

Aid effectiveness in the water, sanitation and hygiene sector of Honduras

Erma Uytewaal and Andrés Gil

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This working paper is a product of collaboration between IRC and CONASA. It aims to make an assessment of the contribution of aid to the water, sanitation and hygiene sector in Honduras and identifies ways to improve the effective use of aid for enhanced sector performance to ensure equitable and sustainable services for all.

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Aid effectiveness in the water, sanitation and hygiene sector of Honduras

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Glossary of terms

The following glossary of terms is taken from the WaterAid/ODI study “Progressing Aid in the WASH sector. Towards a framework for strengthening mutual accountability” (Mason N. and Rabinowitz G., 2014).

Aid on budget – One of the challenges relating to aid is that partner country governments do not always know about all of the aid entering their country, which undermines their efforts to manage sector development efforts and plan their activities and spending efficiently. It also undermines efforts to promote accountability for this aid, including through oversight by parliament. The Paris Declaration therefore established a commitment for donors to share the information required with government to ensure these aid flows are recorded in national budgets. ‘Aid on budget’ can be seen as a step towards alignment, but does not go as far as full use of country financial systems.

Aid harmonisation – Aid harmonisation refers to cooperation between donors to address inefficiencies and transaction costs created by each applying their own rules and procedures to delivering aid. This has commonly involved donors establishing joint programmes through which they apply common rules and procedures to their partners. Harmonisation is especially important in contexts where donors are unwilling / unable to provide their aid through the government and are therefore delivering parallel programmes.

Aid predictability – Aid is predictable when partner countries can be confident about the amount and timing of aid disbursements; the OECD identifies two complementary dimensions of aid predictability: transparency (timely availability of information on expected aid flows with the appropriate degree of detail) and reliability (the extent to which partner countries can rely on donor pledges / commitments being translated into actual flows). Aid predictability can be measured over different time frames, usually annually, but also multi-annually (often referred to as medium-term predictability).

Alignment – Under the Paris Declaration, the principle of alignment refers to two important changes to aid practice. The first is that donors should base their support on the partner country’s development priorities, policies and strategies (‘policy alignment’). The second is that aid should be delivered as far as possible using country systems for managing development activities, rather than through standalone project structures (‘systems alignment’). (OECD).

Budget support – Budget support is aid channelled directly to a country’s budget, to be disbursed according to its own allocation, procurement and accounting systems. General budget support is untied aid given in support of a national development strategy, while sectoral or targeted budget support is earmarked for a particular sector or purpose. For some donors, budget support is considered an ideal form of assistance, automatically aligned with country plans and systems, but possible only where country planning and budgeting systems are reasonably reliable. Other donors are wary of budget support, preferring to direct their funds to specific development activities. (OECD).

Managing for results – Managing for results is a general principle of management that involves using information about results systematically to improve decision making and strengthen performance. In the development field, it means ensuring that all development activities are oriented towards achieving the maximum benefits for poor men and women. It means ensuring that all initiatives, from individual aid projects through to national development contribute to national development goals. Performance and achievement of outcomes and long-term impacts are the focal points of Managing for Development Results (MfDR). (OECD). It thus means a shift from measuring input (money spent) and outputs (new drinking water systems built, number of drinking water systems rehabilitated, sanitation facilities built, number of people trained) to measuring performance and achievements of outcomes and mid- and long-term impacts on the intended beneficiaries.

Mutual accountability – Mutual accountability is a process by which two (or more) partners agree to be held responsible for the commitments that they have voluntarily made to each other. Progress in mutual accountability is all the more important because the relationship between providers and programme countries is inherently uneven. Under the Paris Declaration and Accra Agenda for Action, both groups are accountable for the use of development resources as well as for development results, including achievements with respect to governance, gender, environment and human rights. (OECD 2009).

Official Development Assistance (ODA) – Official Development Assistance (ODA) is the official term for international aid; ODA is formally defined by the OECD as grants and concessional loans for development and welfare purposes from the government sector of a donor country to a developing country or multilateral agency active in development.

Ownership – Ownership of aid by partner country institutions and organisations was established by the Paris Declaration on Aid Effectiveness as the central principle of aid effectiveness, based on recognising that aid interventions will not be effective unless they respond to local priorities and there is local commitment to taking them forward. The Paris Declaration placed a strong emphasis on government ownership, through its focus on developing effective national development strategies. The Accra Agenda for Action added an emphasis on the importance of governments and development partners cooperating more closely with parliaments, local authorities and civil society in identifying development priorities and deepening accountability for aid. The Busan Partnership Agreement then deepened the emphasis on ownership, broadening it to include creating an enabling environment for civil society to contribute to the development process.

Project implementation unit (PIU) – When providing development assistance in a country, some donors establish project implementation units. PIUs are designed to support the implementation and administration of projects or programmes and are often used where the donor agency feels that the standard local structures and procedures are not sufficiently strong to manage a project. These are referred to as parallel PIUs when they are created and operate outside existing country institutional and administrative structures.

Programme-based approaches – Programme-based approaches (PBAs) are a way of engaging in development cooperation based on the principles of coordinated donor support for a locally owned programme of development, such as a national development strategy, sector programme, thematic programme or programme of a specific organisation.

Sector coordination – Sector coordination involves stakeholders in a regular sector meeting (usually monthly or quarterly) to share information on their respective activities, to take forward sector policy, planning and monitoring activities and to address ongoing challenges facing the sector and requiring action across stakeholders. Sector coordination is therefore aimed at improving the effectiveness and efficiency of multi-stakeholder cooperation in a sector, and the more actors in a sector the more critical such a function becomes.

Technical cooperation (also called technical assistance) – Technical cooperation is the provision of know-how in the form of personnel, training, research and associated costs. It includes both free-standing technical cooperation and technical cooperation that is embedded in investment programmes (or included in programme-based approaches).

Tied aid – Tied aid is project aid contracted by source to private firms in the donor country; it refers to aid tied to goods and services supplied exclusively by donor country businesses or agencies.

Acronyms and abbreviations

| | |
|-------------------|---|
| AE | Aid Effectiveness |
| AECID | Agencia Española de Cooperación Internacional para el Desarrollo, Spanish International Development Cooperation Agency |
| AHJASA | Asociación Hondureña de Juntas Administradoras de Sistemas de Agua, Honduran Association of Water and Sanitation Boards |
| AJAM | Asociación de Juntas de Agua y Saneamiento Municipal, Association of Municipal Water and Sanitation Boards |
| AMHON | Asociación de Municipios de Honduras, Honduran Association of Municipalities |
| CABEI | Central American Bank of Economic Integration |
| CIDA | Canadian International Development Cooperation Agency |
| CapEx | Capital expenditure |
| CapManEx | Capital maintenance expenditure |
| COCEPRADIL | Comité Central Pro-Agua y Desarrollo Integral de Lempira, Central Committee for Water and Comprehensive Development Projects in Lempira |
| COMAS | Comisión Municipal de Agua y Saneamiento, Municipal Commission for Water and Sanitation |
| CONASA | Consejo Nacional de Agua y Saneamiento, National Water and Sanitation Council (Honduras) |
| CRS | Catholic Relief Services |
| CPTT | Country Processes Task Team |
| ERSAPS | Ente Regulador de Servicios de Agua Potable y Saneamiento, Water and Sanitation Regulatory Authority |
| EU | European Union |
| FCAS | Fondo de Cooperación para Agua y Saneamiento, Cooperation Fund for Water and Sanitation |
| FHIS | Fondo Hondureño de Inversión Social, Honduran Social Investment Fund |
| GLAAS | Global Analysis and Assessment of Sanitation and Drinking-Water |
| GWOPA | Global Water Operators' Partnerships Alliance |
| IDB | Inter-American Development Bank |
| IDECOAS | Instituto de Desarrollo Comunitario Agua y Saneamiento, Institute for Community Development, Water and Sanitation |
| INGO | International nongovernmental organisation |
| JAAS | Juntas Administradoras de Agua y Saneamiento, Community Based Water and Sanitation Committee |
| JICA | Japan International Cooperation Agency |
| JMP | Joint Monitoring Programme |
| KfW | Kreditanstalt Für Wiederaufbau, Reconstruction Credit Institute |
| LatinoSan | Conferencia Latinoamericana de Saneamiento. Latin American Sanitation Conference. |
| LCCA | Life Cycle Cost Approach |
| MAMUCA | Mancomunidad de los Municipios del Centro de Atlántida, Association of Municipalities of Central Atlántida region |
| MAPAS | Monitoreo del Avance del País en Agua y Saneamiento, Country progress monitoring in Water and Sanitation |
| MDG | Millennium Development Goal |
| NGO | Nongovernmental organisation |

| | |
|------------------|--|
| OECD | Organisation for Economic Co-operation and Development |
| ODA | Official Development Assistance |
| PEC | Proyectos Ejecutados por la Comunidad, Community Executed Projects |
| PEMAPS | Plan Estratégico de Modernización del Sector Agua Potable y Saneamiento, Strategic Plan for Modernization of the Water and Sanitation Sector |
| PLANASA | Plan Nacional de Agua Potable y Saneamiento, National Plan for Water Supply and Sanitation |
| POA | Plan Operativo Annual, Annual Operational Plan |
| PROMOSAS | Proyecto de Modernización del Sector de Agua Potable y Saneamiento, Project for Modernisation of the Water and Sanitation Sector in Honduras |
| PRRAC | Programa de Reconstrucción Regional para América Central, Regional Reconstruction Program for Central America |
| PRONADERS | Programa Nacional de Desarrollo Rural y Urbano Sostenible, National Sustainable Urban and Rural Development Programme |
| PTPS | Para Todos Para Siempre, Everyone Forever initiative in Honduras |
| RAS-HON | Red de Agua y Saneamiento de Honduras, Water and Sanitation Network in Honduras |
| SANAA | Servicio Autónomo de Acueductos y Alcantarillados, National utility for water supply and sanitation in Honduras |
| SDC | Swiss Agency for Development and Cooperation |
| SDG | Sustainable Development Goal |
| SEFIN | Secretaria de Finanzas, Ministry of Finance |
| SEPLAN | Secretaría Técnica de Planificación y Cooperación Externa, Ministry of Planning |
| SIAFI | Sistema de Administración Financiera Integrada, Integrated Administrative and financial System |
| SIASAR | Sistema de Información de Agua y Saneamiento Rural, Rural Water and Sanitation Information system |
| SWA | Sanitation and Water for All |
| TAS | Técnico en Agua y Saneamiento, Water and Sanitation Technician |
| TOM | Técnico en Operación y Mantenimiento, Operation and Maintenance Technician |
| UN | United Nations |
| UNAH | Universidad Nacional Autónoma de Honduras, National Autonomous University of Honduras |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Children's Fund |
| UPI | Universidad Politécnica de Ingenierías, Engineering Polytechnic University of Honduras |
| USAID | United States Agency for International Development |
| USCL | Unidades de Supervisión y Control Local, Local Unit for Monitoring and Control |
| WASH | Water, Sanitation and Hygiene |
| WB | World Bank |
| WFP | Water For People |
| WSP | Water and Sanitation Program |

Executive summary

This working paper presents the results of a study on aid effectiveness in Honduras. Specifically, it aims to assess the contribution of aid to the water, sanitation and hygiene (WASH) sector, and to identify ways to improve effective use of aid for enhanced sector performance. The study underpins IRC's approach based on the understanding that achieving universal and sustainable WASH services relies on the whole sector in a country working effectively together - all the different sector components, institutions and actors and at all levels.

The study, carried out in collaboration with the Consejo Nacional de Agua y Saneamiento, the National Water and Sanitation Council in Honduras (CONASA) is part of IRC's long term commitment to the sector in Honduras in support to strengthening the sectors' capacity for ensuring lasting WASH services for all.

The study was part of a series of studies conducted by IRC, WaterAid and Water and Sanitation Program (WSP) in various countries, including Burkina Faso, Ethiopia, Ghana, Liberia, Niger and Timor-Leste. The aim of the studies is to formulate recommendations to the Sanitation and Water for All (SWA) Steering Committee for addressing enhanced effectiveness of aid to the WASH sector in the broader partnership.

The assessment focuses on three main sets of criteria:

- External support to the WASH sector in Honduras; how much and how is it delivered?
- Progress in complying with the five aid-effectiveness principles, as defined in the Paris Declaration.¹
- The contribution of aid to strengthening the sector's capacities, i.e. the capacity of national government, local government and service providers.

Main characteristics of the WASH sector in Honduras

Between 1990 and 2010, national coverage in improved water supply increased by 11 percentage points to 88%, while sanitation coverage increased by 27 percentage points to 77%. Most of the growth in access took place in rural areas; in urban areas, access was already very high and more or less kept pace with population growth. Nevertheless, more than one million people in Honduras still have no access to an improved source and 2.2 million, mainly in rural areas, do not have access to an improved sanitation facility.

The Honduran Water Framework Law (2003) provides a clear institutional framework separating the main functions and responsibilities in the WASH sector. Since the Law was adopted, it has acted as the main framework for the sector reform process, particularly the decentralisation of service delivery responsibilities to municipalities. In addition, the sector reform introduced the separation of responsibilities between the various national government entities. There is now a functional independent regulator and a policy-making body. In addition, with some exceptions, most water supply systems have been transferred from the previous central utility to municipalities. In addition, municipalities have assumed their responsibilities in planning and coordinating WASH services.

Despite this progress in sector reform, the main challenges lie in these different bodies fulfilling their roles. This depends not only on their formal powers, but also on their resources, which remain limited, particularly at municipal level. The separation of powers also, by definition, creates grey areas of overlapping mandates and the need for the different entities to coordinate. What is particularly lacking is clarity over national leadership of the sector. Finally there are issues with the sector "culture", which is driven by a project approach.

QUANTITATIVE CONTRIBUTION OF AID TO THE WASH SECTOR

Between 2002 and 2010, 75% of all capital investments in the sector came from aid, channelled to national and local institutions and service providers. Of this, 72% were loans and 28% donations. The remaining 25% of nationally generated

¹ At the Second High Level Forum on Aid Effectiveness (Paris, 2005) it was recognized that aid could - and should - be producing better impacts. The Paris Declaration is formulated around five central pillars: Ownership, Alignment, Harmonisation, Managing for Results and Mutual Accountability

resources were mainly used to cover the operational costs of the main government institutions working on WASH (Servicio Autónomo de Acueductos y Alcantarillados, the National utility for water supply and sanitation in Honduras (SANAA) and Fondo Hondureño de Inversión Social (FHIS), the Honduran Social Investment Fund).

All external funding for the sector is project-based, with the exception of the general budget support from the European Union. Much of this funding is provided through dedicated project units established at the government implementing agencies. This flow of donor funding, grants and loans constitutes a complex of funding streams, with the largest channelled through various government implementing agencies. A smaller part is directly managed and implemented by donors, and another stream funds local governments and/or service providers directly. NGOs, mainly active in rural areas, implement programmes and projects with money (mainly provided by charities) channelled through their headquarters, or they act as sub-contractors for national government agencies, implementing programmes financially supported by donors.

An estimated 75% of external support to the sector is registered in the national system (Sistema de Administración Financiera Integrada (SIAFI), the Integrated Financial and Administrative System). This gives Honduras a comprehensive information system for tracking external funding to the WASH sector at national level, but at sector level funding is poorly monitored and assessed and the available information is certainly not systematically used for planning purposes. The main challenge is not the availability of information on external support, but rather its accessibility and use by the sector for planning purposes.

Most (60%) of the officially registered support to the WASH sector goes to the sub-sector water. In 2012, of all WASH investments in rural areas, 58% were financed by aid money. Almost 60% of water projects and nearly 70% of sanitation projects are implemented in the poorest municipalities

The largest proportion of sector investments have been capital investments for new infrastructure or to replace existing hardware. Tariffs are supposed to cover maintenance and operational costs. Taxes help to supplement operating costs and some capital maintenance costs not recovered by tariffs. In addition, taxes cover all the national government and municipal staff costs.

The expected adoption of Sustainable Development Goal 6 (SDG 6), to ensure availability and sustainable management of water and sanitation for all, implies a high ambition for the WASH sector, requiring more resources. The Monitoreo del Avance del País en Agua y Saneamiento (MAPAS), the country progress monitoring in water and sanitation (2014) estimates that reaching total coverage for water and sanitation by 2022 will require US\$ 176 million for new investments and US\$ 249 million for replacement and rehabilitation. These amounts are well above what is currently being spent. Moreover, this is likely to be an underestimation, as it does not include the costs of building and strengthening sector institutions. There is still a significant funding gap to achieve the country's sector targets. Filling this gap first and foremost requires a higher priority for the WASH sector in the national development agenda, with the commitment of more public funding and leveraging additional resources. In addition, it will require more effective use of existing resources.

COMPLIANCE WITH AID EFFECTIVENESS PRINCIPLES

The results of the analysis of compliance with the five aid effectiveness principles present a nuanced picture on how aid money is being delivered. While the overall picture shows progress on all principles, most progress is being made in the areas of alignment, harmonisation and managing for results. The main challenges remain in achieving greater country ownership and more accountability for results achieved in the sector.

Weak country ownership for WASH

The combination of low development priority and lack of effective leadership means that ownership of WASH is low in Honduras. Several national entities are involved in WASH but there is no clear lead.

CONASA is responsible for policy making and coordination in the sector. CONASA is effective at technical level but lacks political support from the Ministry of Health, which chairs the council. To be effective in providing the required sector leadership, a new ministry, the Instituto de Desarrollo Comunitario Agua y Saneamiento (IDECOAS), the institute for Community Development, Water and Sanitation, has been established in an attempt to resolve this problem. This has led to uncertainty on CONASA's future role.

Progress in alignment of donor support to national policies and systems

Without strong political leadership, the alignment of all sector players, including government institutions and donors, is challenging. Many donors channel their financial contributions through the various government entities they are supporting, using the national SIAFI financial framework. This system registers and monitors external investments but does not prevent donors from continuing to use their own procurement reporting procedures or establishing dedicated project units (often required by their institutional policies). However, Honduras now has various instruments in place with the potential to enable greater alignment with sector priorities, systems and procedures. Worth mentioning are the sector policy and plan, which set targets for the sector. However the challenge remains to establish a sector planning and budgeting system that enables regular updating of the five-year sector plan and brings all individual project and institutional funding into a multiannual sector budget.

Good practices in sector harmonisation, particularly at municipal level

There is a fragmented "project" landscape in which each institution, donor and project has its own implementation and intervention modalities. But there are a number of enabling conditions that offer good potential to improve harmonisation. There are several multi-stakeholder platforms – such as the sector coordination meeting (Mesa de Coordinación Sectorial), RAS-HON and the donor coordination group –with great potential for harmonisation of approaches. However, some (e.g., the sector coordination meeting) are not fully functional or limit their activities to information sharing. The challenge remains to further optimise these platforms to bring the good practices and promising initiatives to improve harmonisation, particularly at municipal level, to scale.

Promising initiatives supporting a managing for results culture

Managing for results in the WASH sector in Honduras is focused on project implementation rather than on sector performance and service delivery. There are various information systems in place but, in the absence of a suitable interface, the sector still lacks a comprehensive system providing the evidence base at sector level to support sector planning and decision making. There are promising new initiatives to support moving towards a managing for results culture in public project administration, but overall practice both in central government institutions and among donors remains a mix of measuring development efforts by inputs and outputs and some level of effect mainly by quantifying the number of people with new or improved access to WASH services. Various components of what could be a sector performance monitoring system, such as MAPAS and a sector information system, are available or in development. The main challenges are still to achieve an institutionalised culture and an appropriate mechanism to enable or encourage informed decision making on new investments in the sector. The latter should be based on a structured system of joint lesson learning and insights into the effectiveness and results of former investments at sector level.

Weak mutual accountability

In the absence of appropriate platforms and mechanisms, accountability between sector stakeholders is weak. In the sector, it is mainly organised around the project cycle and the achievements of deliverables and short-term project objectives, and not so much around long-term service delivery. Implementing agencies report to the central government and donor agencies on project progress and results. The sector lacks, however, mechanisms or platforms that would enable sector stakeholders to hold each other publicly accountable for performance and achievement of goals. There are some new and existing instruments in place that keep track on service providers performance but, as yet, there is no open and transparent system with clear checks and balances that would enable the broader sector, including users, donors, government institutions and other sector players, to hold each other accountable for their performance. Clearly, access to information on sector performance by the different sector players is an important condition for mutual accountability. Various, mainly institutional, information systems are in place and a sector information system is under development so that the information can be brought together at sector level. However, making the data in the sector

information system accessible to the different sector players is another outstanding challenge for improved transparency and accountability in the sector.

