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UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

HONDURAS

PROJECT PAPER

RURAL WATER AND SANITATION SYSTEMS
(Amendment)

AID/LAC/P-044/1

Project Number: 522-0166
Loan Number: 522-U-036

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE: C A = Add, G = Change, D = Delete
 Amendment Number #1

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: HONDURAS

3. PROJECT NUMBER: 522-0166

4. BUREAU/OFFICE: LAC, 05

5. PROJECT TITLE (maximum 40 characters): RURAL WATER AND SANITATION SYSTEMS

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM DD YY 09 03 85

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4):
 A. Initial FY 80, B. Quarter 2, C. Final FY 85

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 80			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	5,058	5,442	10,500	10,986	9,514	20,500
(Grant)	(370)	(130)	(500)	(870)	(130)	(1,000)
(Loan)	(4,688)	(5,312)	(10,000)	(10,116)	(9,384)	(19,500)
Other U.S. 1.						
Other U.S. 2.						
Host Country		7,695	7,695		7,695	7,695
Other Donor(s)						
TOTALS	5,058	13,137	18,195	10,986	17,209	28,195

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) HE	513	540	540			500	9,500	1,000	19,500
(2)									
(3)									
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BR	LAB	TECH
B. Amount	100%	98%	100%

13. PROJECT PURPOSE (maximum 480 characters)

Expand access to, and use of, safe water supplies and human waste disposal systems in rural Honduras

14. SCHEDULED EVALUATIONS

Interim	MM	YY	MM	YY	Final	MM	YY
	04	82	11	85		11	87

15. SOURCE/ORIGIN OF GOODS AND SERVICES Motorcycles

Grant	Loan	Both
<input checked="" type="checkbox"/> 000	<input checked="" type="checkbox"/> 941	<input checked="" type="checkbox"/> Local

Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY: Anthony J. Cauterucci, Mission Director

Signature: [Signature]

Title: Mission Director

Date Signed: MM DD YY 07 31 83

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM	DD	YY

PROJECT AUTHORIZATION
(Amendment No. 1)

Name of Country: Honduras
Name of Project: Rural Water and Sanitation
Number of Project: 522-0166
Number of Loan: 522-U-036

1. Pursuant to Section 108 of the Foreign Assistance Act of 1961, as amended the Rural Water and Sanitation Project for the Republic of Honduras was authorized on March 31, 1980. That authorization is hereby amended as follows:

a. Paragraph 1 of the authorization is hereby deleted in its entirety and the following substituted therefor:

"1. Pursuant to Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Rural Water and Sanitation Project for the Republic of Honduras (the "Cooperating Country") involving planned obligations of not to exceed NINETEEN MILLION FIVE HUNDRED THOUSAND U.S. DOLLARS (\$19,500,000) in Loan funds ("Loan") and ONE MILLION U.S. DOLLARS (\$1,000,000) in Grant funds ("Grant") over a five year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project."

2. The authorization cited above remains in force except as hereby amended.

Signature: _____

Anthony J. Cauterucci
Anthony J. Cauterucci, Mission Director
USAID/Honduras

Date: 7/29/82

Drafted: PCR:RLBaum ELS/RLB

Cleared: BSmith/ENG W/S
EZallman/PCR ELB
PAmos/CONT W/S
RLNicholson/DMD: RLN

PP SUPPLEMENT
HONDURAS: RURAL WATER AND SANITATION
(Project 522-0166)

I. Project Status

The Project was designed to assist the Government of Honduras in expanding access to and promoting the use and maintenance of safe water supplies and human waste disposal systems. The Project focused on providing systems for communities with populations under 2,000 and was limited to the Departments of Ocotepeque, Lempira, Copán, Santa Bárbara and Cortés. The decision to address the needs of the rural inhabitants of this area was based upon the region's greater poverty and need, coupled with the lack of significant prior international donor commitment to assist the GOH in development programs in this geographic region. Project activities were complemented by the A.I.D. funded Rural Trails and Access Roads Project operating in the same departments.

The Project was intended to expand the construction capabilities of the executing agencies, the Ministry of Health (MOH) and the Autonomous Water and Sewer Authority (SANAA), by financing self-help installation of approximately 180 gravity-flow aqueducts, the rehabilitation or upgrading of 50 piped water systems, the excavation of 3,000 hand dug wells to be furnished with hand pumps, repair and rehabilitation of 800 wells, the construction of 21 community sewer systems and the installation of approximately 18,000 pit latrines and 14,000 water seal latrines. A Maintenance Program was designed through which the benefitting communities would maintain well based water systems constructed with assistance from the Ministry of Health, and SANAA would collect user fees and maintain piped water systems built with its assistance. A Health Education Activity was included with the objective of changing sanitary and related health practices in order to achieve the maximum health benefit from the water and sanitation systems.

The Project Agreement was signed March 31, 1980. It took approximately 18 months to initiate construction activity due to the length of time needed for international procurement of basic construction materials and equipment, and to contract and train the staff required to execute the project. At the present rate of progress, the targets for most widely accepted interventions, the construction and rehabilitation of piped water systems and the installation of water seal latrines, will be reached and possibly surpassed. On the other hand, construction of wells equipped with hand pumps and rural sewer systems has gone much more slowly, and funding is being reprogrammed to finance the more successful project activities. The construction activities completed or projected for completion by June 30, 1983 are shown in Table I.

All the construction which has occurred has been accomplished during the past 15 months. At the present rate of construction all activities except well and sewer construction are expected to be completed by September, 1984. This time frame includes a planned one year extension of the original PACD.

Table 1: Status of Construction Activities

<u>Activities administered by SANAA as of 3/31/83:</u>					
<u>Activity</u>	<u>Completed Last Quarter</u>	<u>Total Completed</u>	<u>Under Construc- tion</u>	<u>Projected Completion by 7/83</u>	<u>Revised To- tal for Cur- rent Project</u>
New Aqueducts	17	58	55	113	180
Aqueduct Rehabs	7	10	21	28	50
Sewer Systems	None	None	1	1	6

<u>Activities administered by MOH as of 3/31/83:</u>					
<u>Activity</u>	<u>Completed Last Quarter</u>	<u>Total Completed</u>	<u>Under Construc- tion</u>	<u>Projected Completion by 7/83</u>	<u>Revised To- tal for Cur- rent Project</u>
Wells	15	300	100	500	1,600
Pit Latrines	1,000	4,667	1,025	6,000	10,000
Water seal Latrines	2,000	7,127	2,255	12,000	25,000
Windmills	None	None	None	None	25

In May, 1983, AID approved financing for the Bay Islands Development Program (522-0233). Through this OPG, the Pan American Development Foundation (PADF) and Volunteers in Technical Assistance (VITA) will supervise the construction of up to 20 community water systems with windmills and the installation of approximately 1,000 water seal latrines on the Honduran Bay Islands. This project will be carried out in coordination with the Executing Agencies for the Rural Water and Sanitation Project (RWSP), and materials for the water systems and latrines will be financed from the RWSP.

The sewer system and well construction activities are proceeding somewhat more slowly and uncommitted funding intended for these interventions has been reprogrammed into easier to implement alternatives which accomplish the same purpose (e.g., gravity flow aqueducts and individual water seal latrine units).

