions of local authorities. In this context, they issued ordinances to control the sale of alcoholic beverages, reducing consumption by 50% (previously there were 22 stalls selling alcohol drinks, now there are only 6 controlled in the municipality). Abdías's advocacy has had results, since now the municipality of Belen has improved its health and promoted security and tourism.

"Thanks to the technical assistance given by USAID|NEXOS through the agenda, our municipalities' youths now play a leadership and advocacy role, causing positives changes in our community", said Olvin Reyes, Mayor of Belen.

## Annex N. Success Story: Strengthening improvement in public services.



"Before USAID|NEXOS's technical assistance, there was no control in service management, we did not know the exact amount of arrears or illegal connections, we had no exact identification of service users". Said Kelvin Reyes, Municipal Auditor from Azacualpa.



Regina Portillo, from "El Centro" neighborhood, said: "Today we receive the water service every day and in more quantity; we used to have no water for up to three days before".



"I thank USAID|NEXOS, because thanks to them we have strengthened public services in the municipality", said Carlos Orlando Sandrés, Mayor of Azacualpa, Santa Bárbara.

With an area of 222.3 km<sup>2</sup>, the municipality of Azacualpa, in the department of Santa Barbara, has a population of over 20,000 inhabitants, of which 50% are women. Traditionally they cultivate coffee at a small-scale, as well as basic grains, sugar cane, fruits, vegetables, they raise cattle and poultry.

Azacualpa has a health and education index of 0.785 and 0.644, respectively. By department, it occupies the 14th position in the overall classification of the human development index, with a score of 0.626.

In 2010 and 2011, Azacualpa had an increase in its own revenues of 6.8% and 20.9%, respectively. However, in 2012, this scenario was reversed, and the municipality experienced a drop of 8.1% in its revenues. On the other hand, it was necessary to implement a process of updating cadastral values, since the last update dated from 2005. The municipality did not have an office or specialized unit for local services, and the water service was provided only for 3 hours, 4 days a week.

The total number of taxpayers (real estate, industry/commerce/services and personal) was approximately 4,871. However, the municipality lacked a single registry of taxpayers, ignoring the real number of existing taxpayers by taxes and services.

In 2013, USAID|NEXOS designed a municipal strengthening plan, both for the municipality and for civil society. As part of this plan's implementation, a strategy was developed to promote income generation in the municipality: introduction of the single taxpayers' registry (RUC); implementation of tax audits; expansion and/or update of the cadaster registry and filtering of the municipal services' cadaster. Furthermore, a communication strategy was designed with civil society to promote the citizens' active participation in local service management.

Gilberto Eduardo Montoya, head of tax control, said: "The RUC is constantly updated with each person's information, USAID|NEXOS's support was excellent". They can now share a taxpayer's information with other areas in the municipality. Gilberto has also exchanged his experience with technical staff from the municipality of Nueva Frontera.

At the end of 2014, the municipality showed an increase in own revenues of 50%, a much higher number than was observed in the last five years. This increase was influenced by the increase in revenues from property taxes (44%), industry, commerce and services (23%) service taxes (59%), non-tax revenues (102%). Investment in services (roads, education, health, water, among others) increased from 47% in 2013 to 57% in 2014, in relation to total revenues.

The municipality, with support from USAID|NEXOS, improved the water distribution network in the urban area. Currently, residents of this area are receiving the water service every day of the week.

Civil society is also involved in decision-making for service improvement. As part of the communication strategy, joint decisions were made with the local government: reactivation of the municipal chlorine bank, activation of filter to control turbidity of water for human consumption and adjustment of service rates.