Including the municipal level in assessing compliance with the aid effectiveness principles reveals an even more nuanced picture. Promising and scalable initiatives, such as the Para Todos Para Siempre (PTPS) initiative (the Everyone Forever initiative in Honduras) and the Sistema de Información de Agua y Saneamiento Rural (SIASAR) system, the rural water and sanitation information system, contribute to strengthening municipal ownership, alignment, harmonisation and managing for results, despite the enormous challenges to making more effective use of aid in support of sustained and equitable service delivery.

CONTRIBUTION OF AID TO SECTOR CAPACITY DEVELOPMENT

Besides being invested in new infrastructure and rehabilitation projects, aid has also been used to invest in strengthening sector capacity. A sector reform programme, the Proyecto de Modernización del Sector de Agua Potable y Saneamiento (PROMOSAS), the project for modernisation of the water and sanitation sector in Honduras, financially supported by various donors, aimed to support the development of the required capacities in the newly formed institutions. The programme was successful in giving development of these capacities an initial boost. However, a number of areas required continued support, including consolidation of the capacities in national institutions and in municipal governments and establishing a financing mechanism for the sector. Since then, support from donors has been crucial in further strengthening national capacities, for example through formulation of the national water supply and sanitation sector policy and plan, the Plan Nacional de Agua Potable y Saneamiento (PLANASA). However, after conclusion of the Plan Estratégico de Modernización del Sector Agua Potable y Saneamiento (PEMAPS) project, the strategic plan for modernization of the water and sanitation sector PEMAPS project, the process is evolving more slowly and in a fragmented way, as much of the work is being done in the form of short-term consultancies, with limited resources and a focus on development of the product, and less so for its institutionalisation and full adoption of the instruments and methods.

Similarly, progress had been made with sector capacity development at municipal level, for example with methodologies and instruments for setting up municipal structures for WASH, for planning and monitoring at municipal level, and for providing capacity support to service providers. Donor support has been crucial in developing these methodologies and instruments. But again, little scale has been reached, due to the fragmented support. Each of the methods and instruments, for example, were developed with a different group of municipalities. Nor has there been great clarity on the links between these methods. As a result, most municipalities have some parts of the instruments and methods in place, but few have the full package and there has been little drive to provide them with it.

In spite of the support provided to the municipalities, applying various methods and tools to support the development of their capacities, this has yet not yet reached the full scale of having the full set of functions working well across all the municipalities. This will need to remain a core focus area in future aid programmes, as developing these skills and functions at municipal level is a long-term process. The main bottlenecks for ensuring equitable and sustainable services for all lie in the limited capacities of local governments and service providers, both of which require continued and coordinated support to further develop their capacities.

CONCLUSION AND RECOMMENDATIONS

In a quantitative sense, aid has been of great importance in WASH sector development in Honduras, contributing three quarters of investment – though only a small part of that has come in the form of grants. The majority takes the form of loans that eventually need to be paid back out of taxes. The effectiveness of the aid – as measured by compliance with the aid effectiveness principles – has seen some progress, particularly in terms of alignment with national priorities and policies, harmonisation and managing for results. But in other areas, progress is limited, particularly the low level of government ownership in the WASH sector.

Despite advances in adopting a sector vision, enabled by the adoption of a sector policy and the elaboration of a sector plan, the leading government body (CONASA) lacks the political weight to play a stronger role in enforcing better alignment and harmonisation of approaches in the sector. In the meantime, and despite promising new initiatives relating to alignment and harmonisation, the sector is still very much in a project implementation mode and not driven by the achievement of longer-term targets and impact, in support of a broader sector vision for sustained service delivery.

As a result, most aid is still delivered in the form of short-term projects, and accountability and transparency are structured around that, rather than around long-term service delivery or sector performance.

This is also reflected in the contribution of aid to the development of sector capacity. Aid has made a quantitative contribution to sector development, both at national level (funding various parts of the sector reform process) and at municipal level (supporting selected municipalities in their institutional development and fulfilling their planning, monitoring and coordination roles). But this support has also come in the form of projects limited in time and geographic scope. As a result, much of the sector capacity is spread out locally, with all municipalities having some capacity, but few fulfilling the full set of responsibilities adequately. National policies and plans are in place, but are still lacking commitment and involvement of crucial parts of the sector.

In other words, a new focus is needed in the sector, shifting the emphasis away from augmenting coverage and infrastructure towards the sustainability of service provision. That requires **prioritisation of public funding and aid money in developing and consolidating a robust sector system able to sustain sector investments and guarantee long-term impact**. This means a sector in which all institutions, actors and actions at all levels are organised and coordinated. For this, stronger government leadership, supported by responsive government institutions, will be needed to organise and coordinate all sector interventions focused on attaining the sector goals and targets and setting the rules for effective partnerships and collaboration with civil society, the private sector and external support agencies in implementing sector programmes and projects.

Concrete steps forward, overcoming the focus on short-term project financing and implementation rather than on long-term, sustainable service delivery, include adopting a programmatic approach.

A programmatic approach is one in which all government institutions, donors and partners collaborate to achieve a common sector goal. Such an approach would be oriented at strengthening the WASH sector in Honduras in a coherent way, including the enabling environment at national level, enabling municipal governments' capacity to plan, coordinate and monitor service provision, and professionalising service providers as key factors in ensuring a well performing sector. Implementation of a programmatic approach would gain strength if all main sector players publicly committed to the long-term planning and financing of the sector by underwriting a "compact" that would not only affirm their support for this common goal, but would also underpin their efforts to comply with a common set of principles on how the support will be delivered. It is recommended that the compact includes the establishment of a basket funding mechanism to support the implementation of the sector policy and plan and further underpinning the programmatic approach, to further support the country's leadership and overcome fragmentation in sector interventions.

Furthermore, implementing a programmatic approach to strengthen the sector would be further enabled by establishing a structured process that links sector planning with the results of regular sector performance monitoring and learning. To this end, it is recommended that CONASA takes the lead in revitalising the existing sector coordination platforms and designing and implementing an annual process with multi-stakeholder participation to review the sectors' progress towards achieving its goals and targets, identify lessons learned and feed them into the annual sector planning process, and influence sector policies and practices. Such a process would embed existing but as yet stand-alone instruments like MAPAS (for sector performance analysis) and the sector information system (currently under development) in a single streamlined and regular process, enhancing the sector's capacity to take evidence-based decisions and mutual accountability in the sector.



1. Introduction

1.1 RATIONALE FOR THIS STUDY

IRC's approach is underpinned by the understanding that drinking water and sanitation services rely on a complex interaction between actors, institutions and physical infrastructure across various governance levels. Achieving universal and sustainable WASH, therefore, relies on the whole sector in a country working effectively together - all the different sector components, institutions and actors. It is thus strongly reliant on broad sector strengthening and reform that addresses the systemic and fundamental causes, which lie at the heart of the existing challenges.

In recent years, the WASH sector has increasingly become aware that sector investments, including those of donors, fall short in ensuring sustainable universal access. Despite billions of dollars of aid and government spending, a substantial percentage of water and sanitation systems are not working or are providing a sub-standard level of services (SWA CPTT, 2014).

Mason and Rabinowitz (WaterAid and ODI, 2014) give two additional reasons why effectiveness deserves greater priority in the WASH sector. Firstly, in low and middle income countries, the sector is generally more dependent on aid than other sectors (DFI/Oxfam, 2013), making the effective use of these resources critical to progress. Secondly, development aid has the potential to play a catalytic role in driving outcomes, offering a diverse array of approaches and modalities that can help achieve the ultimate goal of national governments that can independently meet the expectations of their citizens.

Sanitation and Water for All (SWA),² a global partnership with more than 90 members including national governments, development partners, civil society organisations and other sector organisations, provides a framework for coordinated and joint efforts to address the main bottlenecks for improved sector performance and to overcome fragmentation in the sector. Working together, governments and development partners can better harmonise their efforts to accelerate progress in WASH.

IRC is an active member since the SWA launch in 2009. IRC represented the research and learning constituency in the SWA Steering Committee (2010-2013) and takes an active role in the Country Processes Task Team (CPTT).

SWA partners have committed themselves to the aid effectiveness principles agreed in the Paris Declaration, the Accra Action Plan and in the Busan Partnership Agreement.³ In the Paris Declaration (2005),⁴ donors and developing countries committed themselves to the principles of country ownership, alignment, harmonisation, managing for results and mutual accountability, to progress towards more effective use of development aid.

The commitments in the Paris Declaration are reinforced in the Accra Plan of Action (2008) and the Busan Partnership for Effective Development Co-operation Agreement (2012).

In the Accra Plan of Action, developing countries committed themselves to taking stronger leadership of their policies and to making their revenues, expenditures, budgets, procurements and audits public to ensure greater accountability. For their part, donors committed themselves to supporting developing countries' national systems by providing regular and timely information on their aid flows, respecting countries' priorities, and investing in their human resources and institutions (OECD, 2008a). In Busan, with the establishment of the Busan Partnership, non-state actors such as civil society organisations and the private sector are included and have also committed themselves to the aid effectiveness principles, making them important partners in achieving sustainable development.

Globally, the Organisation for Economic Co-operation and Development (OECD) monitors the effectiveness of Official Development Assistance (ODA) by assessing progress towards complying with the aid effectiveness principles.⁵ The Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) report presents information relevant for the effectiveness of aid in the water and sanitation and

² www.sanitationandwaterforall.org/about#sthash.xTeFSg4n.dpuf

³ www.oecd.org/dac/effectiveness/busanpartnership.htm

⁴ www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm

⁵ www.oecd.org/dac/effectiveness/2011surveyonmonitoringtheparisdeclaration.htm

hygiene sector (WASH) at country level.⁶ There is, however, as yet no system or mechanism in place that systematically monitors aid effectiveness in WASH.

In line with the aid effectiveness principles, SWA's vision is that countries lead the development of WASH services and are accountable to their citizens. Therefore SWA partners are committed to supporting governments in developing robust sector capacity able to optimise all available domestic and external resources towards providing and sustaining WASH services for all.

In Honduras, IRC established a strong track record in collaboration with the National Water and Sanitation Council (CONASA) in support to strengthening the sector's capacity for sustained WASH service delivery. An example is the support provided by IRC in the elaboration and institutionalisation of a new policy for the WASH sector.

1.2 PURPOSE OF THE STUDY

Against this background, SWA is carrying out a series of studies on the effectiveness of development aid in the WASH sector in low- and lower-middle income countries. The overall purpose of the studies is to broaden understanding of the current status of aid effectiveness in the WASH sector, to identify common features and lessons learnt particularly on the main contributing factors for enhancing the impact of external aid on sector performance and sustained service delivery.

Additional studies are carried out in Ghana and Burkina Faso (by IRC), in Liberia and Niger (by Water and Sanitation Program (WSP)) and in Timor-Leste and Ethiopia (by WaterAid). Based on an assessment of the study results, the SWA Country Processes Task Team (CPTT) will formulate a set of recommendations to the SWA Steering Committee for addressing enhanced effectiveness of development aid in the broader partnership.

The studies do not only contribute to the global understanding of aid effectiveness. They are also expected to generate recommendations for strengthening the countries' capacity to effectively manage and monitor development aid.

This working paper presents the results of the study in Honduras. The study in Honduras aims to describe and assess the contribution of aid to the development

of the WASH sector, to reflect on the challenges and opportunities for improved aid effectiveness, and to formulate recommendations for enhanced impact of aid on sector performance.

1.3 STRUCTURE OF THIS WORKING PAPER

Chapter 2 of this working paper describes the methodology used to implement the study.

Chapter 3 presents the main characteristics of the WASH sector in Honduras, including its current status in terms of service delivery indicators, and elaborates on the main features of the institutional framework and financing of the sector.

Chapter 4 elaborates on the main characteristics and relative importance of development aid and the role of external support agencies in the development of the WASH sector. This chapter describes the relative share of development aid in the total budget for the WASH sector, and identifies the main sources and actors, the flows and intervention models through which external support is channelled and implemented in the sector. It also describes the implementation of the development aid in a number of sub-sectors and concludes with an analysis of the challenges the sector faces in obtaining a global overview and deeper insights into the relative contribution of aid to the sector's development.

Chapter 5 assesses the level of compliance with the aid effectiveness principles in the WASH sector in Honduras.

Chapter 6 assesses aid's contribution to strengthening the sector's capacity for providing equitable and sustainable WASH services. This includes support for key sector components for sustainable service provision, such as strengthening the enabling environment, and strengthening the capacity of municipal governments and service providers.

Chapter 7 presents the main conclusion and looks forward, proposing recommendations and concrete steps to be undertaken by the different actors, including government and donors, for more effective use of development aid in the WASH sector in Honduras.

⁶ www.un.org/waterforlifedecade/pdf/glaas_report_2012_eng.pdf

2. Conceptual and methodological framework

2.1 CONCEPTUAL FRAMEWORK

This chapter presents the conceptual framework for the study. The effectiveness of aid is assessed in terms of its contribution (through grants and loans) to improved performance of the WASH sector in Honduras.

Current sector performance is described in the context of the sustainability framework we have developed for this study, that includes criteria such as current service levels, the institutional framework for the WASH sector, the performance of government institutions and service providers, and sector planning and financing.

The effectiveness of aid in contributing to improved sector performance is assessed against three main sets of criteria:

- External support to the WASH sector in Honduras; how much and how is it delivered?
- Progress in complying with the five aid-effectiveness principles, as defined in the Paris Declaration.
- The contribution of aid to strengthening the sector’s capacities, i.e. the capacity of national government, local government and service providers.

Progress in complying with the five aid-effectiveness principles, as defined in the Paris Declaration

Aid effectiveness refers to the effectiveness of development aid in achieving economic or human development (or development targets) (Kaufmann, 2009). Following this definition, we understand the effectiveness of aid in the WASH sector in terms of its impact on the sector’s performance.

The Paris Declaration takes its name from a meeting in Paris in 2005, where over 100 developed and developing countries agreed to change the way they do business.⁷

The Declaration is more than a statement of general principles, putting in place a series of specific measures for implementing aid and establishing performance indicators to assess progress. It contains 56 partnership commitments organised around five principles to make aid more effective. In the

Declaration, donors and developing countries committed themselves to the principles of country ownership, alignment, harmonisation, managing for results and mutual accountability to progress towards more effective use of development aid. The commitments in the Paris Declaration are reinforced in the Accra Plan of Action (AAA, 2008) and the Busan Partnership for Effective Development Co-operation Agreement (2012). The AAA reaffirms the commitment to the Paris Declaration and calls for greater partnership between different parties working on aid and development; the Busan Partnership Agreement is a consensus between governments and a wide range of organisations that offers a framework for continued dialogue and efforts to enhance the effectiveness of development cooperation. The main principles in both agreements reaffirm the five principles of the Paris Declaration.

TABLE 1 PRINCIPLES OF THE PARIS DECLARATION

| Principles | Definition |
|------------------------------|--|
| Ownership | Developing countries set their own development strategies, improve their institutions and tackle corruption. |
| Alignment | Donor countries and organisations bring their support in line with these strategies and use local systems. |
| Harmonisation | Donor countries and organisations co-ordinate their actions, simplify procedures and share information to avoid duplication. |
| Managing for results | Developing countries and donors focus on producing – and measuring – results. |
| Mutual accountability | Donors and developing countries are accountable for development results. |

Source: OECD, 2009.

Currently the Global Partnership for Effective Development Co-operation’s monitoring framework tracks progress on the commitments agreed in 2012 in Busan. This framework includes 10 indicators for tracking progress, many of which are based on those that developing countries identified as particularly important in the Paris Declaration. To keep the number of indicators manageable, other parameters that capture some of the new, broader dimensions of the Busan Partnership Agreement, such as engagement

⁷ www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm

and contributions from non-state actors, including civil society and the private sector, are not addressed in this study.

Besides the OECD indicators, we have added for this study a number of specific indicators that we consider relevant, and provide more specific guidelines, for

more depth and nuance, in measuring progress in the WASH sector in Honduras. The complete set of indicators used in this study to assess compliance with the principles of the Paris Declaration is given in the table below.

TABLE 2 INDICATORS TO MEASURE PROGRESS TOWARDS COMPLYING WITH THE AID EFFECTIVENESS PRINCIPLES

| Principles | OECD Indicators | Additional indicators |
|------------------------------|---|--|
| Ownership | <ul style="list-style-type: none"> Countries put in place national development strategies with clear strategic priorities. | <ul style="list-style-type: none"> Political prioritisation for the sector in the national development agenda and public resources allocated to the sector. Clarity on what governmental institution leads the WASH sector. |
| Alignment | <ul style="list-style-type: none"> Countries develop reliable national systems or reform programmes to achieve them Donors align their aid with national priorities and provide the information needed for it to be included in national budgets. Co-ordinated programmes aligned with national development strategies provide support for capacity development (assessed in chapter 6). As their first option, donors use fiduciary systems that already exist in recipient countries (not assessed in this study). As their first option, donors use procurement systems that already exist in recipient countries (not assessed in this study). Country structures are used to implement aid programmes rather than parallel structures created by donors. Aid is released according to agreed schedules (not assessed in this study). Bilateral aid is not tied to services supplied by the donor (not assessed in this study). | <ul style="list-style-type: none"> The sector establishes policy priorities with clear sector targets and desired outcomes. Government institutions align their interventions with the sector policy priorities. Government institutions and donors are aligned to the sector planning, budgeting and monitoring process. |
| Harmonisation | <ul style="list-style-type: none"> Aid is provided through harmonised programmes coordinated among donors. Donors conduct their field missions together with recipient countries. Donors conduct their country analytical work together with recipient countries | <ul style="list-style-type: none"> Existence of sector platforms for coordination of sector interventions and harmonisation of approaches. Government institutions coordinate and harmonise their intervention models in support of the sector. |
| Managing for results | <ul style="list-style-type: none"> Countries have transparent, measurable assessment frameworks to measure progress and assess results. | <ul style="list-style-type: none"> Donors use the existing assessment framework to report on their contributions to sector progress and impact and, if no such frameworks exist, support their development. A sector knowledge management system, including a sector information system, is in place where results are analysed and used for further learning and decision making. |
| Mutual accountability | <ul style="list-style-type: none"> Regular reviews assess progress in implementing aid commitments. | <ul style="list-style-type: none"> Mechanisms are in place that ensure accountability between all sector stakeholders: between government and donors, but also between national government, civil society and end users. Donors and government institutions are transparent in their commitments, sector investments and results obtained and make information pro-actively available to the sector. |

Source: OECD, 2009 with contributions based on IRC experiences

A qualitative assessment is made of progress in implementing the aid effectiveness principles in the WASH sector in Honduras. Most of the above indicators are used as a reference for giving a qualitative rating on progress in complying with each of the five aid effectiveness principles, using a scale with three levels of progress.⁸

Similarly and to the greatest extent possible, an assessment is made of compliance with each of the aid effectiveness principles at municipal level. The information collected for the purpose of this study is however not sufficiently comprehensive to provide a representative score on each of the principles at this level. The results of the municipal level assessment are therefore presented in terms of a general reflection; further assessment would require more research.

service providers. In Honduras, in the context of decentralising service delivery, this function has been assigned to municipal governments. The capacities of municipal governments to fulfil these responsibilities define for a large part the enabling environment at local level for the sustainability of WASH services. Another specific function of the local authority with direct impact on the sustainability of the services is providing of post-construction support to service providers.

A third factor influencing the sustainability of services is the **enabling environment** at national level, comprising the legal, political and institutional framework that regulates the sector. It includes national government institutions like ministries, policy-making and regulating entities, and implementing agencies. It also includes other stake-

TABLE 3 TRAFFIC LIGHT SCORING ON PROGRESS TOWARDS COMPLYING WITH THE AID EFFECTIVENESS PRINCIPLES

| | Progress towards full compliance | | |
|-----------------------------|----------------------------------|--|------------------------|
| Aid effectiveness principle | Weak, very limited progress | Progressing with some promising examples of good practices | On track /consolidated |

Source: Own elaboration, 2014.

It is important to note that the scoring is a qualitative interpretation, supported as much as possible by evidence.

The contribution of aid to strengthening the sector’s capacities, i.e. the capacity of national government, local government and service providers

In assessing the contribution of aid to strengthening the sector’s capacity for sustained service delivery, we apply the group of factors that has received most attention in the recent literature (Lockwood and Smits, 2011).

The first of these is the performance of the **service provider**. The service provider is responsible for a broad range of daily tasks, including operations and maintenance and the administrative, financial and managerial aspects of running the service.