II. Other Donor Activities

The activities of Other Donors planning or carrying out activities related to the RWSP were described on pp. 6-7 of the original Project Paper. The status of the principle ongoing efforts of those Donors are described below. They are:

A. IDB-SANAA

In 1980, the Inter-American Development Bank (IDB) lent \$7.5 million for an estimated 150 rural aqueducts to be constructed throughout Honduras. The IDB project is directed towards the same population clusters, 200 to 2,000 persons as the Mission's current Water and Sanitation Project.

B. CARE-SANAA

The Cooperative for American Relief Everywhere, Inc., (CARE) is financing a \$1.2 million Grant for rural water projects throughout Honduras. When completed the water systems are turned over to the community for administration, operation and maintenance.

C. European Economic Community (EEC)

The EEC has provided a \$4 million grant for the MOH to install latrines, wells and rural aqueduct systems for the Department of Olancho.

D. Others

Various international and local PVO's are contributing, on a limited basis extension of small rural water systems throughout Honduras.

The above agencies are financing the promotion and installation of rural water programs. However, outside of the EEC, there are no other donors active in the area of human waste disposal systems.

III. Amplified Project Description:

A. Goal and Purpose

The Goal and Purpose remain the same as in the Project Paper. The Goal is to improve the health status of rural Honduran inhabitants. Water supply and waste disposal systems are needed because much of the morbidity and mortality suffered by the Honduran population is in the category of water and fecal-borne gastro-enteric and parasitic infections and infestations. The Project has a rural focus precisely because rural people have least access to safe water and waste disposal systems and because the resulting morbidity and mortality is markedly higher in rural areas.

The Purpose is to expand access to, maintenance, and use of safe water systems and human waste disposal systems in rural Honduras thus contributing to the achievement of the goal. By the end of the Project approximately 450,000 more rural inhabitants will have access to safe water and sanitary waste disposal facilities and will be using both, and maintenance systems will be functioning. Although the Purpose is unchanged, the geographic focus, technology, implementation strategy, and implementing agencies (described on pp. 10-12 of the Project Paper) have been modified to take into account the lessons learned during the first three years of project implementation.

1. Geographic Focus

Activities under the amplified project will be carried out in the original project area (the Departments of Copan, Ocotepeque, Lempira, Santa Barbara, and Cortes) and in the adjoining departments of Atlantida, Colón, Bay Islands, and Yoro. These additional departments represent the next most logical focus

for project activities due to their high density of population and the existence of SANAA/MOH trained staff and infrastructure. To ensure consistency with the purpose of the original Project Paper, no less than \$10 million of A.I.D. funds and no less than \$3 million of GOH counterpart resources will be used for Project Activities in the Departments of Lempira, Ocotepeque, Copán, Santa Barbara and Cortés. The Bay Islands will also benefit through the PADF/VITA project mentioned earlier. Upgrading of existing water systems outside of this target area, as identified in a Project funded survey, may also be financed under the Project. In addition, Private Voluntary Organizations (PVO's) will carry out Project activities throughout the country in areas where they are currently working. If during the execution of the Project it is determined that the demand for water systems has been met within the expanded target area, through mutual consent, the Project geographic area may be further expanded to include additional adjoining departments.

At the same time, the maximum size of communities benefitting will be increased from 2,000 to 5,000. The rationale for increasing the size of towns benefitted is to fill a void in present donor financed water and sanitation activities.

2. Technology Options

The technology options will remain the same as those defined in the PP. However, the frequency of use for the different options will be changed based on the experience in implementing the project to date. For example, it is apparent that communities tend to prefer piped water systems and individual taps, and have little enthusiasm for wells and community taps. Resistance to well projects appears to be based on the fear that installation of such systems could disqualify a community from obtaining assistance in developing a piped water system in the future. Furthermore, installation of the highly popular water seal latrines are only installed where individual family water taps are provided. In the future, multi-family wells and other water alternatives will be only promoted where complete piped water systems are not practical or feasible.

With regard to sanitation, the water seal latrine has proved to be quite popular. Its introduction through the project to the target group and to the implementing agencies may be changing the mentality of rural Hondurans and GOH officials towards the installation and use of latrines. The acceptability of these units may even convince the GOH that the construction of expensive sewerage systems in rural areas is unnecessary. The water seal latrine will continue to be promoted in conjunction with piped water systems. The pit latrines are also moderately popular and will generally be installed in conjunction with community tap water systems. Rural sewer systems have proven to be expensive and to require too much labor. The systems now under construction will be completed, but no additional rural sewer systems are presently planned for implementation.

3. Implementation Strategy

The implementation strategy remains the same as set forth in the PP. However, implementation experience to date has indicated that the strategy for implementing the maintenance and health education activities needs additional attention. These aspects of the project will be analyzed in more detail by the implementing agencies, AID, and contracted consultants, and revised plans for implementation of these activities will be prepared and approved by AID prior to disbursement after November 30, 1983.

4. Implementing Agencies

The same implementing agencies will continue to implement the project. Activities will be carried out by a Coordinating Unit (PRASAR) which consists of personnel from the Ministry of Public Health (MOH) and the National Water and Sewer Agency (SANAA). Several adjustments will be made to the implementation arrangements to ensure more effective implementation. First, SANAA will ensure more rapid decision making by providing greater effective authority to the SANAA Project Director to implement the activities for which SANAA is responsible. Second, the Health Education activity will be more fully integrated into the Ministry of Health's ongoing activities to ensure continuity in this important activity after the SANAA and MOH promoters have moved to new sites. The promoters will continue to be responsible for initial health education activities in each benefitting town and village. Third, more PVO's (in addition to PADF/VITA) will become implementing agencies under the project. They will carry out water and sanitation activities as part of their ongoing community development efforts throughout the country, and obtain materials and advice from SANAA and the MOH to assist them in their efforts.

B. Project Activities and Outputs

1. Water System Construction

The Project will continue to construct or improve water and sanitation alternatives in Western Honduras, and a site survey will be conducted in the expanded geographic area to identify a list of target sites and the best type of intervention for each site. This survey will provide the basis for selection of sites in the expanded area. Where an aqueduct is an option SANAA will undertake a technical investigation to assure the feasibility of building a piped water system. The decision to proceed will also depend upon SANAA's or MOH's assessment of the community's willingness to participate in the construction of a human waste disposal system, and agree to a tariff agreement for maintaining the selected system.

It is expected that, where feasible, aqueducts or alternative piped water systems would more likely be used in population concentrations of 200 or more inhabitants. The use of individual taps for each domicile will be encouraged because greater health benefits are obtained by providing an increased quantity of safe water close to the home and because such systems have proven more likely to produce user fees which can be used for maintenance.

Households sharing a common tap will participate in the choice of its location in order to curb later location dissatisfaction. Communities will be prioritized in accordance with community interest and with benefit/cost principles in order to maximize the number of beneficiaries. However, to capture economies of scale and to effectively utilize support resources, as many projects as possible in a given area will be done concurrently. The activities will be carried out in towns of up to 5,000 people. SANAA will utilize force account construction for smaller water systems, and may elect to contract for the design, construction, and/or supervision of larger systems.

