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PROJECT ASSISTANCE COMPLETION REPORT

**WORLD REHABILITATION FUND
PROJECT**

[Part of the Central American Survivors' Assistance (CASA) Project]

522-0380

PREPARED BY

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World Rehabilitation Fund Cooperative Agreement
[Part of the Central American Survivors' Assistance (CASA) Project]
Project No. 522-0380 (Formerly OTR-0000-A-00-8120-00)

PROJECT ASSISTANCE COMPLETION REPORT

I. BACKGROUND

In response to the needs of children seventeen and under who were victims of military action in Nicaragua, the subject Cooperative Agreement was originally funded under the Children's Survival Assistance Program (CSAP) mandated by Congress as an emergency relief program for victims of the Nicaraguan civil strife. (The CSAP program was authorized on May 3, 1988 for \$17.7 million.)

Part of the CSAP program was managed under a Cooperative Agreement (OTR-0000-A-00-8120-00) between the World Rehabilitation Fund (WRF) and USAID's former Task Force for Humanitarian Assistance (TFHA). Funding under the agreement totaled \$2,066,000 and covered the period May, 1988 to December 31, 1989. On December 29, 1988, as a result of the Government of Nicaragua law forbidding the use or acceptance of US government funds provided through the Humanitarian Assistance Program, Amendment No. 1 to WRF's agreement eliminated assistance to Nicaragua and substituted Honduras and Costa Rica in lieu thereof. In late 1989, the TFHA was "disbanded". At this point the TFHA, through the LAC Bureau, provided a no-cost extension to WRF to April 30, 1990 to allow: time to transfer management responsibilities from TFHA to the Mission in Honduras; time for the LAC Bureau and USAID/Honduras to decide the future course of action under the new Central American Survivors' Assistance (CASA) legislation; and time for USAID/Honduras to receive and review WRF's proposal for an extension beyond April 30, 1990. Effective May 1, 1990 the Mission in Honduras assumed management of the agreement and obligated an additional \$1,180,000 to it. Under the new CASA legislation, eligible beneficiaries were no longer restricted by age or limited to victims of the Nicaraguan civil strife.

This report covers the period May, 1990 to February, 1994, during which USAID/Honduras was responsible for managing the project.

II. FINANCIAL DATA

Funding under the original agreement (No. OTR-0000-A-00-8120-00) totaled \$2,066,000 and covered the period May, 1988 to April, 1990.

Amendment No. 7 to the Cooperative Agreement transferred management responsibilities to USAID/Honduras, redefined the eligibility criteria, obligated an additional \$1,180,000 and amended the PACD to August 31, 1991.

Amendment No. 8 obligated an additional \$100,000 and extended the PACD to February 28, 1992. Amendment No. 9 extended the PACD to May, 31, 1992. Amendment No. 10 granted an additional extension to August 31, 1992. Amendment No. 11 established revised indirect cost rates. Amendment No. 12 obligated \$256,000 in additional funding and extended the PACD to May 31, 1993. Amendment No. 13 extended the PACD to September 30, 1993. Amendment No. 14 obligated an additional \$93,708 and extended the PACD to November 30, 1993. The final amendment, No. 15, extended the PACD to February 28, 1994.

The total obligation under the cooperative agreement with WRF was \$3,695,708. Obligations made after USAID/Honduras assumed management of the project were \$1,629,708.

The following table indicates the financial status of the Project as of September 12, 1994.

RESPONSIBLE ENTITY	Obligations	Expenditures	Pipeline
TFHA (5/88 to 4/90)	*2,066,000	*2,066,000	0
USAID/Honduras 5/90 to 2/94	1,629,708	1,622,291	7,417
TOTALS	3,695,708	3,688,291	7,417

Amount to be deobligated: \$7,417.15.

III. PROJECT GOAL AND PURPOSE

The language describing the project purpose when USAID/Honduras assumed management of the project in May, 1990 (Amendment No. 7) was:

"The purpose of this agreement is to provide medical care and other relief for noncombatant victims of civil strife in Central America pursuant to section 8(a) of Public Law 100-276 as amended per Joint Resolution H.R. 3696, the Survival Aid for Central Americans Act. Such assistance shall be used to make available prosthetic devices and rehabilitation, provide medicines and immunizations, assist burn victims, help orphans, and otherwise provide assistance for noncombatants who have been physically injured or displaced by civil strife in Central America. Priority shall be given to those with greatest needs for assistance"

It is important to note that the project was created by a mandate from Congress. The project did not directly support any of the Mission's Strategic Objectives.