A second important factor in maintaining a service over time is the performance of the **WASH authority**. The WASH authority is responsible for planning, coordinating and implementing WASH projects, including rehabilitation and renovation programmes, and controlling and monitoring the services and

holders such as donors, civil society organisations and others with a role in service delivery. The way in which the enabling environment is defined influences the sustainability of the services.

An important element in ensuring sustainable service delivery is proper costing and planning for financing all life-cycle cost categories of a WASH service. This means that, in addition to financing capital investments and funding for operations and minor maintenance, funding for capital maintenance and to cover direct and indirect costs, as well as capital costs, need, to be planned for and ensured. This calls for long-term financial arrangements to establish how the available resources generated from nationally generated taxes, external transfers (including loans and grants from donors), and tariffs for the services delivered (referred to as the 3 Ts) will be employed to ensure the financing of long-term service delivery.

The study assesses the contribution of external aid to sector performance and sustainable service delivery by identifying the support provided by donors to develop and strengthen the enabling environment, municipalities and the capacities of service providers.

⁸ The scope of this study did not allow for the collection of sufficient information on all of the OECD indicators. Some are therefore not included in the analysis in the respective chapters.



2.2 METHODOLOGY

Most aid effectiveness studies focus exclusively on official aid, and the interaction and relationship between bilateral donors and development banks on one side and the national government on the other. (I)NGOs and local governments are rarely taken into account in aid effectiveness studies. The present study makes an effort, where possible, to include information on the role of (I)NGOs and the impact of aid on local government.

Information on (I)NGOs and local government performance in terms of the allocation and use of aid money is not readily available. We are therefore limited to the information gathered during the interviews with a limited number of representatives of municipal governments and from (I)NGOs active in the water and sanitation sector.

The study was conducted in collaboration with CONASA and consisted of:

- A desk review of various sector documents and the databases of the Honduran Ministries of Foreign Affairs and Finance, and of the websites of NGOs and donors with programmes and projects in the country. The references section at the end of this working paper includes a full list of documents and websites consulted.
- The assessment of the capacity development of the sector stakeholders, particularly the national government, municipal government and service

providers, is based on the criteria and findings of country sector status reports produced for LatinoSan and the Monitoreo del Avance del País en Agua y Saneamiento (MAPAS), the country progress monitoring in water and sanitation.

- In addition, semi-structured interviews were conducted with a large number of representatives of sector actors in Honduras, including governmental institutions, bilateral donors and development banks, and local municipalities. The list of interviewees is included as annex to this working paper. A questionnaire was used to collect information from the main (I)NGOs active in the sector in Honduras.

The primary results were validated in two events with the participation of sector stakeholders. The first was a meeting in February 2015 convened by CONASA, with the participation of the main government institutions relevant for the sector, including representatives of the association of local municipalities (AMHON), the national sector network (RAS-HON) and a number of international and national NGOs. The second meeting in May 2014, brought together all main donors in the WASH sector and was organised by the donor coordination platform.

3. Main characteristics of the WASH sector in Honduras

3.1. WASH SERVICE LEVELS

In Honduras, coverage levels for water and sanitation have increased in the past two decades. Between 1990 and 2010, access to drinking water increased from 76% to 87% of the population, with an estimated coverage level of 88% in 2015. Coverage for sanitation improved in the same period from 50% to 77% of the population. This figure is expected to fall to 75% by 2015 (MAPAS, 2012). This means that, in this 20-year period, coverage for water increased by 11%, while sanitation coverage grew more spectacularly, by 27%. Differentiating these figures between urban and rural areas shows that, for both drinking water and sanitation, the growth in access mainly took place in rural areas; in urban areas, it more or less kept pace with population growth. Despite the more rapid growth in access of the rural population, access to WASH services in rural areas lags behind those in urban settings.

Striking in Figure 1 is the steep growth in coverage in all sub-sectors, with the exception of urban drinking water (where access was already near universal), and the projected stabilisation between 2010 and 2015, when coverage figures are not expected to increase.

In absolute terms, more than one million people in Honduras do not use water from an improved source

and 2.2 million people, mainly in rural areas, do not have access to an improved sanitation facility.

Beyond coverage, it is important to look at the quality of service provision. In 2006, 75% of drinking water in urban areas was disinfected and 10% of the wastewater that was collected received treatment. Information collected by SIASAR, in 2014, on 1,325 rural drinking water systems revealed that 67% of all systems are operating optimally.

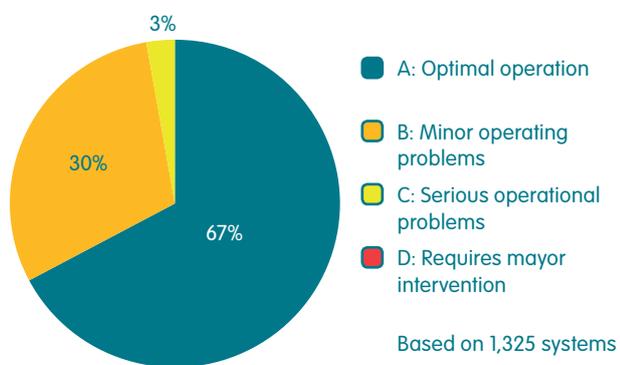


FIGURE 2 STATE OF WATER SYSTEMS IN HONDURAS

Source: SIASAR, 2014.

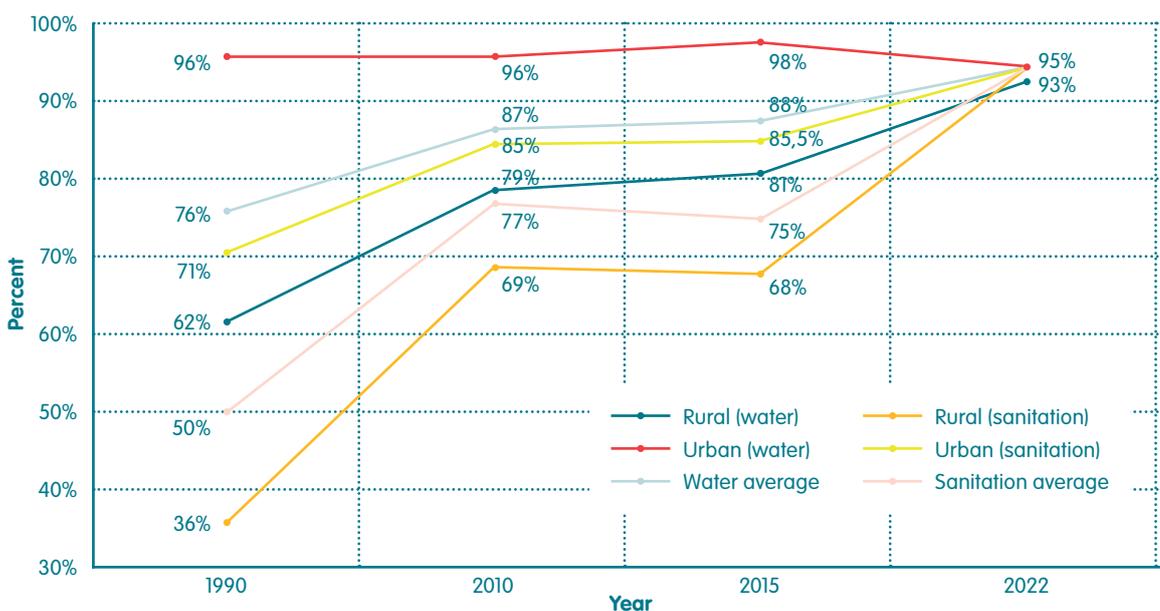


FIGURE 1 COVERAGE OF WATER AND SANITATION IN HONDURAS

Source: Own elaboration (2014), adapted from JMP 1990, 2010, 2015 and Plan de Nación / Visión de País 2022.

According to the Joint Monitoring Programme (JMP), Honduras will achieve the Millennium Development Goals (MDGs) by 2015 (achieving 86.5% improved drinking water and 74% sanitation service provision: 88% and 75% coverage respectively) but it will still require a major effort for the country to guarantee the sustainability of these services over time.

The information collected by SIASAR underscores the above statement. While the data in Figure 2 point to relatively well functioning systems, the SIASAR results also point to the weak capacity of service providers. Basically, water is flowing and systems rarely collapse but the service providers perform poorly in maintenance and operations and, as a result, are jeopardising the sustainability of the services in the longer term.

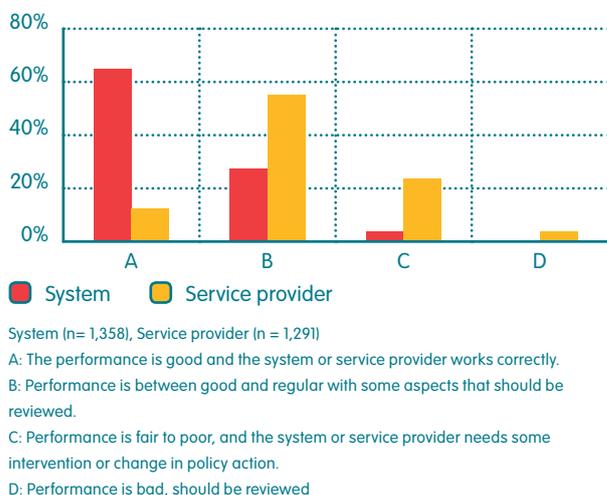


FIGURE 3 RESULTS SIASAR HONDURAS (FEBRUARY 2014)
 Source: Own elaboration (2014), adapted from SIASAR, 2014.

In the context of the new SDGs and the goal to achieve universal access to sustainable water and sanitation services for all by 2030, the WASH sector in Honduras faces new challenges. To achieve the SDG for water, sector performance in Honduras needs to be strengthened to tackle equity (reaching the poor and those living in dispersed rural areas) and maintain improved service levels over time.

3.2 INSTITUTIONAL FRAMEWORK

The Water Framework Law (2003) establishes a clear institutional framework separating the main functions and responsibilities in the WASH sector:

A. Policy and regulation

The Water Framework Law created a policy council and a regulatory agency. The National Water and Sanitation Council (Consejo Nacional de Agua Potable y Saneamiento, CONASA) defines the national water policy. It is also responsible for planning and coordinating the water and sanitation sector and is mainly a coordination body chaired by the Ministry of Health, with the participation of the Ministries of Internal Affairs and Population, of Finance, Natural Resources and Environment and representatives of Civil society, The water boards and users, and representatives of municipalities. CONASA is supported by a technical secretariat hosted by SANAA.

Regulation is the responsibility of the Drinking Water and Sanitation Regulatory Agency (Ente Regulador de los Servicios de Agua Potable y Saneamiento, ERSAPS).

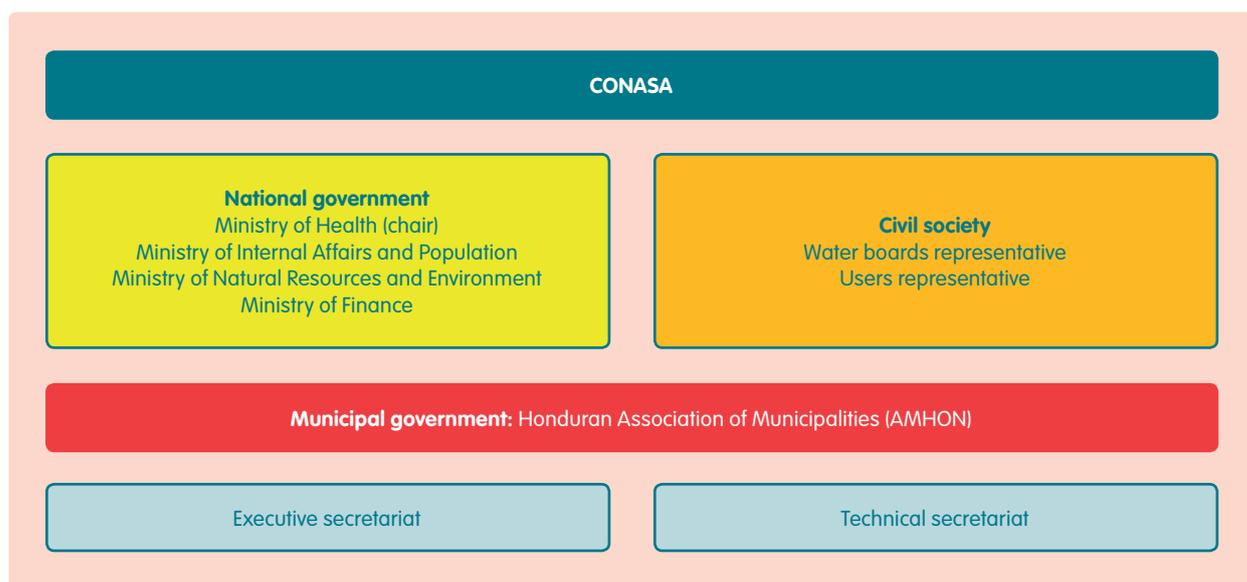


FIGURE 4 ORGANISATION OF CONASA
 Source: Own elaboration, 2014.

B. Service provision and technical assistance

Water and sanitation service provision in Honduras is the responsibility of the following institutions:

- Municipalities in most urban areas. Except for three largest cities, service provision is public.
- The National Autonomous Water and Sewerage Service (Servicio Autónomo Nacional de Acueductos y Alcantarillados, SANAA) which still operates many of the urban water supply and sanitation systems in Honduras, including in the capital city of Tegucigalpa.
- About 5,000 water committees (Juntas Administradoras de Agua, JAA) in rural areas and in peri-urban areas.
- A private utility under concession in the municipality of San Pedro Sula.

At municipal level, policy making, planning and coordinating is assigned to the Municipal Commissions for Water and Sanitation (COMAS). However, only a limited number of municipalities have established a COMAS. Control and supervision at municipal level is delegated to the USCLs (Unidad de Supervisión y Control local). These units are only fully operational in a limited number of municipalities.

The institutional framework in practice

At operational level, the roles and responsibilities set out in the Water Framework Law have not yet been fully adopted by all main sector players. A persistent feature is the lack of political authority of CONASA since it was set up. While CONASA has gained some visibility in the sector through the activities commissioned by the technical secretariat, its role in driving and leading the sector has been weak. Because it has low priority on the agenda of the Ministry of Health, it has never acquired the political power it needs to be effective. After the current government came to power at the beginning of 2014, a new law complementing the existing Water Framework Law came into force, establishing a national institute for community development in water and sanitation (IDECOAS). With the establishment of IDECOAS, which incorporated SANAA, the Honduran Social Investment Fund (FHIS) and the National Sustainable Urban and Rural Development Programme (PRONADERS), the sector gained ministerial responsibility and potentially more political weight in the central government. While IDECOAS is not yet operational and there is little clarity on its actual functions and responsibilities or its impact on the existing institutional framework, it shows that the institutional framework for WASH, as defined in the

national Water Law, is prone to adaptation and adjustment.

Since it was established, the regulatory body ERSAPS has mainly focused on defining its regulation and the control function over the larger urban utilities. As the agency is mainly funded through projects, most of its staff are consultants working on dedicated projects. But ERSAPS is short of staff for its ongoing regulatory tasks and is therefore limited in resources to fulfil its responsibilities fully.

Under the Water Framework Law, SANAA was intended to focus on providing technical assistance to service providers (municipalities). The Law states that the service should be decentralised from the national utility (SANAA) to the municipalities. To achieve this, SANAA was expected to transfer management of WASH services to the municipalities in phases until 2008. However, decentralisation has been slow and this target has not yet been achieved. In addition, SANAA still operates as an implementing agency, alongside FHIS.

The Honduran Social Investment Fund (FHIS) plays an important role in implementing water and sanitation projects focused on enhancing the sector's coverage figures. FHIS is an important player since a large share of donor funding to the sector is channelled through it.

Other relevant institutions in the sector

The Honduras Water Board Association (AHJASA) was established to protect the interests of the rural water boards. The water boards pay a certain percentage of their tariff income to AHJASA. There are also various Municipal Water Board Associations (AJAMs), some of which also receive part of the tariff incomes of their members. The associations support the community water boards (JAAs) by providing technical assistance; some associations operate chlorine banks for their members.

The Honduran Network of Water and Sanitation (RAS-HON) provides an important sector platform for dialogue and exchange of experiences between institutions from government, donors and civil society organisations, including (I)NGOs. Efforts to strengthen RAS-HON's knowledge management and innovation capacity have had limited success.

Many NGOs are active in the Honduran water supply and sanitation sector. They include Catholic Relief Services, CARE, Save the Children, Water For People (WFP), Agua para el Pueblo, and World Vision.

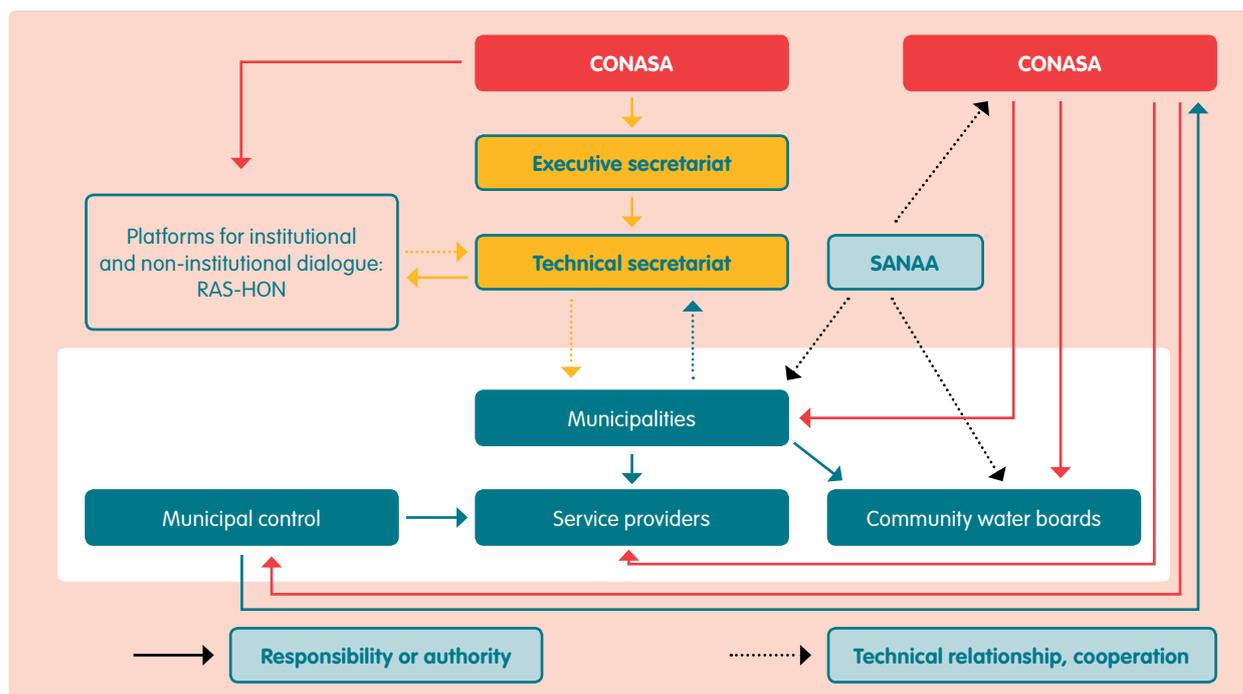


FIGURE 5 INSTITUTIONAL FRAMEWORK FOR THE WASH SECTOR

Source: Public Expenditure Review: Decentralization of Water and Sanitation Services. World Bank, 2014.

3.3 SECTOR FINANCING

Service provision in the water and sanitation sector in Honduras is financed through a combination of three sources: tariffs, taxes and external transfers.

The tariffs are collected by service providers in exchange for water and/or sanitation services. They are supposed to cover smaller maintenance and operational costs, but there is no documented information available assessing the extent to which tariffs are sufficient to cover these costs (and capital maintenance costs).

A second source of financing for the sector is taxes, which help to supplement operating costs and some capital maintenance costs not recovered by tariffs. In addition, taxes cover all the costs of national government and municipal staff.

The largest share of sector financing for capital investments by the central government is provided by external support agencies to national and local institutions and service providers (Public Expenditure Review- 2014).

Between 2002 and 2010, at central government level,⁹ Honduras invested 4.237 million Lempiras annually (US\$ 218 million) in drinking water and basic sanitation. Some 24% of this came from internal resources (taxes) and 76% from external support agencies.

Between 2002 and 2011, average investment in the sector was 0.13% of the Gross Domestic Product (GDP).¹⁰ Investment levels by the national government and donors in the WASH sector have generally been decreasing over the last 10 years, both in absolute terms and as a share of the overall national budget. (Draft Public Expenditure Review, 2012).