SANAA and the MOH field agents will be responsible for helping village committees organize labor, provide materials as needed from regional supply points, supervise construction, and provide initial health education to beneficiary families.

a. Aqueducts

SANAA, and the PVO's will install gravity flow aqueducts providing safe water whenever feasible because of the relatively low installation, maintenance, and operating costs as well as their capacity to provide water to each house. Chlorination treatment units will be added. Approximately 430 new aqueduct systems will be constructed and approximately 150 existing systems will be rehabilitated.

b. Windmill Piped Water Systems

SANAA, the MOH, and PVO's will install approximately 50 windmill piped water systems on an experimental basis where there is adequate wind. Windmills will normally service about 20 families with water piped to community taps or houses.

c. Wells

The MOH and PVO's will install wells in small, dispersed communities where aqueducts are not feasible or economical, consistent with demand and geological limitations. Wells will be furnished with hand pumps installed on a concrete well cap and a concrete seal. Approximately 2,000 wells will be installed or repaired.

d. Other Water Systems

Where traditional aqueducts or well systems are not feasible due to lack of adequate surface water or accessible ground water sources, SANAA and the MOH will develop springs, horizontal wells or other water systems to optimize whatever water resources may be available to the community.

2. Human Waste Disposal Systems

The Project will establish excreta disposal systems, relying mainly on single family water-seal and simple pit latrines, at a rate which will achieve rough parity with water system coverage.

a. Water-Seal and Pit Latrines

SANAA, the MOH and PVO's will install over 80,000 water-seal latrines and approximately 22,000 pit latrines. The water-seal latrines will normally be installed concurrently with piped water systems.

b. Rural Sewer Systems

SANAA will prepare design studies for an estimated 13 and actually construct an estimated 6 rural sewer systems under the project.

3. System Maintenance.

Maintenance is a critical element of this Project, and it will be given considerable emphasis to avoid the construction of a series of water and sanitation systems which could deteriorate or cease to function within three to five years for lack of attention to maintenance. PRASAR will provide on the job training for community maintenance representatives during system installation, and the community will be responsible for providing preventive and minor maintenance, with tools and equipment provided to them under the Project.

a. Well and Other Small Water System Maintenance

MOH promoters will assist the village health committee to establish a user fee which should cover all maintenance expenses. Funds collected will remain in the community until used. Because of the difficulty in executing and supervising a formal tariff system the MOH will repair community hand pumps regardless of the success of the local user fee.

Under this project individuals selected by the village health committee will be trained in basic preventive maintenance procedures and also will be provided with basic equipment and tools, a repair guide or pamphlet complete with sample of all the spare parts for the hand pumps, a corresponding price list, and recommendations on how to obtain the necessary spare parts and technical advice without the assistance of the promoter. Wherever culturally acceptable women will be encouraged to be maintenance representatives.

The A.I.D. Loan will finance equipment, tools, spare parts and materials which the MOH promoters will use for maintenance. Management will be decentralized so that promoters have a ready supply of commonly needed spare parts and tools. Furthermore these promoters will receive refresher training. A schedule for periodic maintenance visits will be established. When the promoters visit the communities they will assist the village maintenance personnel with any problem they have in performing maintenance and complicated repairs.

b. Aqueduct Maintenance.

In order to ensure proper maintenance of gravity flow and windmill fed water systems, Grant funds will be used to study alternative maintenance arrangements. The study shall consider among the alternatives: establishment of SANAA regional maintenance offices throughout the Project geographic area; community maintenance; and combined community/GOH responsibility. Financing sources considered shall include tariff structures, community user fees, contributions, and sale of water-seal latrines to capitalize the maintenance fund. Based on the study results, PRASAR will present no later than November 30, 1983 a plan for maintenance of the systems constructed. The plan will be approved by A.I.D. and take effect no later than January 1, 1984. A.I.D. will contract for Technical Assistance to assist PRASAR in analyzing the alternatives for assuring maintenance of the systems constructed. The equipment and materials required to carry out the maintenance plan may be financed with Project funds.

c. Latrine Maintenance. Each family will be responsible for maintaining its latrine. Reminders on the need and the procedures for latrine maintenance will be a focus of the Health Education Activity.

4. Community Promotion and Health Education

One of the principal functions of the community promotion process will be to deliver health education to the target group. The objective of health education will be to change sanitary and related health practices in order to achieve the desired impact on health through improved water and sanitation systems. Technicians, promoters and local village health representatives will teach the beneficiaries that a water supply and excreta disposal system lower disease rates. This will help them understand the links between clean water, hygiene, and health.

Promoters will work through local representatives to initiate and carry out an educational campaign from the time the community decides to build a water and sanitation system until well after the system is built. Promoters will provide local representatives with combined audio/visual educational materials. These materials, prepared for the Project with Project-funded technical assistance, will be designed to teach village groups and individuals the need for changes in sanitary habits. They will include: (1) a component related to the construction of safe water and appropriate waste disposal systems; (2) a component related to system maintenance; and (3) a component related to the proper use of water and sanitation systems, and the importance of continued sanitary waste disposal to health. This will be supported by, and coordinated with radio education messages which will reinforce the village educational process.

The Health Education Activities will be carried out by: (i) providing initial training to the village promoters who will in turn provide education to village residents; and (ii) a continuing education campaign carried out by the Ministry of Health and integrated into its general program of health

education. The Ministry of Health will provide to A.I.D. no later than November 30, 1983 a plan for implementation of the continuing education campaign. A.I.D. will contract the TA necessary to evaluate the institutional capacity of agencies and executing units providing health education and recommend which unit would probably be the most appropriate to implement the Health Education activities under the Project. Upon determining which executing unit will be selected to execute the Health Education activities, the short term technical advisor will help develop the implementation arrangements for the health education campaign. The plan will be put into effect by the MOH no later than January 1, 1984.

5. Summary of Outputs

Implementing Agency/ Intervention	Initial	Present	Amplification	Total
<u>SANAA</u>				
New Aqueducts	180	180	175	355
Aqueducts Rehabs	50	50	100	150
Windmills	0	0	5	5
Sewer Systems	21	6	0	6
Water Seal Latrine	0	0	25,000	25,000
<u>MOH</u>				
Wells	3,000	1,600	400	2,000
Pit Latrines	18,000	9,800	10,000	19,800
Water Seal Latrines	14,000	24,000	25,000	49,000
Windmills/Piped Water System	25	5	5	10
Other Water Systems	0	-	100	100
<u>PVO's</u>				
Aqueducts	0	0	75	75
Wells	0	0	200	200
Windmills/Piped Water System	0	20	15	35
Other Water Systems	0	0	100	100
Water Seal Latrines	0	1,000	5,000	6,000
Pit Latrines	0	200	1,000	1,200

C. Project Inputs

1. A.I.D. Inputs

A.I.D. Loan and Grant funds will be used to finance the following:

a. Construction

Loan funds will finance four elements of rural water systems: (1) construction for rural water systems and sanitation facilities, (2) equipment, (3) materials and (4) contract labor, including construction contracts for larger systems. Equipment procurement will consist of vehicles, trail bikes, and tools. These items will equip and provide mobility for supervisors and the 100 SANAA and MOH promoters working on Project activities. Up to four warehouses will be Loan-funded in the Project area for logistical support of the construction effort.

b. Maintenance

Loan funds will be used to purchase equipment, spare parts, tools, and vehicles to support maintenance activities. In addition, a Loan-funded survey of all existing rural piped water systems will be conducted. Their status will be recorded and logged in SANAA's computer system to provide the necessary data for maintenance support or for possible rehabilitation under this or future projects.

c. Technical Assistance

The Project will utilize short term technical assistance provided by the A.I.D. centrally funded Water and Sanitation for Health Project (WASH) for implementation planning, problem solving or project evaluations. The initiative to obtain such technical assistance can derive from either the PRASAR Coordinating Unit or the USAID Project Officer.