* TFHA records reflect \$806.00 difference in obligation and expenditure amounts. This difference has been reconciled and correction made in accounting records.

IV. PROJECT DESCRIPTION

WRF and the Honduran affiliate it created, the Honduran Rehabilitation Association (HRA) were responsible for providing comprehensive rehabilitation services to eligible beneficiaries of the CSAP/CASA program. Furthermore, WRF was responsible for providing technical assistance in all rehabilitation fields and for training professionals and technical personnel at WRF/HRA Honduras.

The creation of the HRA as a self-sufficient organization was contemplated in the revised program description incorporated in Amendment No. 7, which included financing for the development of a feasibility study and business plan. This action stemmed from the positive results of an institutionalization study conducted on the WRF/HRA rehabilitation center in 1989. That study found, inter alia, that existing public and private rehabilitation service providers were extremely limited as to the number of patients they were able to treat, as well as in their ability to provide the variety of services that WRF/HRA provided. In fulfillment of WRF's institutionalization goal, the HRA was legally constituted as a separate entity from WRF in March, 1991. The business plan presented to the Mission by HRA in August, 1991 indicated that the HRA's factory would be self-supporting by the PACD, but that profits generated by the factory would not be sufficient to fully subsidize the rehabilitation component of the facility.

Under the CASA program, the WRF/HRA expected to provide rehabilitation services to approximately one thousand (1,000) additional beneficiaries who were victims of Central American civil strife (under the CSAP program the original number of beneficiaries totalled 973). Services to those beneficiaries included identification and diagnoses, the fabrication and fitting of prosthetic and/or orthotic devices, physical training and assistance in ambulation, and personal and family support training for patients and relatives. As of February 28, 1994, a total of 2,031 persons had received treatment. Of the total population served: Fifty-six percent of the clients were under 17 years old; sixty-two percent were male; and 74% were Honduran, 25.7% Nicaraguan, and 0.3% Salvadoran.

The approach used by WRF/HRA to treat eligible beneficiaries was one of a costly community-based rehabilitation (CBR) program. In order to finance CBR services, the HRA operated the following revenue producing divisions: an industrial production unit (IPU) and a carpentry shop. The IPU and the carpentry shop produced items for sale, i.e. wheelchairs, prosthetic/orthotic devices, etc., and used the profits to offset the costs of rehabilitation services. It is important to note, however, that most of the association's employees concentrated on providing rehabilitation services (both in the communities and in the clinic and physio-therapy area at HRA), rather than producing devices. The quality of service provided by WRF/HRA was judged as good by the majority of recipients available for comment, even though the response time (approximately three months) was considered too long. This was due, in part, to the geographic distances that made delivery of prosthetic/orthotic devices difficult, as required by the prevailing philosophy that rehabilitation should take place in the community to promote full integration into the community.

In addition to the above, it is important to note that WRF/HRA's work was directed at trying to fill a huge gap for attention and devices, which some countries in Central America offer through Ministries of Health or Education.

In April, 1993 the WRF/HRA requested additional funding to create a self-sustaining entity within a three-year period. Consequently, in coordination with USAID/Washington, an evaluation of the rehabilitative services provided by WRF/HRA was undertaken in June, 1993. The team found that this proposal did not merit additional USAID funding because the costly labor-intensive system of CBR would always require external support to be sustainable.

Notwithstanding, the evaluation report concluded that the HRA needed advisory business assistance to survive as a self-sustainable Honduran institution and that with this assistance it had a reasonable chance for viability. To this end, USAID's Private Sector Program Office began facilitating an affiliation with the Foundation for Investment and Development of Exports (FIDE) (a private non-profit indigenous organization created in 1984 by prominent Honduran business persons and supported by USAID to promote investment and develop exports). The provision of CBR services was eliminated by PACD. The HRA is currently focused only on production and marketing of prosthetic/orthotic devices. WRF transferred title of all non-expendable property purchased with grant funds to the HRA upon termination of the agreement.