Sector financing at municipal level

Figure 6 shows a significant growth in municipal investments in the sector for the period between 2005 and 2010. It also shows an absolute and relative decline in the sector investments by national government for the same period.

⁹ For water and sanitation, the central government includes the Ministry of Health, the Ministry of Finance (SEFIN), the Honduras Social Investment Fund (FHIS) and SANAA (Servicio Autónomo Nacional de Acueductos y Alcantarillados)

¹⁰ According to the Human Development Report (HDR, 2006), countries such as Honduras must invest at least 1% of their GDP in water and sanitation.

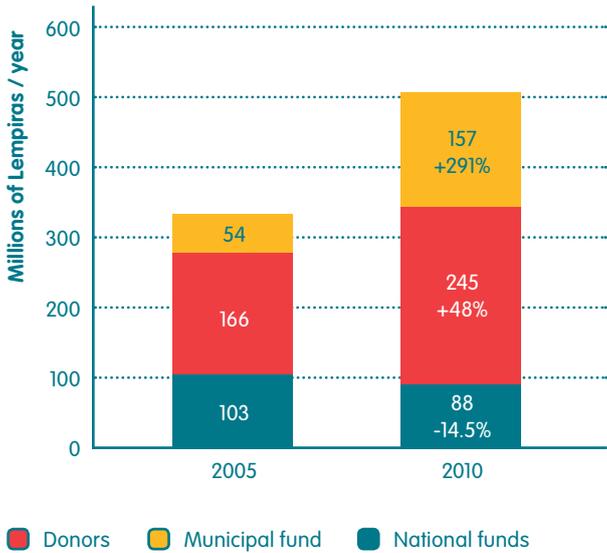


FIGURE 6 EVOLUTION OF FINANCING OF NATIONAL, MUNICIPAL AND DONOR FUND INVESTMENTS IN THE WASH SECTOR (2005-2010)

Source: Public Expenditure Review: Decentralization of Water and Sanitation Services. World Bank 2014

Between 2002 and 2011, the municipalities budgeted for more than US\$ 68 million in sector investments, of which 46% was for drinking water and 54% for sanitation (MAPAS, 2012). Figure 7 shows the sharp growth of investments in water and sanitation by municipalities after 2006.

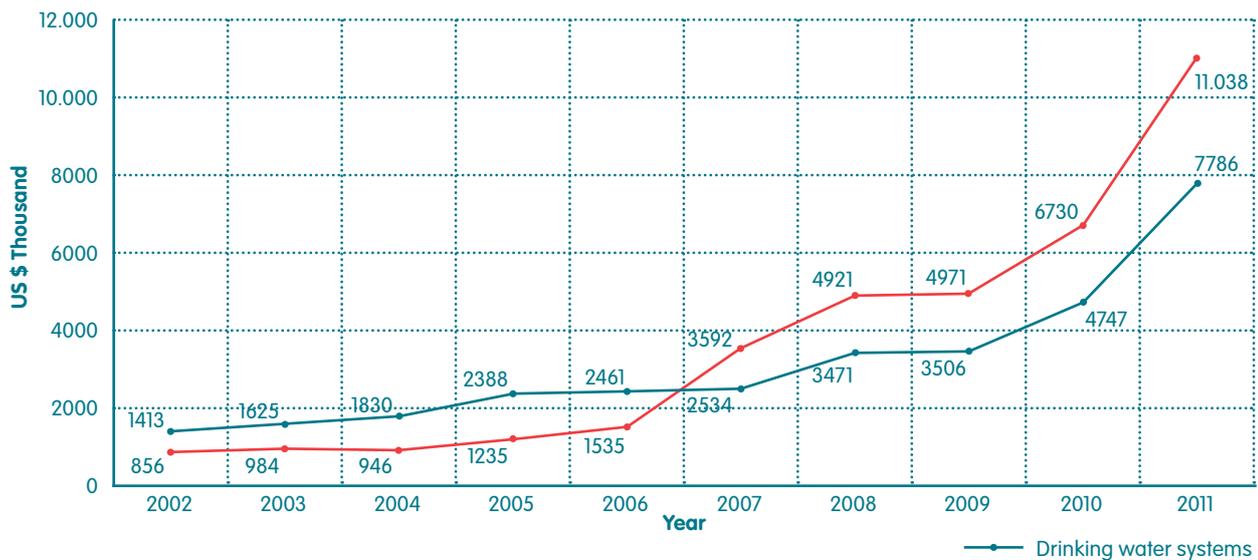


FIGURE 7 HONDURAS MUNICIPAL INVESTMENTS IN DRINKING WATER AND BASIC SANITATION (2002-2011). IN US\$ THOUSAND, NOT INCLUDING THE INFLATION CORRECTION

Source: MAPAS draft report, 2012.

The steep growth in municipal investments in the sector can be explained by the introduction of a national law on national transfers to municipalities. This transfer has increased by law from 5% of the national budget before 2007, to 11% from 2014 onwards. A minimum of 13% of these resources are expected to be spent on operations and maintenance to safeguard the sustainability of social infrastructure.

In 2010, national tax income amounted to a total of US\$ 2,214 million,¹¹ of which US\$ 110 million was transferred to the municipalities.

Information in reports from the Ministry of Internal Affairs and Population (2010) and in MAPAS (2014) highlights the following features:

- Information is available for 226 of the total of 296 municipalities, covering 72% of the national population.
- These municipalities invested US\$ 11.6 million, of which 41% was for drinking water and 59% for basic sanitation.
- 55% of the invested funds related to transfers from the national government, 26% were generated by the municipality and 19% are grants (donations).
- Municipal investments in the sector increased significantly after 2007, probably because of the promulgation of a new law that establishes a minimum percentage for the municipal budget for investments in the WASH sector (Decreto 2000 in 2005).

¹¹ SEFIN. Resultados Fiscales Cierre de 2010. February 2011. Page 1.

- Municipalities focused 72% of their investments in rural areas. This figure may be biased as the larger, mainly urban municipalities, like Tegucigalpa and San Pedro Sula, were not included in the list of 226 surveyed municipalities.

There are discrepancies in the available information on municipal investments in the sector. However, it is evident that the municipalities' share in financing the sector has increased in the past 10 to 15 years, and this is expected to continue (MAPAS 2014).

3.4 CONCLUSION

In summary, it can be concluded that the WASH sector in Honduras has made significant progress in extending water and sanitation services to its population. However, despite this progress, more than one million people in Honduras still do not use water from an improved source and 2.2 million people, mainly in rural areas, do not have access to an improved sanitation facility.

The sector underperforms in terms of providing a quality and sustainable service, for which the weak capacities of the service providers is one of the main contributing factors.

The sector reform provided a clear institutional framework characterised by separation of the main functions at national level (legislation, regulation and implementation) and an ongoing decentralisation process. Despite not yet entirely fulfilling their new roles and responsibilities, the national institutions perform reasonably well; the weak links in the chain are the municipalities and services providers, which still perform poorly.

While investments in the WASH sector by both the national government and donors have generally been decreasing over the last 10 years, both in absolute terms and as a share of overall national budget, the sector saw a steep growth in municipal investments in the WASH sector.

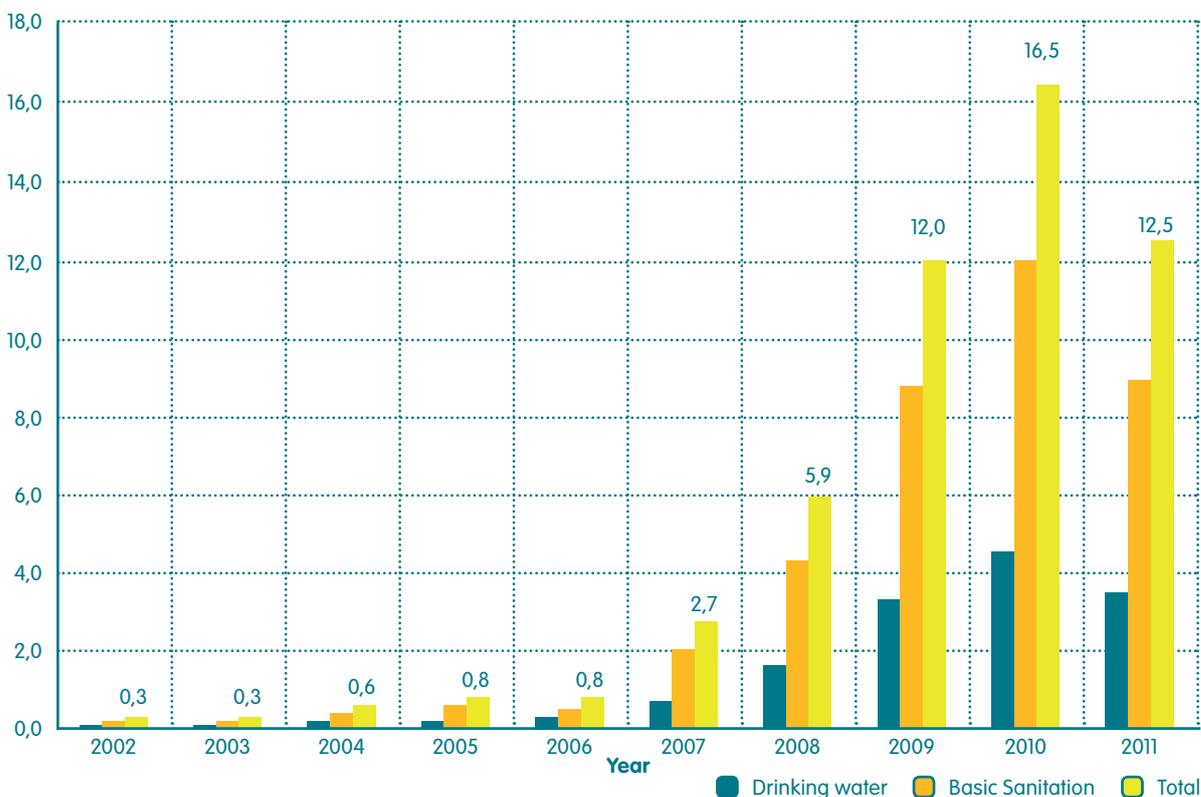


FIGURE 8 HONDURAS MUNICIPAL INVESTMENT IN DRINKING WATER AND BASIC SANITATION (2002-2011). IN 2011, US\$ MILLION INCLUDING THE INFLATION CORRECTION

Source: Public Expenditure Review: Decentralization of Water and Sanitation Services, (World Bank, 2012).

4. External support to the WASH sector in Honduras; how much and how is it delivered?

4.1 EVOLUTION OF EXTERNAL SUPPORT TO THE HONDURAN WASH SECTOR

This section focuses on the contribution of external support to the WASH sector. The figure below shows the evolution of external funding as a proportion of the total available budget for the sector. During the period between 2002 and 2011, average annual investment amounted to a total of US\$ 15 million, 76% of total sector investments in this period.

External support comprises approximately 72% loans and 28% donations or grants (MAPAS 2014). While donor financing has picked up again over the last five years after a relatively strong fall in 2008 (due to the political crisis of 2007), the general trend since 2002 has been one of decline, albeit with a still relatively important share of external funding in the overall sector budget for WASH.

With the decrease in bilateral support, grant money for the sector has declined. Co-financing (for which grant money is often used) is an important modality to achieve loans from the development banks (World Bank and Inter-American Development Bank (IDB)). The interest rates of the Central American Bank of Economic Integration (CABEI) are soft and variable

and therefore lower the total value of the loans. CABEI has become a partner in financing many IDB and World Bank loans.

Because of its lower middle income county (LIC) status, Honduras is limited in the level of debts it can take out. National counterpart money is therefore important and requires the government to prioritise WASH in order to be able to take out more loans for the sector.

4.2 ORIGINS OF EXTERNAL SUPPORT TO THE WASH SECTOR

The Finance Ministry (SEFIN) keeps track of the country's most important loans and donations. The Public Expenditure and Financial Accountability (PEFA) report states that in 2009 at least 20% of external support to Honduras was off-budget and thus not included in the SEFIN accounts and reports (GFA, htspe 2009) in MAPAS 2014.

At the moment, it is estimated that 75% of the national budget for the water and sanitation sector is included in the Integrated National Finance Administration System (SIAFI 2014). This means that the off-budget support to the sector, coming from donors directly making funding available to implementing agencies or

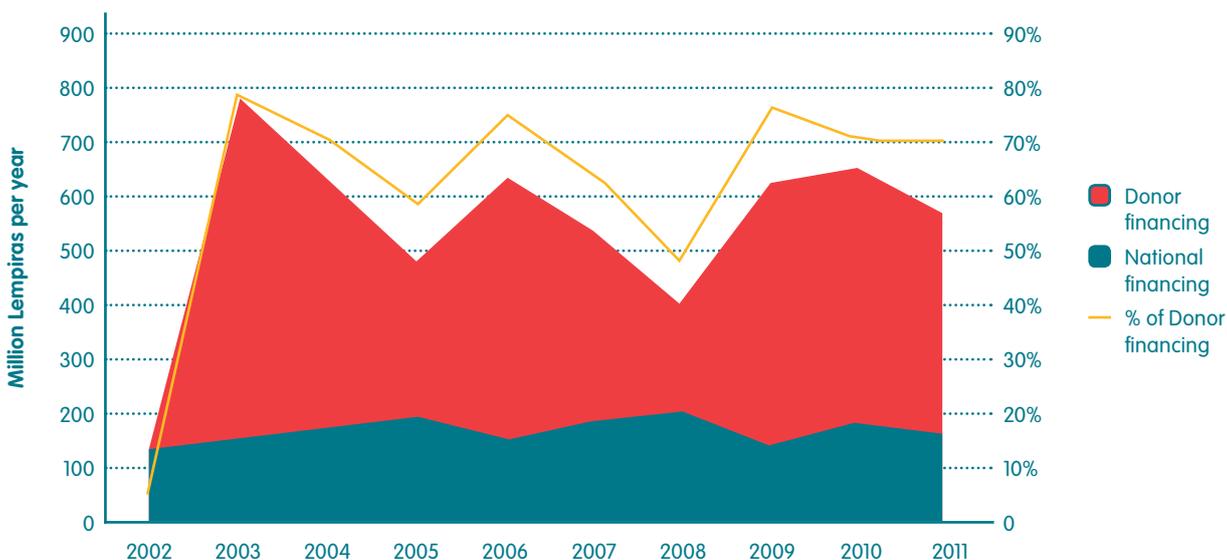


FIGURE 9 EVOLUTION OF NATIONAL VERSUS FOREIGN FUNDING IN THE SECTOR (2002-2011) AND FINANCING FOR NATIONAL, MUNICIPAL AND DONOR FUND INVESTMENTS (2005-2010)

Source: Public Expenditure Review: Decentralization of Water and Sanitation Services, World Bank, 2014.

municipalities, and the funding provided by (I)NGOs provided to the sector, currently makes up one quarter of the total funding available for the sector.

The largest external funders are (in decreasing order) Spain, which provided very significant support in the first half of the decade, the IDB, which increased lending in the second half, Japan, USAID and the CABEL. (Public Expenditure Review, 2012).

Nine donors are reported to invest more than US\$ 1 million in the WASH sector in Honduras. These are Spain (US\$ 42 million), the IDB Special Fund (US\$ 6 million), IDA (US\$ 5 million), Japan (US\$ 4 million), Canada (US\$ 1 million), Switzerland (US\$ 1 million) and EU institutions (GLAAS report, 2014).

MAPAS (2014) states that the most important financing institutions for the sector include the World Bank, the IDB, CABEL and the European Union. The most important bilateral donors are the Spanish International Development Cooperation Agency (AECID), the Swiss Agency for Development and Cooperation (SDC) and the Canadian International Development Cooperation Agency (CIDA).

In addition, international and national NGOs invest in the sector with their own resources or with resources from donor agencies. These investments are not centrally recorded or traced. MAPAS (2014) estimates total investments by NGOs at around US\$ 5 million per year.

NGOs with significant sector investments include Catholic Relief Services (CRS), CARE, Water For People (WFP), Agua del Pueblo and Save the Children. Other international NGOs include ADRA, CHF and Fundación Agua Para Todos (FUNAPAT).

4.3 AID FLOWS AND INTERVENTION MODELS

Aid flows

The information in the SIAFI system is mainly general information on sector investments: it registers the funding, its origins, the budget allocations, and the name of the agency that manages the resources. Important information for sector planning purposes, such as the level of disbursements and implementation, the allocation of the resources to sub-sectors or geographical areas, and the type of funding (grants and/or loans) is not centrally registered.

The figure below shows the channels through which external support from donors (including the development banks) and NGOs flows into the WASH sector in Honduras.

As explained earlier, not all financial support by external support agencies is included in the national budget. Support provided by the Japan International Cooperation Agency (JICA), for example, is off-budget, while that from SDC is partly off-budget. Some support is provided directly to municipalities or to service providers.

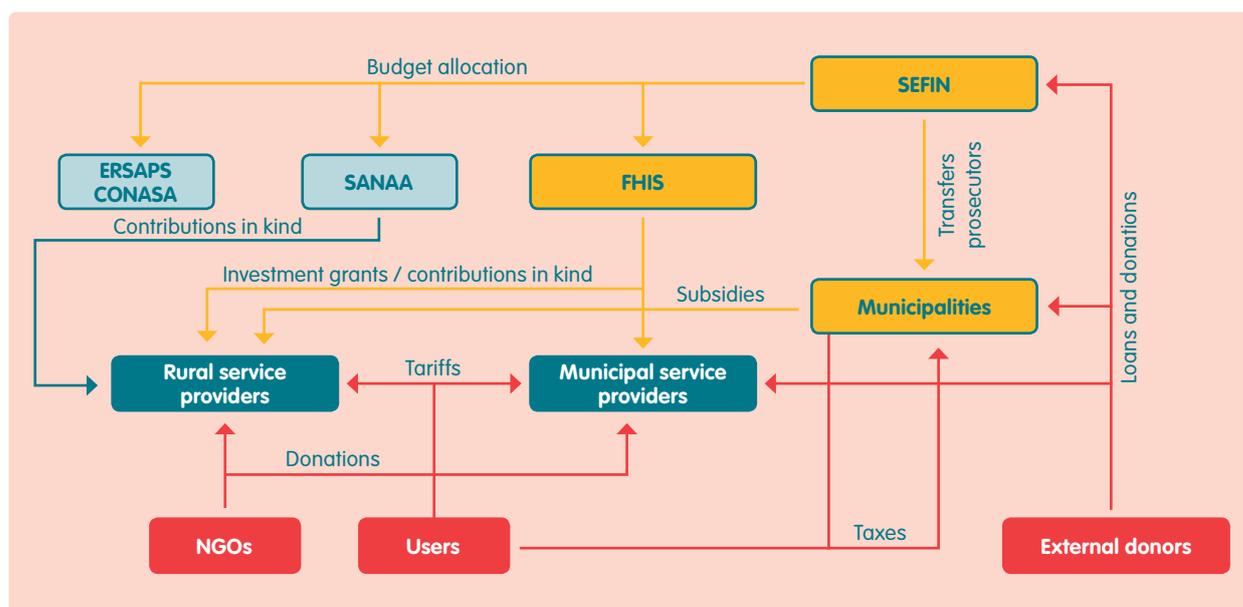


FIGURE 10 FINANCIAL FLOWS IN THE WATER AND SANITATION SECTOR IN HONDURAS

Source: Public Expenditure Review: Decentralization of Water and Sanitation Services. World Bank 2014

Support from (I)NGOs goes directly to municipalities, service providers or their associations and not via SEFIN, and is therefore not captured in SIAFI. However, INGOs are requested to report on their budget and investments to the National Secretary for Governance and Decentralisation (Secretaría de Gobernanza y Descentralización).

Most of the external funding, grants and loans are implemented through national institutions (SEFIN, FHIS and SANAA), or by municipalities or service providers. However information in the SEFIN and SEPLAN databases indicates at least five more governmental institutions through which external resources for the sector are channelled (see Annex 2). These include the Ministry of Planning, the Ministry of Agriculture and Livestock and the President's Office. In addition, some bilateral donors, such as AECID and the SDC channel significant funding through development banks like the IDB and the World Bank's Water and Sanitation Program (WSP) at headquarters level. Some of their funding goes directly to municipalities or associations of municipalities.

Direct support from bilateral donors to civil society organisations, such as SDC's financial support for RAS-HON, the National Association of Municipalities (AMHON) or the Association of Service Providers (AHJASA), provides a more complicated funding flow picture.