Grant funds may be utilized to contract an estimated 110 p/m of short and long term technical assistance. This will include: (i) a field water system specialist for an estimated 36 p/m to assist and train the MOH in selecting the most appropriate system technology where gravity flow aqueducts bringing water from surface sources serving individual family taps are not practical or feasible; (ii) health education advisor(s) for up to 60 p/m to assist in the design and execution of the Health Education Component and the coordination of this Project with MOH Health Education activities; and (iii) up to six p/m of rural water system maintenance specialists to conduct an evaluation of current rural water maintenance programs and help design maintenance systems most appropriate for this Project. Whenever consultants are unavailable from the centrally funded WASH Project the remaining 8 p/m will be utilized for short term technical assistance, in the areas of planning, electronic data processing, finance, administration, design, construction methods, operation and maintenance.

Loan funds will be authorized to finance an estimated 200 p/m of short and long-term technical assistance. This will include: (i) an estimated 84 p/m for a combined Project and Training advisor; (ii) an estimated 12 p/m for a water treatment specialist to design simple treatment units possibly consisting of biological contact filters, slow sand filters, and chlorinators; (iii) an estimated 7 p/m of short term consultants to serve as the Project

requires in the area of planning, administration, design, construction methods, promotion, operation and maintenance; and (iv) a long term Project Coordinator for the 90 month execution phase of the Project. After July 31, 1983, all technical advisors will be contracted directly by A.I.D.

d. Training/Education

Loan and Grant funds will be used to support a program of upgrading PRASAR's promoters and sanitary technicians through a series of in-service courses. Grant and Loan funds will be used to prepare instructional materials and to purchase media time on rural-oriented radio programs. In addition the Loan will finance the long-term training of six SANAA and four MOH personnel in sanitary engineering for periods of up to two years in U.S. or Latin American universities. If candidates are not selected for long term training during the initial 18 months following the signing of the Amendatory Agreement No 1, these funds will be reprogrammed for other training purposes. Loan funds will also finance observational trips, or short courses for an estimated 50 SANAA and MOH personnel to visit successful water and sanitation projects, or attend short courses in U.S. or other Latin American countries.

2. Government of Honduras (GOH) Inputs

The GOH will provide a total of \$7,695,000 (27 percent of the total Project cost) to support the Project. The support consists of: professional and support personnel, including salaries and per diem for those engineers, equipment operators, draftsmen, promoters and administrative personnel necessary to support the program; and, operating expenses, including central office equipment and supplies used in the Project.

3. Summary Financial Plan

The following is a financial summary of the source and application of Project funds:

<u>Application</u>	<u>Source (\$000)</u>			
	<u>A.I.D. GRANT</u>	<u>A.I.D. LOAN</u>	<u>GOH</u>	<u>TOTAL</u>
Construction and Design		15,804	6,100	21,904
Maintenance and Operation		1,500	72	1,572
Technical Assistance	891	800		1,691
Training and Education	109	896	211	1,216
<hr/>				
SUB-TOTAL	1,000	19,000	6,383	26,383
Contingency and Inflation		500	1,312	1,812
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TOTAL	1,000	19,500	7,695	28,195

The above financial plan call for total life of project funding of \$1,000,000 (A.I.D. Grant), \$19,500,000 (A.I.D. Loan) and \$7,695,000 (GOH Counterpart). The total A.I.D. contribution will be provided in increments subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of the Parties at the time of a subsequent increment to proceed.

IV. Project Implementation

A. Project Coordination

1. Central Level Coordination

The coordination will be accomplished through the project basic Coordinating Unit (PRASAR) which will be formed to include the Project Directors of SANAA, the MOH and the Project Coordinator contracted directly with Loan funds by A.I.D. The Project Director for SANAA will be appointed by SANAA's General Manager, and in the case of the MOH components the Project Directors will be appointed by the Minister of Public Health. To facilitate decision making, the MOH and SANAA Project Directors will have a direct line of authority to at least the Vice Minister (or Sub-Manager) of their corresponding agencies.

The PRASAR Coordinating Unit will prepare a Working Agreement to be signed by the Minister of Health and the General Manager of SANAA. This Working Agreement will establish the obligations and responsibilities of the Government of Honduras executing agencies involved in Project implementation. It will be presented to USAID for the Mission's approval by November 1, 1983. As a minimum the Working Agreement will establish the following:

a. The PRASAR Coordinating Unit will be composed of the Project Director of SANAA, the Director of the Ministry of Health Construction Component, the Project Coordinator, and the Health Education Director.

b. Each Project Director will have clear responsibility for, and authority to implement the Project. Each will have direct control of the vehicles and other equipment purchased for the Project component for which he is responsible.

c. SANAA will procure all materials and equipment for the Project. SANAA will allocate such purchases to the appropriate implementing unit in accordance with the line item source of funding of the purchase.

d. Site selection and procurement actions will be closely coordinated between the MOH and SANAA. Each institution will work independently to implement its respective activities.

e. In communities where piped water systems equipped with family faucets are not feasible the MOH will be responsible for developing an appropriate alternative system, i.e., tapping springs to serve public distribution outlets, horizontal wells, community storage cisterns, wells etc.

f. PVO eligibility criteria and the mechanism for providing project financed construction materials to PVOs will be established to facilitate the installation of rural water and sanitation systems by PVOs.

The Project Coordinator should be involved in the drafting of the Working Agreement and the A.I.D. Project Officer should review the document in draft. If the Agreement is not completed and submitted to A.I.D. for final acceptance within the specified time frame, A.I.D. may elect to decline to commit funds for additional material procurements until the Working Agreement is finalized.

Project Directors will have authority to make decisions as to the disposition of all Project resources and will have the responsibility to prepare all contracts, specifications, scopes of work, bidding documents and disbursement requests related to that portion of the Project budget allocated to their respective institutions. The Directors will be responsible for arranging for the administrative and technical support of their institutions as needed for the Project.

The Coordinating Unit functions will include review of Project implementation plans. These plans will be developed by the participating agencies, reviewed by the Coordinating Unit, and will be approved by A.I.D. for budgetary purposes.

The Project Coordinator will be the person responsible for assuring that implementation plans are adequate and for maintaining liaison between A.I.D., SANAA, and MOH agencies. The Coordinator will assure that institutional contracts and procurement actions conform to A.I.D. and GOH legal and technical requirements and will assist in the preparation of documents related to these actions.

2. Field Level Coordination

Site selection and implementation planning in the Project geographic area will be completed based on surveys carried out by SANAA and the MOH promoters. The promoters will designate communities for implementation of sub-projects for their respective agencies. SANAA may contract promoters to carry this out in the communities where work. SANAA technical personnel will follow-up to verify the promoters findings and conclusions regarding candidate communities for aqueducts.