## Annex O. Success Story: Contributing to the improvement of decentralized health services.



*Sandra Nohemy Moreno Esquivel is a 30 year-old mother of three children, beneficiary of the CESAMO financed by USAID|NEXOS in the village of La Flecha, municipality of Macuelizo, Santa Barbara.*



*Nora Bonilla, Coordinador of Macuelizo's Health Network, said: "I thank USAID|NEXOS for all the training received, thanks to it we have complied with all quality standards and official regulations, and we are now in the process of licensing with the Ministry of Health".*



*Committee for the Construction of La Flecha's CESAMO, thanking USAID|NEXOS for the technical assistance provided for the construction of the CESAMO.*

The municipality of Macuelizo, located in southern Santa Barbara, develops different agricultural activities, such as cattle farming, coffee cultivation and commerce. Over the years, gastrointestinal diseases and pneumonia have affected its residents. The village of La Flecha had a temporary Medical and Dental Health Center (CESAMO), which barely covered basic assistance activities and had inappropriate physical conditions for medical attention. Due to the need of having a proper health center, USAID|NEXOS benefited Macuelizo by building the necessary infrastructure for the improvement of the CESAMO.

This story began three years ago, when the Committee for the Construction of La Flecha's CESAMO was created, with the purpose of coordinating and allocating resources with civil society to obtain materials for the construction of the CESAMO's first stage. The Committee implemented several activities, such as "Operation Block", from which they obtained construction blocks from the community. They also obtained materials from a sugar company and received resources from the Municipality and MAVAQUI.

Subsequently, in a second stage, the Committee allocated funds with USAID|NEXOS to complete the CESAMO's construction. They now have one of the best health centers in the area and provide quality service to the population. Sandra Nohemy Moreno is one of the beneficiaries of the health center; she was born in Macuelizo and comes from a poor family. She has three children who have been affected by several diseases; yet their health condition improved with the new CESAMO. "I thank God for the construction of the new health center, now my children receive better medical attention, receive medicines and the center has nice and spacious facilities. The old CESAMO was too small, people were crowded, it was too close to the street and was dangerous for children's safety", said Sandra. Another important improvement is the medical attention for adults, prenatal control and contraceptive monitoring for women. In addition, with the new facilities, patients can now receive dental services, since before there was no space for it, and patients had to travel to another health center, which generated additional costs.

The CESAMO provides decentralized health services, managed by the municipality of Macuelizo. USAID|NEXOS has applied the health index to learn the health needs in the area, and has provided technical assistance by training the service providers (doctors, nurses and health volunteers) and the service manager to provide quality care for patients. It is also important to mention that with the construction of this new CESAMO, the service manager no longer has to rent the space where the old center operated.

This project is a perfect example of how coordination and collaboration between civil society and municipal government improves the health service. Thus, civil society is involved through the provision of local labor for the project, and the municipality contributes with a financial counterpart.

## Annex P. Milestones Status.

Indicator	Year	Milestone	Actual Completed	Percent Completed	Milestone Date	% Total Fee	Fee	Status
Percentage of own source municipal income invested in locally provided services.	Year 1	Baseline (BL)			Sept 2012	1.27%	\$9,135.38	Complete
Average index of primary health decentralized services.	Year 1	Baseline	54%		Sept 2012	1.27%	\$9,135.38	Complete
Water service average index.	Year 1	Baseline	50%		Sept 2012	1.27%	\$9,135.38	Complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 1	60 Individuals			Sept 2012	1.27%	\$9,135.38	Complete
Growth rate of own source revenue.	Year 1	Baseline	20%		Sept 2012	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 1	200 Individuals	204	102%	March 2012	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 1	150 Individuals	208	139%	Sept 2012	1.27%	\$9,135.38	Complete
Percentage of own source municipal income invested in locally provided services.	Year 2	BL + 5pp	49% (BL)		Sept 2013	1.27%	\$9,135.38	Need Status*
Average index of primary health decentralized services.	Year 2	BL + 5pp	64%	109%	Sept 2013	1.27%	\$9,135.38	Complete
Water service average index.	Year 2	BL + 5pp	57%	104%	Sept 2013	1.27%	\$9,135.38	Complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 2	600 Individuals	721	120%	March 2013	1.27%	\$9,135.38	Complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 2	940 Individuals	1142	121%	Sept 2013	1.27%	\$9,135.38	Complete
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 2	39 Organizations	63	162%	March 2013	1.27%	\$9,135.38	Complete
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 2	60 Organizations	63	105%	Sept 2013	1.27%	\$9,135.38	Complete
Number of "municipios" in which the CSOs implement at least one mechanism for external oversight of public resource use supported by USG assistance (cumulative).	Year 2	16 Municipios	2	13%	Sept 2013	1.27%	\$9,135.38	Non-completed
Number of individuals who participate in local government and service provider accountability events.	Year 2	110 Individuals	262	238%	March 2013	1.27%	\$9,135.38	Complete