The picture is even more complicated as some of the funding of the bilaterals and development banks is channelled through national government agencies like SANAA and FHIS and then subsequently implemented by international or national NGOs on a sub-contract basis.

Intervention models

All external funding for the sector is project-based, with the exception of the general budget support from the European Union. Some bilateral donors implement their funding through government institutions like FHIS and SANAA. Others, such as JICA, directly implement projects by setting up their own independent project units, staffed with directly recruited Japanese experts and/or national consultants using their own systems and procedures.

The preferred modality of the World Bank and the IDB is through specific project units with a dedicated team within the government implementing agency.

NGOs with significant sector investments operate through their country offices and teams and a large

part of their support to municipalities is in kind, in the form of technical assistance and advice. For support to municipalities or service providers for the construction of new infrastructure, construction firms are sub-contracted.

While INGOs already have a relatively extensive track record in implementing projects and activities for UN organisations and programmes, particularly for UNICEF and UNDP, there is a new trend of them acting as sub-contractors in programmes implemented by national government agencies but externally funded.

Figure 10 on financial flows in the sector is even more complex. An additional flow, not included in the figure, is the external support from many private initiatives and religious groups to non-WASH specific organisations and associations in Honduras, such as churches and the Rotary Club. There is no clear overview of the total amount of support to the sector coming to Honduras through the charities channel. It is clear, however, that it generally takes the form of smaller amounts, mostly for the construction of WASH facilities.

4.4 TARGETING OF AID MONEY

The targeting of investments is assessed by geographical focus, sub-sector and cost category in the life-cycle of WASH services.

Geographical focus in sector investments enabled by donors

From the table below, showing the investment levels of external support agencies in 2012, it can be concluded that:

- almost 60% of the officially registered support to the WASH sector goes to the sub-sector water;
- external support agencies together invested a total of US\$ 24.9 million in the rural sector, 58% of the total investment in the WASH sector in 2012;
- almost 60% of water projects and nearly 70% of sanitation projects are implemented in the poorest municipalities.

TABLE 4 INVESTMENT LEVELS OF EXTERNAL SUPPORT AGENCIES IN 2012

| Sector | Area | Total | Percentage | |
|----------------------|-------------------------|-------------|-------------|-------------|
| Water | Rural | 13.8 | | 54% |
| | Urban | 11.7 | | 46% |
| | Total water | 24.9 | 58% | 100% |
| Sanitation | Rural | 10.1 | | 58% |
| | Urban | 7.3 | | 42% |
| | Total sanitation | 17.4 | 41% | 100% |
| Total capital | | 42.9 | 100% | |

Source: MAPAS draft report, 2012.

TABLE 5 NUMBER OF PROJECTS IMPLEMENTED IN POVERTY AREAS

| Poverty level of the municipality | Number of water projects | Number of sanitation (latrines) projects |
|-----------------------------------|--------------------------|--|
| High | 61 (58%) | 84 (69%) |
| Medium | 45 (42%) | 37 (31%) |
| Total | 106 | 121 |

Source: Costos de inversión en proyectos de agua y saneamiento rural: Análisis de diversos modelos de intervención en Honduras. IRC, 2014.

Focus of investments in different cost categories

Generally speaking, development banks have a strong preference for investments in new hardware (building new or extending existing systems and facilities) above investments needed to cover technical assistance (direct costs) or for other cost categories, including recurrent costs. However, having said this, it should also be recognised that many, but not all, externally funded infrastructure programmes do include a capacity development component for the community-based water committees and, to a lesser extent, to strengthen local municipal government capacity. As support for capacity development activities is a component of the larger programme, it is difficult to trace the exact amounts allocated to these non-hardware components.

In the past, USAID invested significantly in post-construction support. By establishing a system of circuit-riders (Técnicos en Operación y Mantenimiento (TOMs)), operation and maintenance technicians and Water and Sanitation Technicians (Técnicos en Agua y Saneamiento, (TAS)), USAID significantly enhanced SANAA's capacity for technical assistance to municipalities and service providers. Unfortunately, the technical assistance system was not sufficiently institutionalised when USAID withdrew its support from the sector and could not be fully maintained.

MAPAS (2014) includes a calculation on the funding needed to achieve total coverage for water and sanitation by 2022. The calculations point to the need of a total of US\$ 176 million for new investments and US\$ 249 million for replacement and rehabilitation. The calculations in the document only include the capital investments for new infrastructure and capital maintenance costs for the replacement and rehabilitation of existing hardware. Insights into the investments needed to cover the related direct and indirect costs for sustained service delivery are, however, not available for the WASH sector in Honduras.

The information in table 6 shows that most of the anticipated investments to reach full coverage are for capital maintenance. According to MAPAS (2014), these investments will be needed to replace and rehabilitate the infrastructure built in the 1970s and 1980s, which are anticipated to be reaching the end of their life-cycle.

These calculations do not take into account the investments needed to cover all direct and indirect support costs. These costs are essential for guaranteeing the sector's capacity to ensure a reliable and quality service over time. The cost of establishing and running post-construction support and a solid system for monitoring service delivery levels are good examples of essential direct costs for sustained service delivery.

TABLE 6 INVESTMENTS NEEDED (IN US\$ MILLION) TO ACHIEVE WATER AND SANITATION FOR ALL BY 2022

| | Sanitation Urban Rural | | Drinking Water Urban Rural | | Total millions US\$ |
|--|------------------------|----|----------------------------|----|---------------------|
| New investments / capital investments | 69 | 29 | 44 | 34 | 176 |
| Replacement and rehabilitation (capital maintenance) | 47 | 75 | 67 | 60 | 249 |

Source: MAPAS, 2014.

Emphasis in all sector investments is on capital investments and, to a lesser extent, on capital maintenance. According to the results of a Life Cycle Cost Approach (LCCA) study carried out in FHIS by IRC, 51% of investments for water are for building new infrastructure (CapEx), 35% for rehabilitation (CapManEx) and 14% for a mix of new and rehabilitated infrastructure. Establishing and training service providers and strengthening municipal governments are seen as important elements in ensuring the sustainability of the project investments. Donors, however, allocate small amounts to non-hardware components and these amounts are earmarked for the duration of the infrastructure project only. According to the LCCA study (2014), projects focused on building new infrastructure have 11% of the budget allocated to the establishment of community-based service providers, studies and supervision. Rehabilitation and renovation projects allocate 9% of the total project budget to these activities (Smits, et al. 2014). So in general we can say that around 10% of the project budget is allocated to non-hardware. What we do not know is whether the earmarked budget is actually also spent on the non-hardware, nor are benchmarks available in Honduras for defining adequate budgets for direct and indirect costs. A full life-cycle cost approach, essential for sustained service delivery and maintaining service levels, has not yet been applied.

It can be concluded that external support agencies' contributions to the sector have focused primarily on increasing coverage and on capital replacement. Based on a revision of 11 programmes randomly chosen from the FHIS implementation portfolio between 2006 and 2011, it was found that some of the project proposals established objectives for enhancing access and water quality but do not mention the levels to be achieved. Less so, the projects establish objectives and corresponding targets for enhancing reliability of water services, and hygienic use of sanitary facilities.

4.5 INFORMATION ON SECTOR INVESTMENTS AND EXTERNAL FUNDING

The Public Expenditure Review (WB, 2012) is one of the very few sector documents that records and assesses external funding in the WASH sector.

At country level, through SIAFI, Honduras has a comprehensive information system for tracking external funding to the WASH sector. And with an estimated 75% of external funds being registered in SIAFI, a reasonably complete picture can be drawn of external fund flows. Obvious gaps remain, however. First and foremost, steps should be taken to ensure that a large share of the remaining sector funds flow through SEFIN or are otherwise registered (recognising that 100% registration is probably unattainable). In addition, more could be done to tag what these funding flows are destined for. At sector level, funding is poorly monitored and assessed and is certainly not systematically used for planning purposes.

SIAFI manages a special module called UEPEX (Unidades Ejecutoras de Proyectos con financiamiento Externo) that is mandated to monitor the project implementing units installed at the implementing agencies. UEPEX consists of a series of special reporting requests to the implementing agency. The module is designed to facilitate and improve the use of SIAFI. It has not yet, however, been applied by all agencies implementing externally funded programmes.

Project progress reports are usually submitted to the external funding agencies headquarters and submitted to SEFIN for endorsement. SEFIN staff also usually take part in meetings and field visits to monitor progress in implementing externally funded projects. So reporting information is available, but it is not clear how it is being used by SEFIN and the sector. Most of the development banks and bilateral donors do undertake – in addition to the national project progress reporting requirements – project monitoring and evaluation missions. For instance, the IDB employs a very detailed reporting system and the results are publicly available.

National budget allocations for SANAA, FHIS, ERSAPS and CONASA are expected to be supported by an Annual Operational Plan (POA). Progress on the POA is reported to the national planning office, SEFIN and SEPLAN and, on some occasions, to the President's Office. In the absence of a sector budget, funding for the sector through these agencies is not so easy to trace. The funding for FHIS, for example, also includes funding for infrastructure development in other sectors.

Most of the above information is not publicly available, with the exception of SANAA, which publishes its POA and regular progress reports on project implementation on its website.

Furthermore, the existing national reporting system does not capture and show the municipalities' role in financing the WASH sector.

The above paragraphs show that we were able to obtain a reasonable picture of external support and commitments to the sector. The information we found from the different sources is however not always straightforward, fully compatible or 100% complete. It can be concluded that the main challenge is not the availability of information on external support, but its accessibility and use by the sector for planning purposes.

4.6 IMPLEMENTING CAPACITY

MAPAS (2012) refers to the weak capacity of government institutions and states that this is reflected in the sector's implementing (absorption) capacity. MAPAS' elaboration on the low absorption capacity in the sector includes the following:

- Operational costs are relatively high compared to the investments in the sector. Administrative costs are calculated at 30-40% of total expenditure (administrative costs and national and external investments) in the sector.
- The sectors' inability to use a higher percentage of the available resources for sector investments is a constant problem and may point to some structural limitations, technical or administrative, in government institutions. However, there are a number of other contributing factors for the relatively low implementation level, including the political situation in the country and the complicated administrative processes.
- At both national and local level, staff in government institutions are replaced every four years when a new government takes office. This turnover impacts above all negatively on efforts to strengthen local government capacities.



4.7 CONCLUSIONS ON THE IMPORTANCE OF OFFICIAL DEVELOPMENT ASSISTANCE

External support comprises approximately 72% loans and 28% donations or grants (MAPAS 2014). While donor financing has picked up again over the last five years after a relatively strong fall in 2008 (due to the political crisis of 2007), the general trend since 2002 is one of decline, albeit with a still relatively important share of external funding in the overall sector budget for WASH. With the decrease in bilateral support, grant money for the sector has declined.

At the moment, it is estimated that 75% of the national budget for the water and sanitation sector is included in the Integrated National Finance Administration System (SIAFI, 2014). MAPAS (2014) estimates total investments by NGOs to be around US\$ 5 million per year.

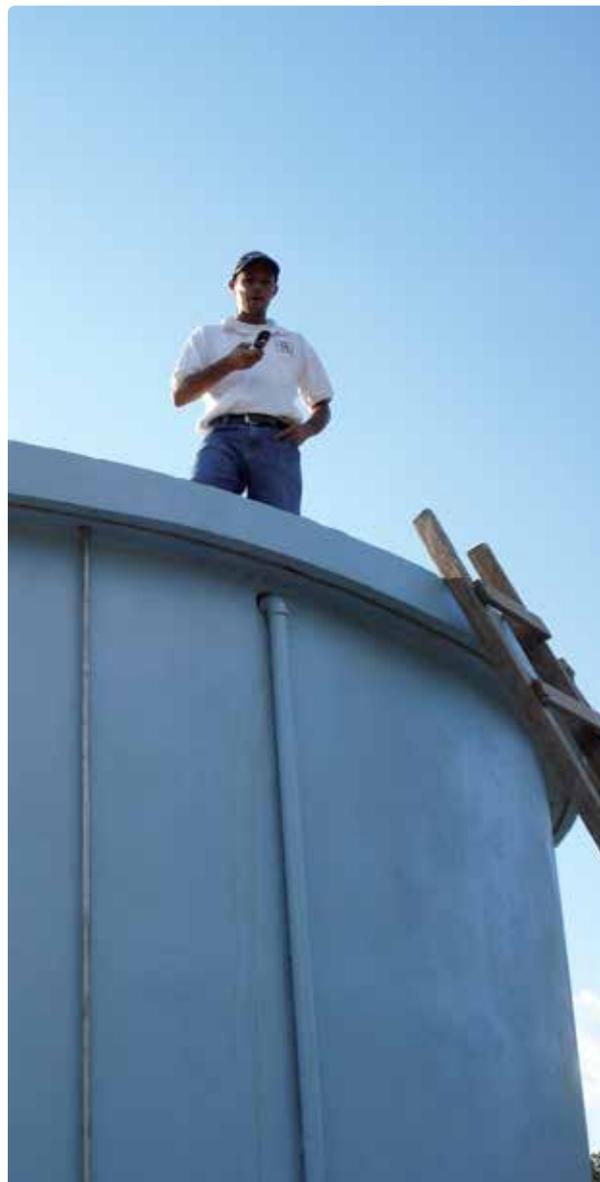
The flows of donor funding, grants and loans show a complicated picture, with the largest flow channelled through a variety of government implementing agencies. A smaller part of donor funding is directly managed and implemented by the donors themselves and another flow funds local governments and/or service providers directly. NGOs, mainly active in rural areas, implement programmes and projects with charity money channelled through their headquarters, or act as sub-contractors for national government agencies, implementing programmes financially supported by donors.

All external funding for the sector is project-based, with the exception of the general budget support from the European Union. Much of the funding is provided through dedicated project units established at the government implementing agencies.

Most of the officially registered support to the WASH sector (60%) goes to the sub-sector water. In 2012, of all WASH investments in the rural areas, 58% were financed by aid money. Almost 60% of water projects and nearly 70% of sanitation projects are implemented in the poorest municipalities.

The emphasis in all sector investments is on capital investments and, to a lesser extent, on capital maintenance. A study carried out in FHIS shows that around 10% of project budgets are earmarked for the non-hardware component of the project. In the absence of adequate benchmarks in Honduras, it is difficult to define adequate budgets for direct and indirect costs. A full life-cycle cost approach, essential for sustained service delivery and maintaining service levels, has not yet been applied.

It can be concluded that external support agencies' contributions to the sector have focused primarily on increasing coverage and on capital replacement. Specific goals for enhancing service levels (water quality, reliability of the services) are seldom included in the majority of the capital investment projects. Honduras has a comprehensive national information system for tracking external funding to the WASH sector (SIAFI) but at sector level, funding is poorly monitored and assessed and the available information is certainly not systematically used for planning purposes. The main challenge is not the availability of information on external support, but its accessibility and use by the sector for planning purposes.



5. Progress in complying with the five aid-effectiveness principles, as defined in the Paris Declaration

This chapter assesses progress towards complying with the aid effectiveness principles in the WASH sector in Honduras. The assessment is qualitative and the results were validated at two meetings: a sector meeting (February, 2015) with the participation of representatives of many government institutions, national civil society organisations and donors, and secondly, within the donor coordination meeting in May, 2015.

Progress in complying with each of the five aid effectiveness principles is assessed according to the indicators defined by the OECD. These are complemented by a number of additional indicators, defined by the authors to further elaborate on the OECD indicators. This allows for a more nuanced assessment of progress made in complying with the principles.

Each of the following sections assesses compliance with one of the aid effectiveness principles and concludes with a qualitative score, using a ‘traffic-light’ system, for each indicator.

In addition to assessing compliance with the aid effectiveness principles at national level, an attempt is made to gain insight into adherence to the principles at municipal level. The same indicators are used as the ones applied at national level, but only as a reference. The information collected in the context of this study did not allow for a more profound analysis of each of the indicators in the municipal context. A reflection on compliance with each of the aid effectiveness principles at municipal level is included in each of the following sections in this chapter, with the exception of the section on managing for results, for which we did not have sufficient information to assess municipal performance.

5.1 COUNTRY OWNERSHIP

Country ownership is assessed against the following indicators:

| OECD indicators | Additional indicators |
|---|---|
| <ul style="list-style-type: none"> Countries put in place national development strategies with clear strategic priorities. | <ul style="list-style-type: none"> Political prioritisation for the sector in the national development agenda and public resources allocated to the sector. Clarity on what governmental institution leads the WASH sector. |

Countries put in place national development strategies with clear strategic priorities

National development priorities in Honduras are specified in the national state documents “Vision del País 2010-2038” and “Plan de Nación 2010- 2022”. These documents establish the longer-term development goals and objectives and the main strategies providing the main framework within which the different government agencies will define their respective development plans. While the documents include a concrete set of targets for water and sanitation by 2022, WASH is not acknowledged as a sector as such and therefore lacks an appropriate strategic framework within national development policy.

However, under CONASA leadership and through its technical secretariat hosted at SANAA, a sector policy and strategy were elaborated and adopted by the national government (2013). The sector policy and strategy provide the overall policy goals and strategic direction for developing water and sanitation services in Honduras.

Political prioritisation for WASH in the national development agenda and public resources allocated to the sector

In Honduras, the water and sanitation sector does not appear in the top 20 of national priority targets (MAPAS 2014).

There is a relative low allocation of public resources to the sector, currently 0.13% of GDP, far below the 1.0% established in the Human Development Report (2006).

Clarity on what governmental institution leads the WASH sector

The Framework Law has, rightfully, defined a clear division of roles and responsibilities between several government departments. It has established a leadership role for CONASA, as a council for representing and coordinating among the different government bodies. CONASA is chaired by the Ministry of Health, which has given little priority to convening its meetings. This lack of political commitment to CONASA means that it lacks the political weight to achieve a higher priority for the WASH sector in the national government’s development agenda.

When the new government took office at the beginning of 2014 it set up IDECOAS. IDECOAS is intended to be a ministry bringing the main sector institutions (SANAA and FHIS) together. The establishment of IDECOAS has created interesting new conditions for sector leadership and coordination. However, at the time of writing, IDECOAS has only been in existence for a year. It is yet unclear how it will evolve and what effect this will have on the institutional landscape and sector leadership.

Ownership and municipal leadership in WASH

Besides ownership of WASH at national level, it is important to assess ownership at municipal level, as local governments are responsible for WASH service delivery locally. As noted in the chapter on sector financing, municipalities increasingly commit municipal resources for WASH sector investments. This shows that they are prioritising WASH. At the same time, however, it can also be concluded that most municipalities, with the exception of some of the larger ones, do not yet have the full capacities in place to effectively direct and organise municipal sector investments.

Conclusion

In conclusion, it can be stated that the sector scores overall low in Honduras, though there is some progress in the area of developing sector strategies. The water and sanitation sector scores low on the national

development agenda and resources allocated to the sector have even declined over the last decade. However, through its technical secretariat, CONASA has made progress at the operational level. The national Water Law clearly establishes the allocation of different roles and responsibilities in the sector, but not all institutions fully adhere to these roles as yet. Various instruments are available for strengthening the capacity of local governments but few of them have the full package of supporting instruments in place.

5.2 ALIGNMENT

Progress towards complying with the alignment principle is assessed against the following indicators: OECD indicators Additional indicators

| OECD indicators | Additional indicators |
|--|--|
| <ul style="list-style-type: none"> Countries develop reliable national systems or reform programmes to achieve them. Donors align their aid with national priorities and provide the information needed for it to be included in national budgets. Country structures are used to implement aid programmes rather than parallel structures created by donors. | <ul style="list-style-type: none"> The sector establishes policy priorities with clear sector targets and desired outcomes. Government institutions align their interventions with sector policy priorities. Government institutions and donors are aligned to the sector planning, budgeting and monitoring process. |

Countries develop reliable national systems or reform programmes to achieve them

The sector has made significant progress over the last five to ten years in moving towards a broader vision of sector development, beyond the implementation of projects. This is reaffirmed by the adoption of the sector policy.

The sector reform process is ongoing and is expected to eventually address the need for reliable sector systems to support implementation of the sector’s vision and to move further towards water and sanitation services for all.

TABLE 7 SCORING ON COMPLIANCE WITH THE OWNERSHIP PRINCIPLE

| Indicators for ownership | Score | | |
|--|-------|--|--|
| Countries put in place national development strategies with clear strategic priorities | | | |
| Political prioritisation for the sector in the national development agenda | | | |
| Clarity on what governmental institution leads the WASH sector | | | |

In 2013 and 2014, the sector elaborated a sector plan (PLANASA), translating WASH policy into a concrete actionable plan, with the intention of guiding and coordinating all sector interventions. The PLANASA elaboration process included various stakeholder consultations and platforms for stakeholder participation. The plan is, however, not yet part of an institutionalised sector planning system in which the short-term annual planning and budgeting is implemented within the cycle of medium- and longer-term planning.