V. SUMMARY OF PROJECT INPUTS

Responsible Entity/Inputs	Obligated	Expended	Deobligate
TFHA - (5/88 to 4/90)			
Procurement	482,727	482,727	0
Other Program Costs	1,210,806	1,210,806	0
Indirect Costs	372,467	372,467	0
USAID/Honduras - 5/90 to 2/94			
Commodities and rehab supplies	214,691	214,691	0
Technical assistance Approximately 933 person months of long and short term TA	730,661	737,900	0
Project Management Approximately 63 person months.	684,356	669,700	7,417
TOTAL USAID	3,695,708	3,688,291	7,417
TOTAL GRANTEE IN-KIND CONTRIBUTION		175,521	

VI. SUMMARY OF PROJECT OUTPUTS

The final status of the SAR report outputs (planned outputs) is summarized below:

Output	LOP	Accomplished by PACD	% of LOP Accomplished
Treatments	2,000	2,031	102%

VII. EVALUATION RESULTS

Only one evaluation was conducted. It was financed by USAID/Washington and carried out in June, 1993 by PRITECH consultants Bernie Chapnick (Team Leader), Candy Bannerman and Michael Quigley. The purpose of the evaluation was:

- a. review the work WRF had undertaken so far, and
- b. assess possible future courses of action for the project and appropriateness of continuation under the War Victims Fund.

The three-member team reviewed project agreements and beneficiary files, conducted interviews with project personnel and project beneficiaries, carried out site visits to beneficiary communities and reviewed the availability of rehabilitative services in Honduras. The major findings and conclusions were:

1. "The objectives of the original project have been largely met..."
2. "The team does not find the current HRA proposal worthy of further AID financing. AHR is attempting to continue a costly labor-intensive system of community-based rehabilitation (CBR) which is not sustainable without continuing external support."
3. "... HRA does not need further technical input from WRF or the backstopping of a technical office in the Mission, if it is to survive as a self-sustaining Honduran institution it needs business assistance."
4. "... the team believes there is a reasonable chance for viability. The current proposal would need to be completely redone with far lower costs and more attention to production, marketing and private investment."
5. "... HRA is not only working with the disabled, it is one of the largest, if not the largest employer of disabled workers in Honduras."

The following recommendations were provided:

- 1. That USAID not continue the present system of cooperative agreements with WRF. Even though the WRF overhead (20%) could presumably be negotiated downward, this remained a more costly option, and the independence of HRA would be compromised.**
- 2. That the Mission's small business office work with the HRA to develop a new proposal aimed at self-sufficiency within a three-year USAID grant period.**
- 3. Or, as an alternative to number 2, that the Mission establish a project fund (or similar mechanism such as a grant to the Patronato Nacional de la Infancia-PANI) to finance needed replacement prosthetic/orthotic devices on an as-needed basis for the remaining CASA recipients.**

Actions stemming from the recommendations:

Given that the evaluation report concluded that HRA had a reasonable chance for viability if it were to receive business assistance, the Mission decided to provide such business technical assistance and support to HRA through FIDE, through August 28, 1994. FIDE provided the HRA with technical assistance in management, marketing and cost accounting to strengthen its business capacity. The new HRA manager is a highly qualified professional with many years of experience in the business sector. He is re-structuring the production, administration and accounting units of HRA, and has contracted an experienced marketing representative to design and implement a marketing plan to increase sales at the national and international level. A degree of success has already been noted in that HRA has received small orders from El Salvador and local sales are rising steadily.

VIII. LESSONS LEARNED

Although the Congressionally mandated CASA Project had short-term humanitarian objectives, the inclusion of a business component in the original design aimed at gradual self-sufficiency of the local implementing PVO could have ensured development, as well as humanitarian impact.

Operating a CBR program like the one WRF managed is a labor-intensive and costly system that cannot be sustained without external support. This was demonstrated by the fact that the majority of the HRA's fifty-three employees were more involved in rehabilitation services and not on prosthetic/orthotic production, thus seriously undermining HRA's objective of becoming self-sufficient through the production and sale of prosthetic/orthotic components.

If providing CBR services for future projects in this area, the effort should focus on developing the ability of the existing communities to locate funding sources for those who need services if the community or another institution cannot provide them locally, even though this means going outside the communities and results in "primary or secondary" integration.