Indicator	Year	Milestone	Actual Completed	Percent Completed	Milestone Date	% Total Fee	Fee	Status
Number of individuals who participate in local government and service provider accountability events.	Year 2	110 Individuals	197	179%	Sept 2013	1.27%	\$9,135.38	Complete
Growth rate of own source revenue.	Year 2	4%	-16%	0%	Sept 2013	1.27%	\$9,135.38	Non-completed
Number of sub-national government entities receiving USG assistance to improve their performance.	Year 2	20 Entities	36	180%	Sept 2013	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 2	154 Individuals	544	353%	March 2013	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 2	154 Individuals	173	112%	Sept 2013	1.27%	\$9,135.38	Complete
Number of decentralization constraints identified and addressed by service.	Year 2	2 Constraints	2	100%	Sept 2013	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 2	84 Individuals	105	125%	March 2013	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 2	84 Individuals	91	108%	Sept 2013	1.27%	\$9,135.38	Complete
Percentage of respondents who report high satisfaction with healthcare services delivery.	Year 3	TBD	71%	103%	Sept 2014	1.27%	\$9,135.38	Complete
Percentage of own source municipal income invested in locally provided services.	Year 3	2013 + 7pp	45%	80%	Sept 2014	1.27%	\$9,135.38	Partially complete
Average index of primary health decentralized services.	Year 3	2013 + 5pp	73%	104%	Sept 2014	1.27%	\$9,135.38	Complete
Water service average index.	Year 3	2013 + 5pp	61%	98%	Sept 2014	1.27%	\$9,135.38	Partially complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 3	1300 Individuals	725 individual	56%	March 2014	1.27%	\$9,135.38	Partially complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 3	1700 Individuals	1760	104%	Sept 2014	1.27%	\$9,135.38	Complete
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 3	105 Organizations	109	104%	March 2014	1.27%	\$9,135.38	Complete
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 3	132 Organizations	161	122%	Sept 2014	1.27%	\$9,135.38	Complete

Indicator	Year	Milestone	Actual Completed	Percent Completed	Milestone Date	% Total Fee	Fee	Status
Number of "municipios" in which the CSOs implement at least one mechanism for external oversight of public resource use supported by USG assistance (cumulative).	Year 3	15 Municipios	15	100%	Sept 2014	1.27%	\$9,135.38	Complete
Number of individuals who participate in local government and service provider accountability events.	Year 3	1410 Individuals	1,407 individuals	100%	March 2014	1.27%	\$9,135.38	Complete
Number of individuals who participate in local government and service provider accountability events.	Year 3	530 Individuals	593	112%	Sept 2014	1.27%	\$9,135.38	Complete
Growth rate of own source revenue.	Year 3	8%	-2%	0%	Sept 2014	1.27%	\$9,135.38	Non-completed
Number of sub-national government entities receiving USG assistance to improve their performance.	Year 3	40 Entities	40	100%	Sept 2014	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 3	265 Individuals	223	84%	March 2014	1.27%	\$9,135.38	Partially complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 3	159 Individuals	175	110%	Sept 2014	1.27%	\$9,135.38	Complete
Number of decentralization constraints identified and addressed by service.	Year 3	2 Constraints	2	100%	Sept 2014	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 3	124 Individuals	97 individuals	78%	March 2014	1.27%	\$9,135.38	Partially complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 3	124 Individuals	125	101%	Sept 2014	1.27%	\$9,135.38	Complete
Percentage of own source municipal income invested in locally provided services.	Year 4	2014 + 9pp	43%	82%	15-sep	1.27%	\$9,135.38	Partially complete
Average index of primary health decentralized services.	Year 4	2014 + 3pp	81.2%	108%	15-sep	1.27%	\$9,135.38	Complete
Water service average index.	Year 4	2014 + 3pp	58.4%	92%	15-sep	1.27%	\$9,135.38	Partially complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 4	1700 Individuals	1718	101%	15-mar	1.27%	\$9,135.38	Complete
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 4	1700 Individuals	2537	149%	15-sep	1.27%	\$9,135.38	Complete
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 4	144 Organizations	162	113%	15-mar	1.27%	\$9,135.38	Complete