A system to monitor progress in implementation of the sector plan is yet not available. It still remains to be seen how the annual planning of the different institutions will link up at sector level within the framework of the medium- to longer-term planning for the sector, as established in PLANASA. The sector has as yet no system in place that brings the actors and their respective individual institutional planning processes together in a coordinated way.

The sector establishes policy priorities with clear sector targets and desired outcomes

El Plan de Nación establishes coverage targets to be achieved by 2022 that are different from the country targets for achieving the MDGs, which are rather generic and quantitative. The national policy for WASH service delivery (PLANASA 2013) sets out the main policy priorities for sector development in the coming decades, to which all sector stakeholders are expected to align. PLANASA includes a generally formulated overall target for each strategic area, but these have not yet been formulated in a measurable and SMART way. This makes alignment to the targets difficult to measure.

Donors align their aid with national priorities and provide the information needed for it to be included in national budgets

All the interviewed donors expressed their support for the national policy priorities. Until 2013, in the

Improve coverage and quality of the WASH services with the ultimate goal to reduce the mortality index caused by water-borne diseases. The targets for 2014:

- Reach a coverage of 95% of people with access to an adequate drinking water service
- Reach a coverage of 95% of people with access to an adequate sanitary system

Source: Plan de Gobierno 2010-2014 para agua urbana y saneamiento

absence of a clear WASH policy, the objective and targets for WASH as formulated in the main national policy document “Plan de Nación, Visión del País” (2010–2022) were the main policy reference for WASH. The objective and targets for WASH formulated in this general policy document are very generic and it would be difficult for any investment in the sector not to contribute to this very general goal. As such, until last year, the sector lacked a strong instrument that could orient and direct sector investments.

Agreements on the large majority of current investments, financed by external support agencies, stem from the period before the launch of the national WASH policy.

Multilateral organisations, including UN agencies and the development banks, elaborate country strategy papers, and new sector projects need to fit in with these strategies. In the case of CABEL, the national strategy is aligned to the national development plan for Honduras and had to be formally signed off by the national government. Some external support agencies seek more active involvement of the national government in developing the country programme or country support strategy.

The political willingness of donors to effectively adhere to the nationally defined WASH policy priorities is still unclear, as many donor representatives stated that they are also bound by their own internal institutional policy priorities, set at headquarters level. An example is SDC, which needs to prioritise investments in geographical areas with the highest poverty indicators. FHIS, however, which implements SDC funding, prioritised other geographical areas as it wanted to avoid overcrowding of sector investments in certain areas. The final selection of the geographical areas was a result of negotiations between FHIS and SDC.

Government institutions align their interventions with sector policy priorities

Current practice is that the individual government institutions, particularly FHIS, negotiate directly with external funding agencies, responding to their institutional priorities and not necessarily supporting implementation of the vision and approach reflected in the national policy and plan for the sector. Alignment to the national WASH policy is a major challenge for FHIS and SANAA. To implement externally funded projects, they usually respond to prioritised demands from the municipalities, which need to fit within the external financing organisation's conditions. The challenge consists in ensuring that the results of those negotiations are in line with the WASH policy. The

national WASH policy was formally adopted less than two years ago by the national government, and it is probably too early to judge the national institutions' real commitment to aligning their activities to national sector priorities.

Government institutions and donors are aligned to the sector planning, budgeting and monitoring process

In the absence of a systematic planning, budgeting and monitoring system at sector level, the main national government sector institutions are guided in their operations by the Annual Operational Plan (POA) and the contractual project agreements with external support agencies (bilateral donors and development banks). From the interviews conducted for this study, we perceived a strong commitment to respond to the external support agencies' expectations in terms of priorities and conditions. Only in a few cases was reference made to a negotiation process with the funding agency regarding the prioritisation of particular geographical areas for the new sector investments.

None of the government institutions are directed by a longer term organisational plan that establishes their respective contributions to the sector's policy priorities and targets and that would support implementation of the sector plan. The sector government institutions have not yet adopted a practice of medium- and longer-term organisational planning. Their operations are therefore very much guided by the externally funded projects they implement.

Country structures are used to implement aid programmes rather than parallel structures created by donors

It is not easy to obtain a clear insight into the level of use of national systems and compliance with national

procedures. Although most of the official external funding (75%) is channelled through the national government and therefore included in the national budget, this is no guarantee of adherence to national systems and procedures.

Bilateral donors implementing their funding through government institutions like FHIS and SANAA usually do use the institutions' systems and procedures. The preferred modality of the World Bank and the IDB is through specific project units within the government implementing agency. Project units usually set up their own systems and procedures, using some of the existing ones of the hosting government agency, but with modifications. These systems and procedures are usually designed in accordance with the development banks' conditions and expectations for smooth project implementation and reporting. The experiences with the project units are sometimes also used to improve the regular systems and structures.

Alignment at municipal level

At sector level, many instruments are now available to support efforts to strengthen the municipal leadership role, such as the methodology for elaborating a municipal WASH policy, the establishment of municipal planning and monitoring units, and a system for monitoring WASH service delivery in rural areas. While many municipalities have adopted some of these instruments, few have the complete package in place. However, alignment of external support agencies to locally defined policy priorities depends not only on the existence of a municipal WASH policy and plan, but also hugely on the willingness of the municipal government to direct and negotiate external support towards their policies and targets.

TABLE 8 SCORING ON COMPLIANCE WITH THE ALIGNMENT PRINCIPLE

| Indicators for alignment | Score | | |
|--|-------|--|--|
| Countries develop reliable national systems or reform programmes to achieve them | | | |
| The sector establishes policy priorities with clear sector targets and desired outcomes | | | |
| Donors align their aid with national priorities and provide the information needed for it to be included in national budgets | | | |
| Government institutions align their interventions with sector policy priorities | | | |
| Government institutions and donors are aligned to the sector planning, budgeting and monitoring process | | | |
| Country structures are used to implement aid programmes rather than parallel structures created by donors | | | |
| Overall score | | | |

Conclusion

In conclusion, it can be stated that sector alignment scores relatively well on many of the sub indicators with particular good progress in strengthening and use of reliable national systems and donor alignment with national priorities. Most of the sector aid is registered and included in the national budget. With the adoption of the sector WASH policy and the inclusion of sector targets in PLANASA the sector has some of the instruments in place, enabling sector alignment. Nonetheless some promising new initiatives the mayor challenges exist in strengthening the sectors capacity to plan and monitor sector progress on a regular bases and involving the main sector stakeholders, including those of civil society and those operating at decentralised levels. Donor's align their support to national priorities and channel their support to municipalities through national systems. (I) NGOs do however directly engage with local governments but the municipalities do seldom have the capacities or the culture in place to actively demand and coordinate the external support towards the municipality's development priorities.

5.3 HARMONISATION

Harmonisation in the sector is assessed against the following indicators:

| Principle | OECD indicators | Additional indicators |
|----------------------|--|--|
| Harmonisation | <ul style="list-style-type: none"> Aid is provided through harmonised programmes coordinated among donors. Donors conduct their field missions together with recipient countries. Donors conduct their country analytical work together with recipient countries. | <ul style="list-style-type: none"> Existence of sector platforms for coordination of sector interventions and harmonisation of approaches. Government institutions coordinate and harmonise their intervention models to support the sector. |

Aid is provided through harmonised programmes coordinated among donors

Donor agencies and development banks meet in a monthly donor coordination meeting. This is a good platform for sharing information on sector developments and good practices. Joint or coordinated actions are occasionally undertaken, as was the case with the

mapping of donor support to the sector. The donor coordination group is often consulted during the development of key policy instruments for the sector.

However there is as yet no evidence of structured efforts, promoted and or enabled by the donor coordination group around the implementation of a single sector programme. Some examples of coordination between donors exist, such as CABEL and the IDB working together on a coordinated approach to support the municipality of Tegucigalpa in tackling water and sanitation challenges. And there are other examples of coordination between donors seeking complementarity between each-others' strengths and interventions. Coordination among external support agencies also provides some interesting examples of enhanced leverage by complementing available resources. Coordination and collaboration among donors has not yet stimulated deliberate efforts to harmonise their approaches.

Despite some good practices, projects are still mainly identified and negotiated bilaterally between the donor and the national government, and there is no evidence yet of alignment of project interventions and approaches within the donor community around a common sector plan.

Existence of sector platforms for coordination of sector interventions and harmonisation of approaches

Various platforms for sector coordination exist in the sector. CONASA hosts the sector coordination platform, in which representatives of government institutions, donors and civil society organisations participate. This platform, chaired by the Ministry for health, has so far only convened on a limited number of occasions and has not succeeded in bringing together the decision makers of the main sector stakeholders on a regular basis; donors are often represented at project management level, with little engagement by their heads of delegations.

Other sector platforms, such as the RAS-HON, have potential for fostering sector coordination and addressing better harmonisation of approaches, but in practice limit their focus mainly to the exchange of information between their members.

Government institutions coordinate and harmonise their intervention models to support the sector

Harmonisation of approaches among government institutions is an issue. The perception is that approaches to project implementation are mainly dictated by donors' expectations rather than by

institutional or sector guidelines. The study carried out by IRC (2014) at FHIS revealed that each project has its own approach and that implementation approaches are often chosen without clear criteria (Smits, et al. 2014). FHIS implements various projects financed by different donors. Each project follows its own intervention model. Consequently, different approaches are applied by the same institution, depending on the funding source.

Good examples of promising initiatives in harmonising approaches include SIASAR, the Proyectos Ejecutados por la Comunidad (PEC) approach (Projects executed by the community), PTPS and the methodology for municipal policy development developed under CONASA's leadership.

Donors conduct their field missions together with recipient countries

For all projects registered in SIAFI, it is requested that project monitoring and evaluation missions are undertaken with participation of a representative of the national government (Ministry of Planning or Finance). It is common practice for representatives of the implementing agencies to be actively involved in these missions by the donor. Apart from anecdotal information, there is no systematised information on the involvement of country representatives in monitoring and evaluation missions related to aid funded projects other than those registered in SIAFI.

Donors conduct their country analytical work together with recipient countries

We have come across examples of donors developing their intervention strategies with the involvement of the national government. The level of involvement does, however, vary significantly among the different donors, and it is not necessarily common practice yet for all donors.

Harmonisation at municipal level

Lack of harmonised approaches at national level has above all an effect at municipal level, where projects are implemented. The municipalities do not yet have the capacity to demand that central government institutions or external support agencies harmonise their approaches. Municipal governments hardly negotiate or demand any specifics in the implementation of externally funded projects. This is independent of whether projects are funded and implemented through institutions of central government or (I)NGOs. Generally speaking, the whole deal is usually accepted by the local government as one single package.

However, some good and promising initiatives in harmonising approaches at municipal level are emerging. Harmonisation is an important principle in the “Para Todos Para Siempre” (PTPS) initiative. PTPS is a collaboration between all main (I)NGOs in Honduras, including WFP, CRS, IRC, CARE, Agua para el Pueblo, World Vision, Living Water International, Save The Children, Pure Water For The World and COCEPRADIL, and currently also includes 28 municipal governments. The collaboration is based on a longer-term commitment between municipal governments and the NGOs aimed at achieving sustainable water and sanitation services for all in the municipalities involved. By establishing working groups and based on the experiences of each of the members’ experiences, a common approach towards certain aspects of strengthening capacities for service delivery is being developed.

A good example of harmonisation of approaches is the decision taken among the members of the PTPS initiative to adopt the SIASAR, the system for monitoring service delivery promoted by the national government. All members – including WFP, which

TABLE 9 SCORING ON COMPLIANCE WITH THE HARMONISATION PRINCIPLE

| Indicators for harmonisation | Score | |
|--|-------|--|
| Aid is provided through harmonised programmes coordinated among donors | | |
| Existence of sector platforms for coordination of sector interventions and harmonisation of approaches | | |
| Government institutions coordinate and harmonise their intervention models in support to the sector | | |
| Donors conduct their field missions together with recipient countries | | |
| Donors conduct their country analytical work together with recipient countries | | |
| Overall score | | |

applied its own monitoring tool (AkvoFLOW) – committed themselves to prioritise the use of SIASAR above their own institutional monitoring tools and approaches. The adoption and implementation of SIASAR is a good example of multi-actor coordination and harmonisation in service delivery monitoring.

Conclusion

Generally speaking, it can be concluded that there are many mechanisms in place for harmonisation, including platforms, meetings and joint field missions. There are also examples of good practice and promising initiatives for improved harmonisation. Though these mechanisms are generally well on track, there are also many areas for improvement. However, the potential of the coordination platforms is not fully optimised; some are not functional and others are limited to information exchange only. Harmonisation of approaches also remains a challenge in the project-driven government institutions.

The current initiatives and good practices aimed at harmonising approaches, such as PTPS and the SIASAR, are setting the scene for a more coherent way of building the sector's capacities at decentralised level. Both initiatives were originally driven by external support agencies but now have strong government buy-in, both at national level and in individual municipalities.

5.4 MANAGING FOR RESULTS

Managing for results in the WASH sector in Honduras is assessed against the following indicators:

| OECD indicators | Additional indicators |
|--|--|
| <ul style="list-style-type: none"> Countries have transparent, measurable assessment frameworks to measure progress and assess results. | <ul style="list-style-type: none"> Donors use the existing assessment framework to report on their contributions to sector progress and impact and, if no such frameworks exist, support their development. A sector knowledge management system, including a sector information system, is in place where results are analysed and used for further learning and decision making. |

Countries have transparent, measurable assessment frameworks to measure progress and assess results

The national government has developed a number of initiatives to measure sector progress. They include the introduction of a new focus on planning for and reporting on results, introduced in the formats for the annual operational plans. National government institutions are requested to upload their progress reports (including information on the institutional results achieved) to a national web-based platform (Plataforma de Gestión por Resultados).

A limiting factor for management of results in the WASH sector in Honduras is the lack of clear sector goals and objectives. There are discrepancies between the sector targets as defined in the Plan de Nación and the country's MDG targets. Apart from the discrepancies, PLANASA includes a set of strategic sector targets that are not sufficiently formulated in a SMART way to measure progress. Without clear and concerted sector targets, it is difficult to make monitoring sector performance more significant.

With the MAPAS process the World Bank introduced in 2012 a tool for assessing progress at sector level. MAPAS assesses the sector capacities in terms of performance pathways for service delivery. Preparations for a second implementation round of MAPAS in 2015 are underway. The challenge now is to build on the experiences with MAPAS and to embed the use of the sector assessment tool in a regular and systematic multi-stakeholder sector performance monitoring process linked to an annual sector planning and budgeting process.

At the same time, the adoption of SIASAR, a government-led national system for monitoring service delivery, will allow insights to be provided into the service levels and capacity of service providers, consisting of key information for planning technical assistance and sector investments at municipal and national level. National government institutions and some donors are now supporting the implementation of SIASAR. Testing and implementation of the system is, however, slow and it has thus yet not been fully rolled out in the sector.

Donors use the existing assessment framework to report on their contributions to sector progress and impact and, if no such frameworks exist, support their development

Partly due to the absence of an assessment framework at sector level, all donors currently focus their monitoring efforts mainly on the project cycle (pre-investment, investment/implementation and

hand-over). From the interviews, it became clear that none of the bilaterals or the development banks keep track on the results of their investments after finalisation of the project.

By way of exception, the results of an SDC-funded project were monitored until six months after finalisation. The study showed that only 50% of the systems were functioning. Based on these results, SDC recommended that FHIS monitor the project results up to two years after conclusion to obtain insights into the functioning of the systems and of the community-based service providers. A new agreement between FHIS and SDC did include a clause on output based aid (OBA) but does not stipulate anything new on monitoring project results and institutional arrangements for providing technical assistance after projects have been concluded.

None of the NGOs monitor or have systematised information available on the sustainability and longer-term impact of their project investments. Some of them, especially those that build-up a longer-term relation with particular municipalities or service providers, have some insights into the sustainability and longer-term impact of the investments made. However, also for NGOs, systematically monitoring project investments is bound to the duration of the project. An exception is probably Water For People, that made a serious effort with the introduction of AkvoFLOW to monitor the functionality of the water systems.

Few NGOs have conducted systematic studies of the sustainability of their water supply projects. It is the expectation that, with the NGOs adopting SIASAR, the situation is changing and the sustainability and impact of sector investments by NGOs will be easier to trace.

From the above, it can be concluded that some donors have anecdotal information at hand on the functionality of the systems built. However, there is no evidence of donors tracking their contributions to nationally defined sector goals and overall sector performance in a systematic way.

A sector knowledge management system, including a sector information system, is in place where results are analysed and used for further learning and decision making

A limiting factor for managing for results is the fragmented evidence base with limited information on sector progress and impact available at sector level. Various databases and information systems are in place. These mostly institutional initiatives include:

- ERSAPS, which regularly collects information on the status of urban and rural service providers, including from community-based service providers. Information collected includes data on legal status, implementation of water quality control procedures and tariffs.
- FHIS, which applies a well-developed monitoring and evaluation system. The data collected reports, however, only on the implementation of the project in compliance with the project design and agreements.
- The national bureau for statistics (INE), which maintains a database with information collected through the national census and surveys. The definitions and indicators are, however, not discussed and agreed with the sector (WSP 2007).
- Many other institutions, such as the Vice-Ministry of Health, AMHON and the AHJASA manage databases, but keeping them up to date has proved to be a real challenge.

The importance of access to reliable and up-to-date information to guide sector development and sector investments is however recognised and CONASA has therefore commissioned the elaboration of a sector information system. It is expected that this system will provide an important interface between the existing institutional information systems.

RAS-HON has a mandate for knowledge management at sector level. It is a network to which more than 50 government organisations, donors and civil society organisations are affiliated. RAS-HON functions above all as a platform for information sharing and dissemination of good practices among its members. The establishment and functioning of thematic groups within the knowledge management strategy, one of the three main pillars of RAS-HON, has made some headway in knowledge development and harmonising approaches in the sector. With the discontinuation of the thematic groups, an important mechanism for strengthening the knowledge base on what works and what does not by documenting experiences, lesson learning and influencing policies and practices disappeared.

Despite RAS-HON's mandate for knowledge management and dissemination, it has not yet fully prioritised their role in contributing to strengthening the sector's learning capacity.

Besides RAS-HON, there is no system that systematically supports and enables information and knowledge management through a structured

process of documenting experiences, sharing and lesson learning, thereby building a sound evidence base providing insights on what works and what does not and what approaches are most effective in supporting improved sector performance.

Various sector review instruments, such as the LatinoSan report, the GLAAS report and MAPAS, are employed. These instruments are not yet part of a regular multi-actor review process at sector level.

Hence, challenges still exist in achieving an institutionalised culture and the appropriate mechanism that enable or encourage informed decision making on new investments in the sector, based on lesson learning and insights into the effectiveness and results of former investments.

The above assessment shows that managing for results in the WASH sector in Honduras is not focused on sector performance and service delivery. There are different information systems in place but, in the absence of a suitable interface and the mechanisms for assessing progress and joint learning at sector level, results are managed at project level. There are promising new initiatives in support of moving towards a managing for results culture in public project administration. However, overall practice in both central government institutions and among donors is still a mix of measuring development efforts by inputs and outputs and measuring some level of effect, mainly by quantifying the number of people with new or improved access to WASH services.

Managing for results at municipal level

Few municipalities have the tools to keep track on the results of sector investments. As many of the projects in the municipalities are implemented by central government institutions or by (I)NGOs, first responsibility for the project results usually lies at this level. However, municipalities with a sector investment plan are better positioned to manage the results of the

totality of implemented projects. Results are usually managed at project level and focused at the deliverable of capital investments (the system built and the number of new connections).

With the introduction of SIASAR, the municipalities now have a valuable tool to monitor the results of investments in the sector by collecting and assessing information on service levels. SIASAR has as yet only been implemented in a limited number of municipalities and the challenge is to develop the necessary capacities in local government to assess and use its results.

Conclusion

The above assessment shows that managing for results in the WASH sector in Honduras is not focused on sector performance and service delivery. Partly due of the absence of a clear framework for measuring and assessing progress at sector level, donors as well as government agencies currently focus their monitoring efforts mainly on the project cycle (pre-investment, investment/implementation and hand-over). However, various initiatives including MAPAS, SIASAR and the development of a sector information system are each important building blocks that eventually may constitute in a comprehensive sector performance monitoring system focused at service delivery. SIASAR is a powerful instrument for local governments to monitor service delivery levels. However the challenges remains in its application and use at scale.