3. Peace Corps Participation

To assist in the design, coordination and implementation, the Peace Corps plans to provide approximately 10 volunteers for this Project. Peace Corps engineers and volunteers with construction experience will work in the target region and will be involved in actual community motivation and systems installation. For the Health Education Activities, the Peace Corps will provide volunteers to assist in the design of graphics and educational courses for communities and technicians.

B. Procurement

1. Commodities

A procurement schedule for both local and international procurement will be prepared by PRASAR detailing the Project needs for materials and equipment. Bid documents will be prepared and submitted to A.I.D. for approval. All construction materials and equipment required for the Project will be procured through SANAA, whether destined to be used in SANAA or MOH construction activities, unless there is mutual agreement that A.I.D. does the procurement. Annex II to this Agreement and Implementation Letters will provide detailed guidance on procurement. At least the first procurement of hand pumps will not be subject to the regular competitive bidding requirements. In order that the maintenance function be simplified only Dempster hand pumps will be procured initially. Further non-competitive procurement of pumps may be authorized after Section 6.3 of the Project Agreement has been satisfied. For the acquisition of off the road motorcycles (with displacement no greater than 175 c.c.), procurement from countries in A.I.D. Geographic Code 935 is authorized for an amount not to exceed the equivalent of U.S. \$150,000.

2. Technical Assistance. All technical assistance contracts will be executed by A.I.D. PRASAR Project Directors will be authorized to sign the necessary Project Implementation Orders for Technical Assistance, and this shall be considered full evidence of GOH commitment of funds for technical assistance.

C. Implementation and Evaluation Plans

1. Implementation Plans

Project execution will be based on the implementation plans developed by the participating agencies and reviewed by the Project Coordinating Unit. Two such plans will be produced. The first should be submitted within three months of signing the Project Agreement Amendment No. 1 and should cover a year of operations including an identification of the communities expected to be served. The second implementation plan will be submitted before PRASAR actually initiates construction outside of the five departments of Ocotepeque, Lempira, Copán, Santa Bárbara and Cortés. Each implementing agency will submit any changes or revisions from the Plan in its quarterly reports, although revisions in major Project outputs must be approved in advance by A.I.D.

2. Evaluations

Evaluation will be conducted informally on a continuing basis by the Project Coordinator who will prepare quarterly progress reports throughout the life of the Project and will report problems as they arise to PRASAR and/or the A.I.D. Project Officer. The Coordinator's reports will be the subject of informal reviews by the PRASAR Coordinating Unit. In addition, formal evaluations of

the progress of the project will be carried out before the end of the third and fifth years of implementation; and an impact evaluation will be carried out shortly after the Project ends.

V. Status of Covenants

A. Section 6.1. Project Evaluation

This covenant specifies that the MOH and SANAA will agree to establish an evaluation program as an integral part of the Project. At the Mission's request, the AID/W Office of Health authorized funds from its centrally funded Water and Sanitation for Health (WASH) Project to provide technical assistance to conduct an in-depth analysis of the administrative structure and procedures to ascertain the bottlenecks and to recommend methods to improve project implementation.

A number of causes for delays were indicated in the evaluation and the Executing Agencies have taken corrective action to address the majority of the constraints. The two major outstanding recommendations, (i) that a director be designated for the Health Education Component, and; (ii) efforts be made to streamline SANAA's cumbersome administrative and organization structure, are both being addressed in the Amendatory Agreement.

In order to strengthen the Health Education component, it will be coordinated with the Health Sector I Project for incorporation into a National Health Education campaign. Such a move will give Health Education the proper status and authority to effectively reach the target group under the Water and Sanitation Project. In an effort to address the cumbersome administrative procedures within SANAA, the delegation of authority included in the text of the Amendatory Agreement will delegate authority to make commitments to the SANAA and MOH Project Directors, in addition to the Minister, Vice Minister, General Manager and Sub Manager.

B. Section 6.2. Continued Water System Maintenance

This covenant requires that the GOH provide adequate budgetary support for the maintenance of the water facilities installed or constructed under the Project. Since the completed systems are still new the Water Committee organized in each community have been able to adequately provide preventive and routine maintain of their water systems. Site visits have verified that the Water committees generally are able to do minor repairs. Although funds may be provided to strengthen SANAA's Operation and Maintenance (O&M) Division, a study will be financed to contract an expatriate technician to determine the most feasible maintenance alternative. Project funding will then be utilized to support the recommended solution.

C. Section 6.3. Handpump Production

This covenant required that the MOH examine, in cooperation with the Mission the feasibility of local production of deep well handpumps. Through assistance from the WASH Project a local foundry received technical assistance and has developed the capacity to manufacture hand pumps which may be utilized during Project amplification.

VI. Review of Project Analyses

A. Technical Analysis

The Project Paper established well thought out guidelines for the construction protection of water systems. The preferred water source under this Project will be reliable, naturally safe sources within a reasonable distance from the community. In most cases the quality of the surface water will be such that generally no chemical treatment will be required although to assure that minimum standards are met as indicated on page 19 of the Project Paper, water chlorination units will be provided. Where aqueducts are constructed individual family household water connections and water seal latrines will be installed to obtain the maximum health benefits related to water.

There are several technical aspects of the project that need additional attention. The first is in the area of identifying the best alternatives for water supply. Grant funds have been provided for an expatriate technician to assist the MOH to evaluate alternatives other than the construction of aqueducts and wells. The MOH has expressed interest in other alternatives but due to a number of reasons, which include lack of technical expertise and rigid adherence to agency standards, this activity has not progressed beyond the concept stage. The Technician will be knowledgeable about well construction and the use of other low cost alternative water systems. He will assist the MOH promoters and technicians in identifying satisfactory water sources and make recommendations on the appropriate solution for meeting the smaller communities water needs. Satisfactory water alternatives may be obtained by a variety of methods other than constructing complete gravity-flow aqueducts with individual household connections, or installing hand-dug or drilled wells. Where a water source exists that can be tapped such as a nearby spring, properly protected and equipped with a gravity line to one or two public faucets can adequately serve smaller communities. In addition the possibility of constructing roof catchments and community storage cisterns where feasible should be utilized. Such innovations should not require a detailed survey or design, as are prepared for SANAA's aqueducts, but rather utilize the para-technical approach which assumes that the construction of most systems can be standardized.

The second area requiring more attention is in addressing the problem of watershed degradation. The deterioration of watersheds is affecting the completed water systems. In some cases completed water systems have been rendered useless in a matter of 5 years due to excessive siltation, and in other areas the dry season flow has been so reduced that the intended beneficiaries were forced to obtain their water supply from the same contaminated sources used before the water system was constructed. Increasing watershed protection goes beyond the scope and time frame of this project. However, additional analysis of the problem is needed and PRASAR may enter into a contractual arrangement with a PVO or an individual consultant to explore and analyze appropriate solutions. After a definite course of action is decided, the ground work for such solutions may be initiated under this Project. Initial activity could be in the area of financing radio spot

messages, and follow up contact by the PRASAR promoters. These activities would be undertaken only after the technician completes a survey which identifies watershed needs and practical solutions.

