

Implementation Status & Results
Honduras
HN Water and Sanitation Sector Modernization Project (P103881)

Operation Name: HN Water and Sanitation Sector Modernization Project (P103881) Project Stage: Implementation Seq.No: 16 Status: ARCHIVED Archive Date: 11-Oct-2014

Product Line: IBRD/IDA Country: Honduras Approval FY: 2007
 Region: LATIN AMERICA AND CARIBBEAN Lending Instrument: Specific Investment Loan
 Implementing Agency(ies):

Key Dates

Board Approval Date	21-Jun-2007	Original Closing Date	31-Dec-2013	Planned Mid Term Review Date	31-May-2011	Last Archived ISR Date	06-Mar-2014
Effectiveness Date	22-Feb-2008	Revised Closing Date	31-Dec-2016	Actual Mid Term Review Date	05-May-2011		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

Revised project development objective: to support the Recipient to improve: (a) the sustainability, efficiency, and reliability of its WSS services in Eligible Municipalities; (b) the performance of its national WSS sector institutions in the exercise of their respective roles in accordance with the WSS Sector Framework Law; and (c) its capacity to respond promptly and effectively to an Eligible Emergency.

Has the Project Development Objective been changed since Board Approval of the Project?

Yes No

Component(s)

Component Name	Component Cost
Component 1: Support to medium-size municipalities to create autonomous service providers and invest in efficiency, rehabilitation,	21.20
Component 2: Tegucigalpa Non-Revenue Water Reduction	4.50
Component 3: Institutional strengthening of national and regional sector institutions	7.20
Component 4: Project management	1.60
Component 5: IRM Contingent Component	0.00

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Moderately Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory
Overall Risk Rating		Substantial

Implementation Status Overview

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This ISR presents the project situation as of August 31, 2014 and reports on the main activities and project related events occurred from February to August, 2014. During this period, the Bank team has conducted one supervision mission with the objective to support the implementation of the project and follow up the progress of its activities, held from March 10 to 14, 2014, and two technical visits, a first one with the objective to review aspects of environmental safeguards related with deciding on the inclusion of the municipality of Teupasenti as a new beneficiary municipality of the Project held on February 14, 2014, and the second one to support and provide strategic advice to the AMDC for the transfer of the water supply and sanitation systems of the Tegucigalpa Central District, held from May 19 to 23, 2014.

The Project's progress towards the achievement of its Development Objectives and the implementation pace continue to be moderately satisfactory. To date, almost all original Project funds have been disbursed (98.8% of Project funds). Regarding the AF, US\$2.5M has been allocated /committed and US\$ 1M (9.71% of AF Project funds) has been disbursed.

Component 1: The Project continues to strengthen the capacities of the six municipal service providers and the regional water utility (Mancomunidad) to improve service quality and financial viability, and project activities have started in the two selected new municipalities (San Pedro Tutule and Teupasenti), who formalized their participation in the Project through the signing of their respective institutional agreements in July, 2014. During this period, the utilities have continued to implement the recommendations of the Technical Assistance (TA) provider and have initiated some of the investments activities included in the Immediate Action Plans prepared by the TA consortium. Progress towards achieving the Project's targets regarding service quality and sustainability is slower than expected, and improvements in these areas in the participating municipalities are still limited. Completion of works that will take place over the following months will allow improved service continuity and reduced operating costs thus enabling the attainment of the targets for the project's indicators. In the coming months efforts will focus on the launching of the new TA contract to continue to provide the necessary technical assistance to the service providers, particularly to the two new utilities.

Component 2: The NRW contract will end on September 2014. All commercial activities and physical works planned under Phase II of the contract were concluded with the exception of the leak detection and network rehabilitation activity which were carried out only in a limited length of the network due to water distribution operational constraints. At the request of SANAA the scope of the NRW contract was extended to incorporate the provision of a water meter test station. The knowledge transfer activities foreseen under Phase III were also finalized including the opening of SANAA's regional Customer Service Center. Preliminary results showed significant improvements in service continuity and commercial efficiency in the contract service area. The target set for continuity was only achieved in 93%, while the indicator on revenues/m3 was overachieved. Final results will be evaluated during the next supervision mission, scheduled for the third week of September 2014. A report on the lessons obtained from the performance based contract is being prepared by the Supervision and a video of the pilot experience is being produced by the PIU.