TABLE 10 SCORING ON COMPLIANCE WITH THE MANAGING FOR RESULTS PRINCIPLE

| Indicators for managing for results | Score | | |
|---|-------|--|--|
| Countries have transparent, measurable assessment frameworks to measure progress and assess results | | | |
| Donors use the existing assessment framework to report on their contributions to sector progress and impact and, if no such frameworks exist, support their development | | | |
| A sector knowledge management system, including a sector information system, is in place where results are analysed and used for further learning and decision making | | | |
| Overall score | | | |

5.5 MUTUAL ACCOUNTABILITY

In this chapter mutual accountability in the WASH sector in Honduras is assessed according the following indicators.

| OECD indicators | Additional indicators |
|--|--|
| <ul style="list-style-type: none"> Regular reviews assess progress in implementing aid commitments. | <ul style="list-style-type: none"> Mechanisms are in place that allow for mutual accountability between all sector stakeholders, including government and donors, and also between national government and other stakeholders, such civil society organisations and end users. Donors and government institutions are transparent in their commitments, sector investments and results obtained, and make info pro-actively available to the sector. |

Regular reviews assess progress in implementing aid commitments

Through SEFIN, the government can keep track on donors’ adherence to commitments on project implementation, transfers and disbursements. This applies to around 75% of the external support to the sector, as it is estimated that 25% of the support to the WASH sector in Honduras is off-budget. However, the WASH sector hardly uses the data captured in the SEFIN system for planning purposes, and even less so for holding donors accountable for their commitments.

As the sector is still very much project-driven, so is practice relating to accountability; basically, the implementing agency reports to the donor on progress in project implementation. Progress reports are also shared with the national government but often the reporting responds primarily to donor requirements and formats.

The case of CABEL, for example, shows how accountability by external support agencies is organised upstream (from donors to their headquarters), and almost never down-stream (to the beneficiaries and users), as Ana Lily Mejía from CABEL put it “Project reports are submitted to the Board of Directors, who in turn are responsible to the Assembly of Governors and external financiers such as KfW and the government of Abu Dhabi”.

(I)NGOs report to their funders on progress in project implementation and to their headquarters on general

progress in implementing their country programme. There is no mechanism in place yet that requests NGOs to report to the central or municipal government on their interventions, money spent and impact reached in the sector in Honduras.

Mechanisms are in place that allow for mutual accountability between all sector stakeholders, including government and donors, and also between national government and other stakeholders such as civil society organisations and end users

At service delivery level, larger urban service providers, including SANAA, have mechanisms in place for handling complaints through customer care offices. However, these offices deal with concerns about service delivery in individual cases. The broader accountability of service providers towards their clients on their overall performance is not structurally regulated. In addition, two service delivery monitoring systems are in use and that contribute to keeping service providers accountable. SIASAR (applied in rural areas) and the public registration of service providers (Registro Público de Prestadores) system both have good potential but are not yet rolled-out at scale.

National government institutions’ accountability is centred around project implementation and reporting. This is shown in the case of SANAA, which is currently implementing six different programmes. To obtain information on SANAA’s performance, six units therefore need to be consulted. SANAA lacks one single information system that brings the information from the different projects together at institutional level.

FHIS has a strong monitoring system in place, managed by the project monitoring and evaluation unit (UPEG) but, as with SANAA, monitoring and accountability are mainly organised around project implementation, making it difficult to obtain a general overview of FHIS’ performance and impact in the sector.

Besides submitting project progress and project evaluation reports to the external funding agencies, government implementing agencies like FHIS and SANAA are expected to report on their POAs to the central government. SANAA appears to be the only government institution that makes its POA publicly available. FHIS, CONASA and ERSAPS have not yet done so.

The sector has not yet established a platform, such as a joint sector review, that would allow for mutual accountability between the main sector players, including government institutions, donors, NGOs and

service providers, on sector policy priorities and sector goals. With the elaboration of MAPAS, the sector gained its first experience in taking stock of its development through joint analysis with the participation of some of the main players, including donors.

CONASA has taken some steps towards the design of a sector performance monitoring system, including an annual joint sector review meeting, offering an adequate space for a structured multi-stakeholder sector progress review. Such a system would provide an adequate platform for mutual accountability between government institutions, donors and other sector players.

Donors and government institutions are transparent in their commitments, sector investments and results obtained and make information pro-actively available to the sector

SIAFI is the main channel through which transparency is provided on donor budgets. Chapter 4.6 describes how information contained in SIAFI is limited in providing clear insights into progress in project implementation and particularly in understanding its achievements in relation to the anticipated results. Another source of transparency on project budgets and achievements is the websites of the donors. A review of these sites revealed that:

- Of the four government agencies, SANAA, FHIS, CONASA and ERSAPS, only SANAA publishes its Annual Operational Plan (POA) with the corresponding budget. SANAA was recently commended for being one of the most transparent governmental institutions in Honduras as it provides insights into the level of implementation of its POA and the activities undertaken on its website.
- The bilateral donors AECID, SDC and JICA make information on their investments in the sector in Honduras available on their websites. So does the EU, making it an exception among multilateral donors. The information provided by the bilaterals

and the EU relates only budget allocations. In addition, most of the development banks active in Honduras publish information on the level of progress (financial and substantive) in project implementation and results obtained.

- Among the NGOs, only WFP stands out regarding the amount of information provided on its website, giving in-depth information on budget allocations, progress, results and impacts achieved by reporting on a set of impact indicators. Other NGOs do not provide any information on financial allocations and progress on project implementation in Honduras.
- In addition to providing information on project funding and project implementation, only a few donors publish an annual report including some level of assessment of the results obtained in Honduras. Lessons learned are formulated on the basis of experience with the implementation of a specific project. Reports do not yet include an assessment of the projects' contribution to the overall policy priorities in the sector.
- Two donors explicitly mention on their website that they comply with the aid effectiveness principles in implementing their cooperation programmes in Honduras. However, there is no further information publicly available that reports on the level of compliance with these principles in Honduras.

Mutual accountability at municipal level

Local governments are directly accountable to their populations for the budgets spent on WASH. This is usually provided through the existing normal democratic platforms, for example through the political representatives on the municipal council. While municipalities are responsible for publishing the municipal budget and expenditures, specific information on the WASH sector as a whole is not easily accessible. Few of the municipalities, mainly only the larger urban ones, administer separate accounts for the WASH sector or for WASH service provision.

TABLE 11 SCORING ON COMPLIANCE WITH THE MUTUAL ACCOUNTABILITY PRINCIPLE

| Indicators for mutual accountability | Score | | |
|---|-------|--|--|
| Regular reviews assess progress in implementing aid commitments | | | |
| Mechanisms are in place that allow for mutual accountability between all sector stakeholders, including government and donors, and also between national government and other stakeholders, such as civil society organisations and end users | | | |
| Donors and government institutions are transparent in their commitments, sector investments and results obtained, and make info pro-actively available to the sector | | | |
| Overall score | | | |

In rural areas, community-based water committees are usually held accountable for WASH service delivery and their financial accounts by users, through their participation in the open community assemblies.

Conclusion

The above shows that the WASH sector in Honduras lacks the mechanisms or platforms that would enable sector stakeholders to hold each other accountable for sector performance and achievement of sector development goals. Donors and implementing agencies ensure, with their reporting obligations, that accountability is almost exclusively organised around project implementation and above all in an upstream manner, with implementing agencies reporting to central government and donors to their headquarters. There are as yet no mechanisms in place that allow for more horizontal accountability among sector stakeholders, with government agencies, donors, NGOs and other civil society organisations holding each other publicly accountable for their contributions to sector development. There are, however, a number of new and existing instruments in place that keep track of service providers’ performance. However, there is as yet no open and transparent system with clear checks and balances that would enable the broader sector, including users, to hold donors and government institutions accountable for their performance.

Accountability platforms do exist at municipal and community level. However, access to information on municipal performance or service provision level is a challenge for users wishing to make effective use of these platforms.

5.6 SUMMARY OF PROGRESS TOWARDS COMPLIANCE WITH THE AID EFFECTIVE PRINCIPLES

From the assessment in the above sections we can conclude that overall progress is being made on complying with each of the five aid effectiveness principles. None of the principles has been complied with, but good progress is being made in the areas of alignment, harmonisation and managing for results, with several good practices and promising new approaches. The sector has also made some progress in ensuring more government leadership and enhanced accountability. However these are the two principles with important challenges needing more attention.

The total scores for each of the aid principles are summarised in table 12.

From the assessment it can, however, also be concluded that in reality the situation is more nuanced than the above summary suggests. Progress is being made in all areas and there are good practices for each of the five principles, and on some indicators they are definitely on track. However the main challenges are in making progress towards stronger country ownership, particularly in political leadership for the sector, and in accountability, where the absence of a clear framework at sector level and access to information constitute the main bottlenecks.

Including the municipal level in assessing compliance with the aid effectiveness principles reveals an even more nuanced picture. Promising and scalable initiatives like the PTPS and SIASAR are contributing to strengthening municipal ownership, alignment, harmonisation and managing for results, despite the enormous challenges at municipal level in making more effective use of aid to support sustained and equitable service delivery.

TABLE 12 SUMMARY OF SCORING ON PROGRESS IN COMPLYING WITH THE FIVE AID EFFECTIVENESS PRINCIPLES

| Aid effectiveness principles | Progress towards complying with the aid effectiveness principles | | |
|------------------------------|--|--|-------------------------|
| | Weak | Progressing with some promising examples of good practices | On-track / Consolidated |
| Country ownership | | | |
| Alignment | | | |
| Harmonisation | | | |
| Managing for results | | | |
| Mutual accountability | | | |

Source: Own elaboration, 2015.

6. The contribution of aid to strengthening the sector’s capacities

In this chapter we assess direct support from donors to strengthen the sector’s capacity for sustained service delivery. We consider this support at three levels: the enabling environment, the municipal government and the performance of service providers.

6.1 STRENGTHENING THE ENABLING ENVIRONMENT FOR SUSTAINABLE SERVICE DELIVERY

The main features of the enabling environment for WASH service delivery are defined by the national Framework Law and the strategic plan for modernisation of the sector (PEMAPS). PEMAPS, which was launched in 2005 and was envisioned to remain in force until 2008, prioritised nine areas for strategic development (table 13) and 19 “projects” to support the implementation of the Framework Law and modernisation of the sector.

MAPAS (2014) stated that in 2012, four years after the expiry of PEMAPS, only one of the strategic goals had been completed.

As can be concluded from the former chapters, sector reform and decentralisation are ongoing processes

and constitute an as yet unfinished agenda. Many of the priority goals, such as the transformation of SANAA into an entity for technical assistance and the ongoing hand-over process of SANAA’s service provision responsibility to the municipalities, are examples of reforms that still have to be completed.

PEMAPS was a dedicated programme to support sector reform, financially enabled by a number of donors. Since its conclusion in 2008, progress has been made in further strengthening the enabling environment. Almost all development partners support in one way or another activities that contribute to shaping and strengthening the enabling environment for improving WASH service delivery.

With the launch of the national WASH policy and PLANASA and the development of a methodology to support the establishment of the COMAS and the USCL, important building blocks for the enabling environment are in place. The elaboration of a sector information system and a financial policy for the WASH sector are in process.

The above building blocks are results of the active role played by CONASA’s technical secretariat, which aims to move away from a project-driven focus and

TABLE 13 PEMAPS STRATEGIC PLATFORMS

| Strategic goals | Completed | In process | Indicator |
|---|-----------|------------|--|
| Complete consolidation of CONASA and ERSAPS and transformation of SANAA | | ✓ | |
| Transfer of SANAA systems to municipalities | | ✓ | Transfer agreements until 2013 |
| Creation of a sector financing mechanism | | ✓ | Creation of the Honduran Fund for Water and Sanitation (FHAS) |
| Strengthening capacities of municipalities and municipal service providers | | ✓ | Formulation of management models, including options for private sector |
| Creation of a sector financing mechanism | | ✓ | |
| Development of tools to establish service providers | ✓ | | Standardised models |
| Provision of a regulatory framework for the sector | | ✓ | Technical standards approved |
| Provision of an arrangement for the formation of human resources for the sector | | ✗ | Design a Training Programme |
| Development of capacity for analytical study of water quality | | ✗ | |

Source: MAPAS 2012.

promote the adoption of a wider sector approach. However, in the absence of a clear plan for strengthening the national institutional capacity of the sector, similar to what PEMAPS was in the past, CONASA negotiates with individual donors and supports the development of individual instruments.

The result is that most of this support comes in the form of relative short consultancies (as smaller components of a larger project). In the absence of a clear overarching framework, this jeopardises continuity and coherence between these various smaller interventions.

Various donors contributed to the elaboration of these instruments. Many of the bilateral donors that supported PEMAPS, such as USAID, CIDA, SNV and DANIDA, have withdrawn from the WASH sector in Honduras.

While donors' support for elaboration of the above-mentioned instruments has been crucial, it comes in the form of short-term projects with an emphasis on the elaboration of the instruments (the product) rather than on institutionalising them. The main challenge is now the full roll-out and adoption of the instruments by the various sector players and avoiding similar experiences as with the USAID supported programme for technical assistance to WASH service providers, which was initially very successful.

With financial support from USAID, SANAA implemented an extensive monitoring system for monitoring rural drinking water (SIAR), tied to a solid system for technical assistance for municipalities and service providers. While some of the TOM and TSA (circuit riders) are still employed by SANAA, the SIAR and the related technical assistance were discontinued because of lack of resources after USAID, the main funder, withdrew its support. SIAR was last updated in 2009. However, SIASAR – a new service delivery monitoring system being adopted by the national government – builds for a large part on the SIAR experience.

With many of the building blocks for an enabling environment in place, existing challenges remain in the full adoption by the sector institutions of a sector-wide approach with a focus on service delivery, underpinned by a systematic sector planning, budgeting and performance monitoring process. Strengthening knowledge management and innovation, as well as improved accountability are areas requiring priority attention.

Sector stakeholders recognise the need for a dedicated programme and or strategy that can further boost sector reform and the enabling environment for equitable and sustainable services, similar to what PEMAPS provided, that can attract and coordinate national and external resources in a comprehensive way.

6.2 CURRENT STATUS OF SUPPORT TO STRENGTHEN CAPACITIES IN MUNICIPAL GOVERNMENTS

Current status of municipal capacities

With the ongoing decentralisation process, and in accordance with the Water Framework Law, responsibility for WASH service delivery is being handed over to the municipalities. However, most of the municipalities are still in the process of establishing the institutional framework required to take on this responsibility.

Support to strengthen municipal governments' capacity for planning, coordinating and monitoring service delivery is a priority area in national WASH policy. Government institutions like CONASA and ERSAPS prioritise support to strengthen municipal capacities for WASH. Support includes setting up the COMAS and USCL, and supporting municipal policy development. However, there is no structured coordination between the two institutions and interventions are not part of a common strategy or plan. Both institutions are totally dependent on external funding for supporting the capacity development of municipal governments and negotiate it with the external agencies on an ad-hoc basis.

Most municipal policy and plans are formulated with support from external support agencies, sometimes through external funding channelled through CONASA and ERSAPS, or directly provided by (I)NGOs like WFP and CARE. We have not come across a municipal policy or plan for WASH financed by the municipality through locally generated resources or from transfers from national funds.

While there is no sector oversight over the number of municipalities with functioning COMAS and USCLs, table 14 offers an informed estimate and shows that less than 20% of all municipalities have a COMAS and/or USCL in place. An even lower percentage of municipalities have a sector policy or plan that can guide sector investments in the municipality concerned.

TABLE 14 MUNICIPALITIES WITH AN ESTABLISHED WASH POLICY AND COMAS / USCL

| | Municipalities with a WASH policy | Municipalities with a COMAS and/or USCL |
|---|-----------------------------------|---|
| Total number of municipalities (298) | 21 (7%) | 50 (17%) |
| Planned new policies/or establishment of COMAS and USCL in progress | 15 (5%) | 5 COMAS (1%) |
| Envisioned totals for end 2014 | 36 (12%) | 55 (18%) |

Source: CONASA, 2014.

In addition to the above-mentioned specific sector capacity, many municipalities also have a mechanism in place for coordination with NGOs and other civil society organisations. These are the Committees for Municipal Development. It is unknown how effective these bodies are in coordinating sector interventions in general, and less so for the WASH sector in particular.

Local governments have committed themselves to the sector planning processes. A resolution signed by AMHON formalises this commitment. This statement was triggered by AMHON’s engagement in the PTPS initiative, which is spearheaded by the mayors of 12 local governments.

Despite these circumstances, progress in strengthening municipal capacity for WASH is being made, albeit at a slow pace. Municipalities are prioritising investments in WASH, at least in financial terms, as witnessed by the percentages of budgets going to the sector. They are, however, not yet prioritising the development and maintenance of the institutional framework that is needed to ensure that these investments are made in an effective and sustainable manner. For that “soft” side of WASH, they depend on external support.

As a result, with the exception of some larger ones, most of the municipalities are still in the process of establishing the basic capacities for WASH sector leadership. Furthermore, the vast majority of the municipalities do not yet have the platforms and mechanisms in place to direct and organise municipal investments in the sector. In the meantime, the municipalities possess insufficient capacities to negotiate with national and donor agencies on an equal footing on the terms and conditions for support. The perception is that donors come with predefined criteria and norms for their support. This is particularly the case with certain technologies introduced as part of externally funded projects, where municipalities lack the knowledge and means to demand a solution more appropriate to local conditions.

Characteristics of donors’ support for municipal strengthening

Some donors, mainly bilaterals and international NGOs, provide direct support to municipalities or their associations to establish the required institutional framework. This is the area where most INGOs intervene, some of them with programmes that exclusively focus on strengthening the municipal governments by developing their capacities in accordance with their responsibilities for WASH. Many of the INGOs develop a longer-term relationship with the municipal government beyond the implementation of short-term projects.

In addition, support for municipal sector development is also provided as a component of large-scale infrastructure projects funded by loans from the development banks (IDB and the World Bank). Information on the proportion of total project funding allocated to municipal sector strengthening is however not easily traceable.

Some interesting new and harmonised approaches to support municipal sector strengthening by external support agencies (mainly INGOs) include PTPS and SIASAR. Besides SIASAR, the PTPS initiative is probably the only structured and longer-term coordinated effort focused on strengthening municipal governments’ leadership role and the sector’s capacity for equitable and sustained service delivery at local level, beyond the horizon of short-term ring-fenced project agreements.

However the overall picture of support to sector capacity building at municipal level is still one of dispersed and fragmented interventions. Support comes often within the framework of larger infrastructure programmes and is not embedded in a longer-term strategy for continued support to municipal sector strengthening focusing on sustaining project investments and service delivery levels after the hardware has been delivered and the project concluded. An example is the support

provided to establish the COMAS and/or USCLs, which is not embedded in a longer-term strategy that provides continued support in making the COMAS and USCL effective functioning bodies.

Stronger sector capacities at municipal level would provide better conditions to sustain and leverage capital investments in the sector. It is therefore important to invest in enhancing sector capacity at central government level to bring the good practices and innovative models for strengthening municipal WASH capacities to scale. Such a strategy will then need to be supported by sufficient resources to be applied and adopted on a large scale.

It can be concluded that municipalities rely heavily on donor support for investments in the “soft-side” of service delivery. At the same time this support is fragmented and provided through short-term projects, leaving still significant gaps in municipal capacities to guarantee the long-term impact of sector investments.

6.3 STRENGTHENING WASH SERVICE PROVIDERS' CAPACITIES

Many sector documents, such as MAPAS (2014) and LatinoSan (2013) pinpoint the weak capacity of service providers as an important limiting factor in ensuring sustainable WASH services in Honduras.

Two current externally funded programmes, the Proyecto de Modernización del Sector de Agua Potable y Saneamiento (PROMOSAS), the project for modernisation of the water and sanitation sector in Honduras and the Global Water Operator's Partnership Alliance (GWOPA), are explicitly targeting service providers. Besides resources for infrastructure investments, the programmes include, as a fundamental part of their intervention model, a dedicated component for institutional strengthening of the service provider. GWOPA works with service providers in urban settings, while PROMOSAS includes both urban and rural providers. Both programmes are limited in scale, with PROMOSAS being implemented in only seven municipalities.



Besides PROMOSAS and GWOPA, no other programmes offer capacity development of service providers in areas such as tariff-setting, non-revenue water, conflict management, billing and other related administrative, financial and technical areas. ERSAPS has developed a training-for-trainers programme for service providers but has not yet been able to secure funding.