B. Social Analysis

The social analysis as contained in the Project Paper is considered to be still valid for the expanded Project area. The principal conclusion of the analysis of socio-cultural feasibility is that, measured against standards derived from studies of other similar projects and based on experience in Honduras, the Project Design includes the necessary elements to assure a high adoption rate, both in the construction and in the use of water and sanitation facilities. While it is very difficult to bring about changes in socio-cultural sanitary practices of villagers, the Project has been designed to produce as great an impact as possible on villagers' hygienic habits. It still cannot be guaranteed that all villagers will use the latrines constructed and the water systems properly, but the design guarantees that the Project will do everything possible to make villagers aware of the need for changes in habits in order to improve their health, and of the need to properly use latrines, aqueducts and wells in order to obtain maximum benefits from them.

C. Economic Analysis

The economic analysis contained in the Project Paper is considered to be valid for the extended project area since it is a simple matter to quantify the costs of various types of water and sanitation solutions given the particular hydrological, geological, topographical and population patterns in a specific community. The costs in this paper represent reliable averages for the target area, even though there is a fair degree of variance. Within the context of an economic analysis, these cost variances would be manageable, but the difficulty arises in the quantification of benefits. It is generally recognized that the quantification of benefits derived from the provision of safe water and sanitation facilities, primarily in the form of improved health, is prohibitively expensive or highly subjective or both. Nevertheless, it is also generally recognized that the benefit/cost ratio would generally be favorable, if the benefits were quantified (see Measurement of the Health Benefits of Investment in Water Supply, PU Report No. PUN 20, January 1976).

D. Administrative/Institutional

The Government has admirably supported the Project with adequate counterpart contributions, and is committed to providing improved sources for safe water and sanitary waste disposal systems for rural Honduras. It took approximately 18 months to initiate construction activity due to the length of time required to complete international procurement of basic construction materials and equipment, and to contract and train the staff required to execute the Project. At the present rate of progress the targets for construction and rehabilitation of piped water systems and the installation of water seal latrines will be reached and possibly surpassed.

Despite the obvious implementation progress and ample GOH support, administration of the project has not been as good as had been anticipated. At present, the project is nominally run by a project committee composed of the directors of PRASAR, SANAA and MOH construction components. However, as indicated in the Project evaluation, the project committee does not have the executive power required in the Initial Project Agreement. Recommendations made by the project committee have to be approved by the central administration of the two implementing units, MOH and SANAA. This decision-making process is time consuming and has caused delays in the project. Apparently neither SANAA or the MOH supported the project committee as envisioned in the Project Agreement. SANAA never delegated authority to its project director, and the MOH neglected to even appoint a director for the Health Education Component. The project committee has not served as the focal point of the project and each agency actually worked on its own components with a minimum of coordination.

Rather than attempting to reinforce this project committee as envisioned in Initial Project Agreement, a Condition Precedent to Disbursement will be incorporated in the Amendment which will require that the Project Staff design a Working Agreement which must be signed by the Minister of Health and the General Manager of SANAA. Such an Agreement must be submitted to USAID for the Mission's approval within three months after the signing of the Amendatory Agreement. This Agreement will be followed during Project Execution and will establish the obligations and responsibilities of GOH agencies involved in Project execution. The responsibility and line of authority of each Project Director and their responsibility will be clearly stated in the PRASAR agreement. This will be supplemented by an effort to lessen the cumbersome administrative procedures in SANAA: the Amendatory Agreement will specify that the SANAA General Manager, Sub-Manager, and Project Director are all Representatives of the Borrower/Grantee. The PRASAR Project Directors should, thus, have direct lines of communications to at least the Vice-Minister (or sub-Manager) of their respective agencies to facilitate decision making and problem solving. As a result, the emphasis on unnecessary coordination of construction activities will be lessened, and SANAA and the Ministry of Health will work more independently of each other. The responsibilities of each member of the Unit will be as follows:

1. SANAA will be responsible for the promotion and construction of piped water systems for rural communities, and for the first time, will promote and supervise the installation of water seal latrines in these same communities. SANAA will have direct responsibility for promoting its water and sanitation systems, and will not be dependent on the MOH to provide the required promoters. As with the Ministry of Health activities, the SANAA construction component will be coordinated through the efforts of SANAA's own field promoters who will be responsible for all phases of activities, the initial community contact, promotion, health education, follow-up, and construction.

SANAA will continue to utilize force account construction for the smaller water systems, but may elect to contract for the construction and/or supervision of the larger systems. Such a policy is desirable since

experience under the current Project and other A.I.D. financed activity indicate that the larger the community the more difficult it is to obtain volunteer labor.

SANAA is currently conducting a loan funded survey of all existing rural piped water systems to determine the status of each system. The findings will be recorded and logged in SANAA's computer system to provide the necessary data for maintenance support or for possible rehabilitation under this or future projects. As sites are identified by the survey, the upgrading of these existing water systems outside of the target area may be included in the Project.

2. The Ministry of Health will continue to install wells (vertical and horizontal) and other appropriate simple water systems and water seal and simple pit latrines in communities not selected for water systems to be constructed by SANAA. To provide logistical support of the construction effort two warehouses were constructed under the initial Project Agreement, and since adequate facilities for warehousing project funded materials are not available to either the MOH or SANAA in the expanded geographic area the construction of two additional warehouses will be authorized under the amplified project.

Up till now, adequate delegation of authority to the MOH Project Director has not been a constraint. Since the signing of the Project Agreement each Minister of Health has delegated decision making authority to the MOH Project Director. Nevertheless the Amendatory Agreement will include the MOH Project Director, in addition to the Minister and Vice-Minister of Health, for Project delegation of authority.

3. Additional emphasis will be placed on health education to ensure that the target group fully understand the relationship of water and sanitation systems to improved health. This highly abstract concept will be demonstrated convincingly to the villages to provide change in perceptions and practices related to health and personal hygiene.

4. The amplified project will make greater use of PVO's. Both SANAA and the Ministry of Health will provide construction materials to PVO's working in water and sanitation projects throughout Honduras. This arrangement will utilize the expertise and services of existing PVO's to increase the impact of the Project. The PVO's will be required to formally solicit construction materials from either the SANAA or Ministry of Health project Directors who will in turn request authorization from the A.I.D. Project Manager. The Mission will approve the initial request from each PVO on a case by case basis before the requested supplies and materials will be turned over to the PVO. The amount of materials received by a PVO may be increased (or decreased) based on the intermediaries' performance and plans for expansion. PVO's expected to participate are the Comité Evangélico de Desarrollo y Emergencia Nacional (CEDEN), the Cooperative for American Relief Everywhere Inc., (CARE), Catholic Relief Services/CARITAS, Save the Children Foundation, Centro de Educación Vocacional Evangélico Reformado (CEVER) and Foster Parents Plan (Plan de Honduras).

The assistance can be provided in the form of construction materials, funds to cover transportation and fuel costs, supervision and skilled labor. The PVO's will be required to erect signs at each subproject site indicating the shared participation of the GOH and the U.S. Government. To assure that the executing agencies will utilize the services of PVO's as intermediaries a budgetary line item will be established exclusively for the PVO's.