Component 3: The preparation and hiring of the first activities for the institutional strengthening of the national WSS sector entities (ERSAPS, CONASA and SANAA) are ongoing. In the context of the benchmarking activities led by ERSAPS, during the last Bank mission held in early March, a nation-wide workshop to promote the reporting to IBNET by the service providers was held with the support from WSP. All the service providers supported by the Project have committed to report their performance indicators to IBNET by 2015. With the assistance of WSP, a final draft of the Financing Policy for the WSS sector was completed by CONASA and it is being build up with the analysis and proposal of alternative financial mechanisms. Regarding SANAA TA Pilot, the institution has identified a list of municipalities where to pilot the provision of TA for the setting-up, training, and strengthening of autonomous municipal service providers. Under the TA for the transfer/decentralization in Tegucigalpa the completion of the last consultancy is ongoing. SANAA and Municipal authorities have prepared a tentative work plan aiming at the completion of the transferring of Tegucigalpa's WS system to the Municipality, the creation of the municipal provider and the strengthening of SANAA as a technical assistance institution. The final dates, modality and financing of the transfer are being discussed at both political and technical levels, among the key actors. In the meantime the WS Municipal Committee has been created as one of the first conditions established in the Framework Law to move forward with the transferring of the system.

The Project is in satisfactory compliance with safeguard policies. Regarding fiduciary aspects, the Project Procurement performance was upgraded to Satisfactory after the findings and results of the PPR held in May 2014.

Locations

Country	First Administrative Division	Location	Planned	Actual
Honduras	Departamento de Francisco Morazan	Tegucigalpa		

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
6 of the WSS utilities reach cost recovery (ratio total revenue / total operative cost equal to one).	<input type="checkbox"/>	Number	Value	4.00	4.00	7.00
			Date	31-Dec-2006	31-Aug-2014	31-Dec-2016
			Comments	Baseline's date ranges from 2008 to 2009.		
At least 5 of the WSS utilities increase their service continuity rating by one category defined by ERSAP#s performance indicators (note: definition on the Category A, B, C, and D on service continuit	<input type="checkbox"/>	Number	Value	0.00	0.00	5.00
			Date	31-Dec-2009	31-Aug-2014	31-Dec-2016
			Comments			
At least 50% of the SANAA systems financed under the Project are transferred to the municipalities.	<input type="checkbox"/>	Percentage	Value	0.00	100.00	50.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
At least 50% of municipal service providers (non-SANAA WSS systems that are operated directly by municipalities) supported by the Project are converted into autonomous municipal service providers.	<input type="checkbox"/>	Percentage	Value	0.00	67.00	50.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
CONASA issues the new financial policy of the sector.	<input type="checkbox"/>	Text	Value	No	No	Yes
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments		A final draft of the Financing Policy for the WSS sector was completed by CONASA and it is being build up with the analysis and proposal of alternative financial mechanisms	
Number of other water service providers that the project is supporting	<input checked="" type="checkbox"/>	Number	Value	0.00	9.00	9.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
Time taken to disburse funds requested by Government for an eligible emergency	<input type="checkbox"/>	Weeks	Value	0.00	0.00	4.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			

Intermediate Results Indicators

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Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Number of people in urban areas (covering semi-urban or small urban areas) provided with access to improved sanitation under the project.	<input type="checkbox"/>	Number	Value	0.00	3786.00	3700.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
Piped household water connections that are benefiting from rehabilitation works undertaken by the project	<input checked="" type="checkbox"/>	Number	Value	0.00	1907.00	2000.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
At least 6 design proposals of autonomous service providers approved by ERSAPS.	<input type="checkbox"/>	Number	Value	0.00	7.00	9.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
5 of the WSS utilities increase by 20% the ratio of revenues per volumetric unit of water produced.	<input type="checkbox"/>	Number	Value	0.00	5.00	6.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
People trained to improve hygiene behavior/ sanitation practices under the proj	<input checked="" type="checkbox"/>	Number	Value	0.00	710.00	5000.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
People trained to improve hygiene behavior/ sanitation practices - female	<input checked="" type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	245.00	3000.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
Percentage of grievances redressed satisfactorily by utilities per year	<input type="checkbox"/>	Percentage	Value	0.00	70.00	75.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
At least 6 of the WSS utilities share indicators in the regional benchmarking database of IBNET according to their protocols	<input type="checkbox"/>	Number	Value	0.00	0.00	6.00
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
Urban areas covered by the contract increase service continuity by one category	<input type="checkbox"/>	Text	Value		C	B
			Date	31-Jul-2013	31-Aug-2014	31-Dec-2016
			Comments			
Percentage increase of collection per cubic meter of supplied water to the project area.	<input type="checkbox"/>	Percentage	Value	0.00	25.00	20.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			