Indicator	Year	Milestone	Actual Completed	Percent Completed	Milestone Date	% Total Fee	Fee	Status
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 4	144 Organizations	163	113%	15-sep	1.27%	\$9,135.38	Complete
Number of "municipios" in which the CSOs implement at least one mechanism for external oversight of public resource use supported by USG assistance (cumulative).	Year 4	25 Municipios	30	120%	15-sep	1.27%	\$9,135.38	Complete
Number of individuals who participate in local government and service provider accountability events.	Year 4	1410 Individuals	1565	111%	15-mar	1.27%	\$9,135.38	Complete
Number of individuals who participate in local government and service provider accountability events.	Year 4	530 Individuals	605	114%	15-sep	1.27%	\$9,135.38	Complete
Growth rate of own source revenue.	Year 4	10%	12%	124%	15-sep	1.27%	\$9,135.38	Complete
Number of sub-national government entities receiving USG assistance to improve their performance.	Year 4	40 Entities	40	100%	15-sep	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 4	159 Individuals	168	106%	15-mar	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 4	159 Individuals	146	92%	15-sep	1.27%	\$9,135.38	Partially complete
Number of decentralization constraints identified and addressed by service.	Year 4	2 Constraints	2	100%	15-sep	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 4	124 Individuals	127	102%	15-mar	1.27%	\$9,135.38	Complete
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 4	44 Individuals	74	168%	15-sep	1.27%	\$9,135.38	Complete
Percentage of respondents who report high satisfaction with healthcare services delivery.	Year 5	TBD			16-mar	1.47%	\$10,568.38	
Percentage of own source municipal income invested in locally provided services.	Year 5	2015 + 10pp			16-sep	1.47%	\$10,568.38	
Average index of primary health decentralized services.	Year 5	2015 + 3pp			16-sep	1.47%	\$10,568.38	
Water service average index.	Year 5	2015 + 3pp			16-sep	1.47%	\$10,568.38	
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 5	1700 Individuals			16-mar	1.47%	\$10,568.38	

Indicator	Year	Milestone	Actual Completed	Percent Completed	Milestone Date	% Total Fee	Fee	Status
Number of men and women of the civil society participating in meetings with local authorities for decision-making with impact in the service improvement performance.	Year 5	860 Individuals			16-sep	1.47%	\$10,568.38	
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 5	144 Organizations			16-mar	1.47%	\$10,568.38	
Number of civil society organizations receiving USG assistance engaged in advocacy interventions.	Year 5	144 Organizations			16-sep	1.47%	\$10,568.38	
Number of "municipios" in which the CSOs implement at least one mechanism for external oversight of public resource use supported by USG assistance (cumulative).	Year 5	30 Municipios			16-sep	1.47%	\$10,568.38	
Number of individuals who participate in local government and service provider accountability events.	Year 5	1410 Individuals			16-mar	1.47%	\$10,568.38	
Number of individuals who participate in local government and service provider accountability events.	Year 5	90 Individuals			16-sep	1.47%	\$10,568.38	
Growth rate of own source revenue.	Year 5	8%			16-sep	1.47%	\$10,568.38	
Number of sub-national government entities receiving USG assistance to improve their performance.	Year 5	40 Entities			16-sep	1.47%	\$10,568.38	
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 5	59 Individuals			16-mar	1.47%	\$10,568.38	
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen local government.	Year 5	59 Individuals			16-sep	1.47%	\$10,568.38	
Number of decentralization constraints identified and addressed by service.	Year 5	1 Constraint			16-sep	1.47%	\$10,568.38	
Number of men and women who received USG assisted training including management skills and fiscal management to strengthen decentralization.	Year 5	44 Individuals			16-mar	1.47%	\$10,568.38	
						<b>100%</b>	<b>\$718,649.77</b>	

\* In september 2013 this milestone became Base Line.