VII. Negotiating Status, Conditions and Covenants

In order to ensure adequate implementation of the Project, the following special conditions are considered necessary:

A. Conditions Precedent to Commitment of Project Funds.

Prior to disbursements of the assistance, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made for activity initiated after the following condition precedent dates, the Borrower/Grantee will, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D. evidence that the MOH and SANAA have:

(i) Jointly signed a working agreement which will establish the obligations and responsibilities of the Coordinating Unit (PRASAR), which will be charged with Project implementation. The agreement will be presented to A.I.D. for the Mission's approval by November 1, 1983;

(ii) Obtained technical assistance to evaluate alternative maintenance arrangements and adopted a plan for system maintenance. The maintenance plan will be presented to A.I.D. for the Mission's approval by November 30, 1983, and put into effect by January 1, 1984;

(iii) Obtained technical assistance to evaluate alternative arrangements for providing health education services and adopted a plan for implementation of a continuing health education campaign. The Health Education Strategy will be presented to A.I.D. for the Mission's approval by November 30, 1983 and put into effect by January 1, 1984.

B. Covenants

An additional covenant will be added requiring the Borrower/Grantee to maintain and support the PRASAR Executing Unit throughout the life of the Project.

C. Negotiating Status

The Project Amendment has been developed with the Project staff of PRASAR, which is in agreement with the Project Amendment and the proposed terms and conditions. The amplified Project has been discussed with the Ministry of Finance and subsequently a letter of application has been received from the Ministry of Finance.

ANNEXES:

- A. AID/W Cable Concurring in Mission Authorization of the PP Supplement
- B. Amended Log Frame
- C. GOH Letter of Application

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SUBJECT: RURAL WATER AND SANITATION PROJECT (522-0166)
AMENDMENT

REF: TEGUCIGALPA 5035

1. BUREAU APPROVES MISSION REQUEST TO APPROVE AND AUTHORIZE AN AMENDMENT TO SUBJECT PROJECT OF UP TO DOLS 10 MILLION, SUBJECT TO THE GUIDANCE PROVIDED BELOW. MISSION SHOULD DEVELOP A PP SUPPLEMENT DESCRIBING THE PROPOSED AMENDMENT. WHEN AUTHORIZED, REQUEST MISSION SEND COPY OF PP SUPPLEMENT AND AMENDED AUTHORIZATION AND PROJECT AGREEMENT TO LAC/DR FOR DUPLICATION AND DISTRIBUTION.

2. IN ADDITION TO POINTS DESCRIBED IN REFTEL, PP SUPPLEMENT SHOULD ADDRESS THE FOLLOWING:

(A) HOW THE PROJECT ADDRESSES AGENCY POLICY ON DOMESTIC WATER AND SANITATION. ISSUES RELATED TO MAINTENANCE OF THE WATER SYSTEMS CONSTRUCTED AND THE ABILITY OF THE MOH,

SANAA, AND/OR THE BENEFITTED COMMUNITIES TO HANDLE THE RECURRENT COSTS OF OPERATION AND MAINTENANCE ARE OF PARTICULAR CONCERN.

(B) HOW THE PROJECT AMENDMENT REFLECTS THE FINDINGS AND RECOMMENDATIONS OF THE JANUARY AND APRIL 1983 EVALUATIONS OF THE PROJECT CONDUCTED BY WASH TECHNICIANS. IN PARTICULAR, THE SUPPLEMENT SHOULD ADDRESS HOW THE FINANCING, CONTRACTING AND ADMINISTRATIVE PROBLEMS IDENTIFIED IN THAT EVALUATION ARE BEING ADDRESSED. OF PARTICULAR CONCERN ARE THE COMMUNICATIONS AND COORDINATION BETWEEN SAANA, OHE, AND THE MOH, AND BETWEEN THIS PROJECT AND HEALTH SECTOR I. TO THE EXTENT GOH COUNTERPART SHORTAGES CONTINUE TO BE A PROBLEM, CONSIDERATION MIGHT BE GIVEN TO USING SOME OF THE LOCAL CURRENCY AVAILABLE UNDER THE ESF PROGRAM TO MEET THESE COSTS. THESE PROVISIONS SHOULD BE REFLECTED IN THE PP SUPPLEMENT.

(C) THE STATUS OF THE HEALTH EDUCATION AND TRAINING

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COMPONENT OF THE PROJECT. THE PP SUPPLEMENT SHOULD ASSESS HOW THE INSTITUTIONAL OBJECTIVES FOR THE MOH AND SAANA, AND THE EDUCATION AND PROMOTION ACTIVITIES OF THE PROJECT ARE BEING IMPLEMENTED. PP SUPPLEMENT SHOULD ADDRESS CONCERNS RAISED RELATED TO HEALTH EDUCATION AND COMMUNITY PARTICIPATION IN APRIL WASH EVALUATION AND REPORT OF DR. ADRIANA GOMEZ DE ROTHKEGEL. BUREAU REGARDS THIS COMPONENT AS EXTREMELY IMPORTANT AND BELIEVES THAT DE-EMPHASIZING THIS COMPONENT IN FAVOR OF THE CONSTRUCTION COMPONENTS MAY NEGATIVELY AFFECT ACHIEVING PROJECT'S PURPOSE AND PERHAPS EVEN OUTPUTS.

(D) THE ADEQUACY OF GRANT FUNDING FOR THE PROJECT. REFTEL DID NOT REQUEST AUTHORITY TO AMEND THE GRANT PORTION OF THE PROJECT. QUESTIONS WERE RAISED AS TO WHETHER DOLS 500,000 WAS SUFFICIENT TO MEET THE TECHNICAL ASSISTANCE AND TRAINING REQUIREMENTS OF A DOLS 20 MILLION LOAN. ADDITIONAL GRANT FUNDS MAY BE DESIRABLE (A) TO PERMIT COLLECTION OF EVALUATIVE INFORMATION TO DETERMINE THE HEALTH IMPACT OF THE WATER SYSTEMS FINANCED BY THE PROJECT, AND (B) TO PROVIDE ADDITIONAL TECHNICAL ASSISTANCE AND TRAINING FOR INSTITUTIONAL DEVELOPMENT AT SAANA FOR ITS NEW RESPONSIBILITIES AND FOR THE MOH TO ADDRESS PRESENT SHORTCOMINGS. IF MISSION BELIEVES ADDITIONAL GRANT FUNDS WILL BE NECESSARY, PLEASE ADVISE. UNLESS OTHERWISE ADVISED, MISSION MAY SHIFT FUNDS BETWEEN GRANT AND LOAN WITHIN THE ADDITIONAL DOLS 10 MILLION AUTHORITY PROVIDED IN THIS CABLE TO PROVIDE A REASONABLE

AMOUNT OF ADDITIONAL GRANT-FUNDED TECHNICAL ASSISTANCE AND STUDIES.

(E) THE NEED FOR A PACD EXTENSION IN EXCESS OF TWO YEARS. REFTEL STATES THAT PACD HAS ALREADY BEEN EXTENDED BY ONE YEAR TO IMPLEMENT CURRENT PROGRAM. SINCE PROGRAM IS, IN EFFECT, BEING DOUBLED BY AMENDMENT, THE NEED FOR EXTENSIONS BEYOND AN ADDITIONAL YEAR SHOULD BE ADDRESSED IN THE CONTEXT OF THE PP SUPPLEMENT. ANY EXTENSION BEYOND TWO YEARS FROM THE ORIGINAL PACD WOULD, OF COURSE, HAVE TO BE MADE BY AA/LAC.