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SANAA has at least one regional unit operating under the new model.	<input type="checkbox"/>	Text	Value	No	No	Yes
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
Indicators regarding utilities' performance are published by ERSPAS.	<input type="checkbox"/>	Text	Value	No	Yes	Yes
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
At least 5 utilities have published their financial statements in a Website.	<input type="checkbox"/>	Number	Value		7.00	9.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments	Not available.		
SANAA / Tegucigalpa has complied with legal requirements for transfer to municipality.	<input type="checkbox"/>	Text	Value	No	No	Yes
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments			
Cumulative percentage of disbursement targeted according to disbursement plan is met.	<input type="checkbox"/>	Percentage	Value	0.00	98.80	100.00
			Date	18-May-2007	31-Aug-2014	31-Dec-2016
			Comments		The project has disbursed 98.8% of the original credit and 9.71% of the Additional Financing	
IRM established and ready to provide access to financial resources to Honduras in case of an eligible emergency	<input type="checkbox"/>	Number	Value		0.00	
			Date		31-Aug-2014	
			Comments			

Data on Financial Performance (as of 31-Jul-2014)

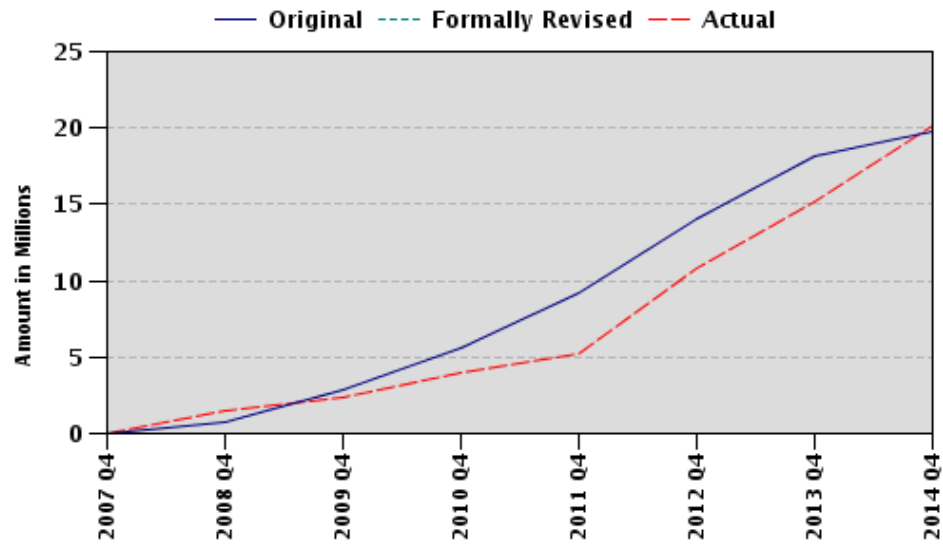
Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P103881	IDA-43350	Effective	21-Jun-2007	16-Nov-2007	22-Feb-2008	31-Dec-2013	31-Dec-2016
P103881	IDA-52700	Effective	19-Jun-2013	12-Jul-2013	09-Oct-2013	31-Dec-2016	31-Dec-2016

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P103881	IDA-43350	Effective	XDR	19.80	19.80	0.00	19.56	0.24	99.00
P103881	IDA-52700	Effective	XDR	6.70	6.70	0.00	0.65	6.05	10.00

Disbursement Graph



Key Decisions Regarding Implementation

None

Restructuring History

There has been no restructuring to date.

Related Projects

P144357-HN AF WSS Modernization