3. LAC/DR IS CURRENTLY PREPARING CONGRESSIONAL NOTIFICATION BASED ON REFTEL AND OTHER INFORMATION AVAILABLE IN AID/W. PLEASE ADVISE BY PHONE TO SCOTT SMITH OR JOANNE CONNOLLY, LAC/DR/CEN, OF ANY CHANGES IN LOAN/GRANT SPLIT ASAP SO CN CAN BE FINALIZED. IN ORDER TO PERMIT JUNE OBLIGATION OF ADDITIONAL FUNDS REQUESTED, CN SHOULD BE SENT BY JUNE 10. MISSION SHOULD NOT OBLIGATE ADDITIONAL FUNDS UNTIL RECEIPT OF BUDGET ALLOWANCE AND ADVICE THAT WAITING PERIOD FOR CONGRESSIONAL NOTIFICATION HAS EXPIRED. DAM

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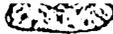
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LOGICAL FRAMEWORK MATRIX - PROP WORKSHEET

AID 10253 07-711

Summary	Objectively Verifiable Indicators		Important Assumptions						
<p>A.1. Goal</p> <p>Improve the quality of life and especially the health status of poor rural Hondurans.</p>	<p>A.2. Measurement of Goal Achievement</p> <p>Reduced incidence of water born diseases. Reduced morbidity/mortality.</p>	<p>MEANS OF VERIFICATION</p> <p>Morbidity/mortality records of the Ministry of Health and surveys of selected areas.</p>	<p>A.3. (as related to goal)</p> <p>Other donor programs effective. Health Sector Programs provide planned health case coverage.</p>						
<p>B.1. Purpose</p> <p>Expand access to, and use of, safe water and human waste disposal systems in rural Honduras.</p>	<p>B.2. End of Project Status</p> <p>450,000 more rural inhabitants will have access to safe water supplies and are using sanitary waste disposal systems.</p> <p>Maintenance system functioning.</p> <p>Improved health and hygiene practices adopted.</p>	<p>Project Data and Field Verification.</p> <p>Evaluations of impact of health education components and formal Project Evaluations.</p>	<p>B.3. (as related to purpose)</p> <p>Communities maintain interest in securing water and waste disposal systems and realize the importance of their proper use.</p> <p>Community able to provide operation and minor maintenance.</p> <p>User fee payment levels are adequate.</p>						
<p>C.1. Outputs</p> <p>Construction of: Aqueducts Wells Other water systems Water Seal Latrines Simple Pit Latrines</p> <p>Health Education System Trained personnel Maintenance System</p>	<p>C.1. Outputs/Activities</p> <p>560 aqueducts, 2,200 wells 200 other water systems, 80,000 water seal latrines, 20,000 pit latrines. 12 sanitary engineers trained 60 short courses conducted in related water and sanitation areas. 100+Promoters & Technicians trained in maintenance, 3,600 villagers trained in preventive and minor maintenance.</p>	<p>Project data and Field Verification.</p>	<p>C.3. (as related to outputs)</p> <p>Availability of qualified personnel for field promotion supervision and construction.</p>						
<p>D.1. Inputs</p> <p>A.I.D. Construction Materials, Equipment, Technical Assistance, Training, Budget Support.</p> <p>G.O.H. Personnel Costs, Operational Expenses, Supplies, Community Labor</p>	<p>D.2. Budget/Schedule</p> <table border="1" data-bbox="738 1262 934 1344"> <tr> <td>\$20,500</td> <td>A.I.D.</td> </tr> <tr> <td>7,695</td> <td>G.O.H.</td> </tr> <tr> <td>\$28,195</td> <td>TOTAL</td> </tr> </table>	\$20,500	A.I.D.	7,695	G.O.H.	\$28,195	TOTAL	<p>Controller Records Project Data. SUNAM's Annual Audits.</p>	<p>D.3. (as related to inputs)</p> <p>Adequate COH procurement Adequate GOH counterpart budget available.</p>
\$20,500	A.I.D.								
7,695	G.O.H.								
\$28,195	TOTAL								

Best Available Document



SECRETARIA DE HACIENDA Y CREDITO PUBLICO
REPUBLICA DE HONDURAS

Tegucigalpa, D. C.

julio 27, 1983

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de Salud Pública y el SANAA. En total 3,550 sistemas de agua y 102,00 letrinas serán construidos a través del Proyecto y además se proporcionará educación en salud a los beneficiarios. A fin de llevar a cabo estas actividades, por este medio solicito formalmente que la A.I.D. incremente el financiamiento para este proyecto en US\$ 9.5 Millones en fondos de Préstamo y US\$ 500,000 en fondos de Donación para obtener un nuevo total de US\$ 20.5 Millones, incluyendo fondos de Préstamo de US\$ 19.5 Millones y fondos de Donación de US\$ 1.0 Millón.

El Proyecto de Educación Primaria Rural (A.I.D. No. 522-0167) ha demostrado recientemente un excelente progreso en su ejecución. Nuestro análisis del sistema de educación primaria rural ha revelado que la capacidad del Ministerio de Educación para planear, ejecutar y evaluar nuestros esfuerzos por mejorar la educación primaria requiere de un mayor desarrollo. Una de las bases clave para el logro de mejoras en estas áreas es el desarrollo de información precisa y oportuna sobre las operaciones e impacto de los programas del Ministerio. Funcionarios de la A.I.D. y del Ministerio de Educación han estado trabajando en el diseño de una actividad de Sistema de Información Gerencial, a través de la cual estas necesidades pueden ser abordadas. El diseño contempla el establecimiento de un Departamento de Sistema de Información Gerencial en el Ministerio de Educación, una definición de este sistema en el contexto de las operaciones del Ministerio de Educación, el apoyo continuo a los subsistemas de información existentes y la realización de estudios adicionales de factibilidad para subsistemas adicionales. Por este medio solicito que la A.I.D. incremente los fondos para el Proyecto de Educación Primaria Rural en US\$ 650,000 de fondos de Donación para obtener un nuevo total de US\$ 15,650,000.00 (US\$ 13,850,000 de Préstamo y US\$ 1,800,000.00 en fondos de Donación), para poder facilitar la ejecución de la nueva actividad descrita anteriormente.

El Gobierno de Honduras proporcionará el financiamiento de contraparte necesario para asegurar el éxito de estos esfuerzos de conformidad a los planes de financiamiento acordados por nuestros oficiales. De conformidad con los requisitos de la A.I.D., la contraparte no será menor del 25% del total de costos de proyecto.

Espero recibir su respuesta a la brevedad posible en lo que respecta a las posibilidades de proporcionar el financiamiento solicitado anteriormente para estos proyectos de desarrollo de tanto mérito.

27.



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Tegucigalpa, D. C.

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Pag. Nº. 3=CP-1431... ANNEX C
Page 2 of 2

Aprovecho la oportunidad para patentizarle las muestras de nuestra -
consideración y estima.




ARCADIO CORLETO MOREIRA
Ministro