However, larger infrastructure projects, particularly those implemented by FHIS, do often include a component for developing service providers' capacities, usually to establish and formalise community-based WASH committees, the service providers in rural areas.

Another project, Programa BID 1793/SF-H0, funded by the IDB and implemented by FHIS, involves a strategic alliance with ERSAPS and SANAA to support enhancing the capacities of service providers in small towns for sustainable service delivery.

In rural areas, it is above all (I)NGOs that provide direct support to service providers, providing technical advice and training in, for example, tariff-setting, managing water quality, operations and maintenance, and technical options for basic sanitation. However, these efforts remain restricted to service providers in a limited number of municipalities.

In conclusion, it can be stated that investments from national government and from donor agencies to support service providers' capacities, particularly after their formal establishment, through the implementation of dedicated programmes, have not been a priority area.

However, in the area of post-construction support, donor agencies and NGOs have substantially contributed to the development of innovative approaches and models for technical assistance to service providers. The support provided by the donor community, including INGOs, involves setting up community-based service providers associations, support for inter-municipal collaboration in the provision of post-construction support, and the design and implementation of SIASAR. The sector has not yet adopted a pro-active attitude to bringing the innovations to scale, with the exception of the adoption of SIASAR by the national government. However, the testing and implementation of SIASAR is slow and, despite multi-stakeholder involvement, lack of dedicated resources for finalising testing, piloting and implementation is a serious bottleneck to its

roll-out at scale. Stronger commitments from national government and donors by allocating dedicated resources for the further development and implementation of the system would be a key strategic step.

Although generally acknowledged in the sector, little concrete data to support the identified weak capacities and poor performance of service providers is as yet available at sector level. With the implementation of SIASAR, which includes a tool for monitoring service providers' capacities, a better picture of the current status and capacities of rural service providers will become available. Another means to overcome the information gap is the further improvement of the database managed by ERSAPS, the Registro Público de Prestadores. Greater insight into service providers' administrative, financial and technical management capacity could be obtained through more in-depth data collection.

The LatinoSan report (2013) states that, in the literature available on the sector in Honduras, little or no information is available on private sector involvement, particularly on the capacity and availability of masons, the commercial sector, and construction firms that form an important support sector for community-based service providers. This group is, however, never taken into account in sector planning or sector strengthening programmes.

In short, direct support to improve service providers' performance has not been a priority area for government and/or donor agencies, with exception of the NGOs that target service providers with capacity development activities and programmes in the rural areas. Innovative initiatives are also developed by (I)NGOs to support the establishment of regionally-based associations of service providers that offer technical assistance to community-based service providers.

There is a diversity of innovative models for supporting service providers' performance, including models for service providers in small towns and for post-construction support in rural areas. In addition, SIASAR and the public register for service providers are important tools in supporting service providers' capacity development. However, scaling-up strategies and finances for institutionalisation of the models and instruments have not received the necessary priority.

The LatinoSan report prioritises support for post-construction activities and harmonisation of approaches among its main recommendations for strengthening service providers' capacities.

6.4 CONCLUSIONS

In addition to investments for new infrastructure and rehabilitation projects, donors have also invested in sector strengthening. A sector reform programme, financially supported by various donors, gave the sector modernisation an initial boost. However, only a few of the strategic objectives were achieved by the conclusion of the programme, leaving an unfinished agenda with major challenges for advancing and institutionalising sector reform. Support from donors since then has been crucial in formulation of the sector policy and plan (PLANASA), and the elaboration of a methodology for establishing USCL, COMAS and other instruments. However, the process moves forward slowly and in a fragmented way as support from donors has come in the form of short-term consultancies, with limited resources and a focus on development of the product (the deliverable) and less so on its institutionalisation and full adoption of the instruments and methods by all sector players.

Similarly, progress had been made with developing methodologies and instruments for strengthening municipalities' planning and monitoring capacity and different experiences with providing capacity support to service providers have been gained. Donor support has been crucial in developing these methodologies and instruments, but they have not yet been applied at scale.

The main bottlenecks for ensuring the sustainability of services are in the weak capacities of local governments and service providers. Neither actor has received priority attention from national government or donors, particularly not in the first decade of this century. The exception is the (I)NGOs, which have focused their activities at local level, particularly in rural areas and are more and more shifting their focus from direct service implementation towards capacity development of municipal governments, service providers and other local actors.

Larger donor-funded infrastructure projects usually include a component for municipal or service providers' capacity development. However, the focus is on capacity development for the implementation of particular projects, with less of a longer-term vision for the local government or service providers' role in ensuring sustained service delivery, beyond construction of the hardware. Generally speaking, however, INGOs do develop a longer-term support relationship with municipal governments and/or local service providers, particularly through their support in establishing inter-municipal collaboration, and associations of community based service providers.

Only a few programmes have the capacity development of service providers as an explicit and main objective.

Another area that is relevant for capacity development in the sector and has received little attention is the development of human resources. GLAAS identified a significant gap in the availability of skilled human resources for the sector. None of the universities or training institutions provide specific WASH training programmes. A proposal by ERSAPS to fill part of this gap by organising a series of training-for-trainers sessions for municipal strengthening remains as yet without funding.

7. Main conclusions and recommendations for the way forward

7.1 MAIN CONCLUSIONS

Role of aid in financing the WASH sector

Since 1990, the water and sanitation sector in Honduras has done well in enhancing coverage levels. The main challenges lie in ensuring sustainable services, overcoming inequity and achieving coverage for all.

The largest proportion of sector investments has gone on capital investments for new infrastructure or for replacement of existing hardware. Nevertheless, there is still a significant funding gap to achieve the country's sector targets.

The donor community has contributed substantially to achieving present coverage levels: 75% of all sector investments consisted of transfers (aid money), of which 72% were loans and 28% donations. Since 2002, the overall trend in the total amount of aid money is one of decline one. Particularly the share of grant money from bilateral donors has decreased.

An estimated 75% of all aid money flowing to the sector is registered in SIAFI. However, aid flows are diffuse and difficult to track, as a variety of channels are used. The predominant modality for sector support is project funding, resulting in a scattered picture of aid flows, implementing agencies and intervention modalities. While most aid flows are nationally registered, they are poorly managed and monitored by the sector.

The largest share of aid money has been invested in the sub-sector water. Of all sector investments in rural areas in 2012, 58% comes from aid money. Aid money is targeted at the poorest municipalities (60% of water projects and 70% of all sanitation projects).

Aid money is not targeted at financing the full life-cycle costs of service delivery, with most of the funding going to capital investments for new infrastructure or rehabilitation projects. Nationally generated resources have mainly been used for covering the operational



costs of the main government institutions (SANAA, FHIS). An important trend is, however, increased investments in the sector by local governments.

The expected adoption of SDG6 implies a high ambition for the WASH sector, requiring more resources. MAPAS (2014) estimates that reaching total coverage for water and sanitation by 2022 requires a total of US\$ 176 million for new investments and US\$ 249 million for replacement and rehabilitation. These amounts are well above what is currently being spent. Moreover, this is likely to be an underestimation of funding needs, as it does not include the costs needed to build and strengthen sector institutions. To achieve the country's sector targets, there is still a significant funding gap. Filling this gap, requires first and foremost higher priority for the WASH sector in the national development agenda, with the commitment of more public funding and leveraging additional resources to bridge the existing funding gap. In addition, it will require more effective use of existing resources.

Compliance with the aid effectiveness principles

The results of the analysis on compliance with the five aid effectiveness principles provides a nuanced picture on how aid money is being delivered. Most progress is being made in the areas of alignment, harmonisation and managing for results. The main challenges remain in achieving greater country ownership and more accountability over results achieved in the sector.

Including the municipal level in assessing compliance with the aid effectiveness principles reveals an even more nuanced picture. Promising and scalable initiatives like the PTPS and SIASAR are contributing to strengthening municipal ownership, alignment, harmonisation and managing for results, despite the enormous challenges at municipal level for making more effective use of aid to support sustained and equitable service delivery.

The Water Law establishes a clear institutional framework identifying a separation of responsibilities and allocating the policy making and sector coordination function to CONASA. Despite the progress made at technical level and the establishment of a single sector policy and plan, the lack of political leadership by CONASA stands out in ensuring a higher priority for the sector in the national development agenda and in effectively coordinating the sector actors.

Without strong political leadership, alignment of all sector players, including institutions from government and donors, is challenging. However, the

country now has various instruments in place to enable greater alignment with sector priorities, systems and procedures. Worth mentioning are the sector policy and plan, which set targets for the sector. However, the challenge remains in establishing an operational planning and budgeting system that enables regular updating of the five-year sector plan and brings all individual project and institutional funding into a multi-annual sector budget. With stronger country and sector systems, the sector will be in a better position to enforce all stakeholders to use them.

Despite the fragmented “project” landscape in the water and sanitation sector in Honduras, in which each institution, donor and project has its own implementation and intervention modality, there are a number of enabling conditions in place that offer good potential to achieve better harmonisation. There are several multi-stakeholder coordination platforms – such as the sector coordination meeting, RAS-HON and the donor coordination group – with great potential for harmonisation of approaches. However, some (e.g. the sector coordination meeting) are not fully functional or limit their activities to information sharing. In addition, operationally there are many examples of approaches being harmonised among stakeholders. The challenge remains to further optimising these platforms to bring the good practices and promising initiatives to improve harmonisation, particularly at municipal level, to scale.

Managing for results in the WASH sector in Honduras is focused on project implementation rather than on sector performance and service delivery. There are different information systems in place for certain aspects of the sector – but they are not brought together into a comprehensive sector performance monitoring system. Overview and insight into current and future sector finances, interventions and sector performance will be a critical condition for CONASA's leading role in planning and coordinating all sector interventions. There are promising new initiatives to support moving towards a managing for results culture in public project administration. However, overall practice in both central government institutions and donors is still a mix of measuring development efforts by inputs and outputs and measuring some level of effect, mainly by quantifying the number of people with new or improved access to WASH services. Various components of what could be a sector performance monitoring system are available, such as MAPAS, or in development. However, the main challenges still lie in achieving an institutionalised culture and the appropriate mechanism that enables or encourages informed

decision making on new investments in the sector, based on structured mechanisms for joint lesson learning and insights into the effectiveness and results of former investments at sector level.

As with managing for results, accountability in the sector is mainly organised around the project cycle; implementing agencies report to the central government and donor agencies to their headquarters on project progress and results. In Honduras, however, the sector lacks the mechanisms or platforms that would enable sector stakeholders (government agencies, donors, NGOs and civil society organisations) to hold each other accountable for sector performance and achievement of sector development goals; . There are, however, some new and existing instruments in place that keep track of service providers' performance. However, there is as yet no open and transparent system with clear checks and balances that would enable the broader sector, including the users, donors, government institutions and other sector players, to hold each other accountable for their performance.

Role of aid in strengthening the sector's capacity for sustained service delivery

In addition to investments for new infrastructure and rehabilitation projects, donors have also invested in sector strengthening. Support from donors has been crucial in implementing sector reform. However, the process is moving forward slowly and in a fragmented way, as support from donors after conclusion of the PEMAPS programme has come in the form of short-term consultancies, with limited resources and a focus on developing various enabling instruments, such as the sector policy, plan and sector financing strategy. However, the emphasis has been on developing the product (the deliverable) and less so on institutionalising it and full adoption of the new instruments and methods by all sector players.

Similarly, progress has been made with developing methodologies and instruments to strengthen municipalities' planning and monitoring capacity and different experiences with providing capacity support to service providers have been gained. Donor support has been crucial in developing these methodologies and instruments but the support generally does not include the strategies needed to apply them at scale.

Larger donor-funded infrastructure projects usually include a component for municipal or service providers' capacity development. However, the focus is on capacity development to implement particular projects and not so much on a longer-term vision of the local government or service providers' role in ensuring

sustained service delivery, beyond construction of the hardware. Generally speaking, however, INGOs do develop a longer-term support relationship with municipal governments and or local service providers, particularly through their support in establishing inter-municipal collaboration, and with associations of community-based service providers. Only a few programmes have the capacity development of service providers as an explicit and main objective.

The main bottlenecks for improved sector performance and ensuring the sustainability of services lie in the weak capacities of local governments and service providers. Neither actor has received priority attention from national government or donors, particularly not in the first decade of this century. The exception is the (I) NGOs, which have focused their activities at local level, particularly in rural areas, and are more and more shifting their focus from direct service implementation towards capacity development of municipal governments, service providers and other local actors.

Municipal governments are managing increased budgets and do prioritise the WASH sector, but the resources are mainly spent on developing hardware, with little or no attention to developing capacities to ensure sustained support to service delivery in the longer term.

7.2 THE WAY FORWARD

As in all countries, the future development agenda in Honduras will be very much marked by the new Sustainable Development Goals (SDGs). For Honduras, as for many other developing countries, embracing the goal of sustainable water and sanitation services for all requires more and more efficient use of the resources available in the sector. This implies a higher priority for the WASH sector in the national development agenda and a substantial change in the way the sector operates, so that available resources can be used more effectively and efficiently, achieving higher levels of impact.

Collaboration of all sector actors under government leadership is an important condition for achieving equitable and sustainable services for all in Honduras. Besides additional resources, achieving this ambitious goal will require the development of new approaches and strategies to reach the as yet unserved (the "hard- to reach"), overcoming inequity and ensuring sustainable services.

In other words, a new focus is required in the sector, shifting away from an emphasis on augmenting coverage and infrastructure towards an emphasis on

the sustainability of service provision. This requires prioritising the use of public funding and aid money to develop and consolidate a robust sector system able to sustain sector investments and guarantee long-term impact.

Donors are advised to collaborate and support the national government in ensuring leadership and adopting a service delivery approach, by shifting their focus from implementing short-term infrastructure projects to investing in the sector's capacity for long-term planning, financing and monitoring of equitable and sustainable service delivery. This will require their long-term commitment and programmatic funding to strengthen the WASH sector's capacity, especially for sector planning, monitoring and learning, and an accountability framework will be needed to ensure the lasting impact of all sector investments.

7.3 RECOMMENDATIONS

Effective use of the available resources will result in greater efficiency and long-term impact of sector investments. Overcoming the short-term focus on project financing and implementation rather than on long-term and sustainable service delivery, includes the adoption of a programmatic approach.

A programmatic approach is based on the acknowledgment that sector performance relies on a strong sector system, with all parties (government institutions, donors and partners) collaborating to achieve a common sector goal. Each of the sector players fulfils a specific role, for which they can be held accountable.

Many elements of a programmatic approach are already in place in the sector in Honduras.

Applying a programmatic approach will allow efforts to strengthen the WASH sector in Honduras to be addressed in a more coherent way. This includes strengthening the enabling environment at national level, enabling municipal governments' capacity to plan, coordinate and monitor service provision, and professionalising service providers as key factors in ensuring a well performing sector.

Implementation of a programmatic approach will gain strength when all main sector players publicly commit themselves to the long-term planning and financing of the sector by underwriting a "compact", a written agreement in which government institutions and donors affirm their support to achieve this common goal. The compact will also include a common

set of principles to adhere to in the collaboration and in the way the support will be delivered.

To underpin the adoption of a full programmatic approach in the sector in Honduras, the following actionable recommendations are proposed:

Achieving stronger government leadership and higher political priority for the water and sanitation sector

- CONASA should draw up a programme for coordinated donor support for sector strengthening, including support for the enabling environment at national level, strengthening municipal capacities and professionalising service providers.
- Donors should support CONASA in developing and implementing the sector strengthening support programme.
- CONASA should draw-up a compact (written agreement) with donor agencies, reaching a commitment on how donors and the government will work together to strengthen the sector and achieve the sector's policy priorities.
- CONASA's technical secretariat should enable more engagement and coordination with the Ministries of Finance, Planning, Health, and the President's Office (Directorate for Social Inclusion) at technical level.
- CONASA should engage with AMHON to mobilise municipalities to support the WASH sector.
- Donors should support CONASA in documenting and assessing information on financing flows and sector investments and in strengthening the evidence base, particularly on the potential of sector investments and long-term impact of investments in the water and sanitation sector on longer-term national socio-economic development. They should also support CONASA in consolidating the existing information from the different sources, and making it available and accessible to the different sector actors. This would require dedicated staff at CONASA.
- Donors should support CONASA in seeking engagement with and support from international initiatives like Sanitation and Water for All (SWA) and FOCARD at regional level to engage Ministers of Finance and of Planning in seeking higher political priority for the water and sanitation sector.

Enhancing the sector's capacity to plan, budget and monitor sector performance systematically and regularly

- CONASA should elaborate and implement a financing strategy for the sector, based on all life-cycle cost categories and identify and guide how the different funding sources (tariffs, taxes, and transfers) will be employed at sector level to ensure sustainable services for all. Critical to the strategy will be guidance on how "aid" money is expected to complement public money and private resources.
- Donors should support CONASA in implementing PLANASA by supporting the formulation of an implementation strategy with clear mid-term and annual targets, and by channelling funding through a joint basket funding mechanism.
- CONASA should establish a system for mid-term and annual planning and budgeting. The system should allow for annual updates of the existing PLANASA and the corresponding budget, based on the results of an annual sector review process. The system should include the mechanisms and platforms for engaging the different stakeholders in the sector planning, budgeting and monitoring process.
- Donors should support the establishment of the sector planning, budgeting and monitoring process and align their institutional planning, budgeting and monitoring processes to the sector system.
- CONASA should lobby for a re-launch of the sector coordination meeting, providing a multi-stakeholder platform to engage all main sector actors in the annual planning, budgeting and monitoring process.
- Donors should support CONASA and AMHON in enabling elaboration and adoption of municipal WASH plans, setting clear targets and providing the main framework for alignment and collaboration of all sector actors and their interventions in the municipality.

Enhanced use of evidence in the sector by strengthening the sectors' learning and knowledge management capacity

- CONASA should coordinate with RAS-HON on the institutionalisation of a structured learning process in the sector, making the evidence base in the sector accessible to the different sector players at national and decentralised level
- Donors should strengthen RAS-HON's capacity to enable knowledge management and sector learning processes (innovation and influencing policy and practices in the sector)

Enhancing transparency and mutual accountability in the sector, providing the mechanisms through which all sector players can be held accountable for their contributions to improved sector performance.

- CONASA should re-activate the existing sector coordination platforms (Mesa de Agua) to support the establishment of a continuous process for monitoring sector performance, building on the various instruments, such as MAPAS and the sector information system, and including an annual multi-stakeholder forum (Joint Sector Review).
- Donors should participate in the Joint Sector Review, accounting for results in contributing to sector development goals and targets.
- All stakeholders (government institutions, donors and others) should participate in the JSR and hold each other to account for their contributions to sector goals and targets.



Annexes

ANNEX 1 LIST OF INTERVIEWEES

| Governmental entities | | |
|-----------------------|--|--|
| Name | Position | Institution |
| Emerson Aguilar | Department of Largest Infrastructure (DIM) | Honduran Social Investment Fund (FHIS)- |
| Tupac Mejía | Water and Sanitation Specialist (Rural Infrastructure Project (PIR)) | |
| Jacqueline Molina | Director, Directorate of Public Investment | Ministry of Finance -SEFIN- |
| Juan José Urquiza | Technician, Directorate of Public Investment | |
| Héctor Corrales | Director of external cooperation | Ministry of Planning and External Cooperation (SEPLAN) |
| José Silva | Planning specialist | |
| Allan Díaz | Planning manager | Honduran Association of Municipalities –(AMHON) |
| Luis Romero | Technical secretary CONASA | National Water and Sanitation Council –(CONASA)- |
| Eduardo Sánchez | Water and sanitation specialist SANAA-IDB Project | SANAA-IDB Project |

| Donors | | |
|-------------------|---|--|
| Name | Position | Donor |
| María Luisa Pardo | Head of Programme AGUASAN | Swiss Agency for Development and Cooperation (SDC) |
| Max Velásquez | Water and sanitation specialist | Inter-American Development Bank (IDB) |
| Ana Lily Mejía | Productive infrastructure specialist | Central American Bank of Economic Integration (CABEI) |
| Neus Jiménez | Water and sanitation technician, FCAS-AECID | Spanish International Development Cooperation Agency (AECID) |
| Antonio Rodríguez | Senior water and sanitation specialist | Water and Sanitation Program (WSP) World Bank |

| Municipalities | |
|---|--|
| Position | Municipalities |
| Mayor | Municipality of Jesús de Otoro, Intibucá |
| Coordinator of XXX project | Municipality of Jesús de Otoro, Intibucá |
| Coordinator of Environmental Municipal Unit | Municipality of Olanchito, Yoro |

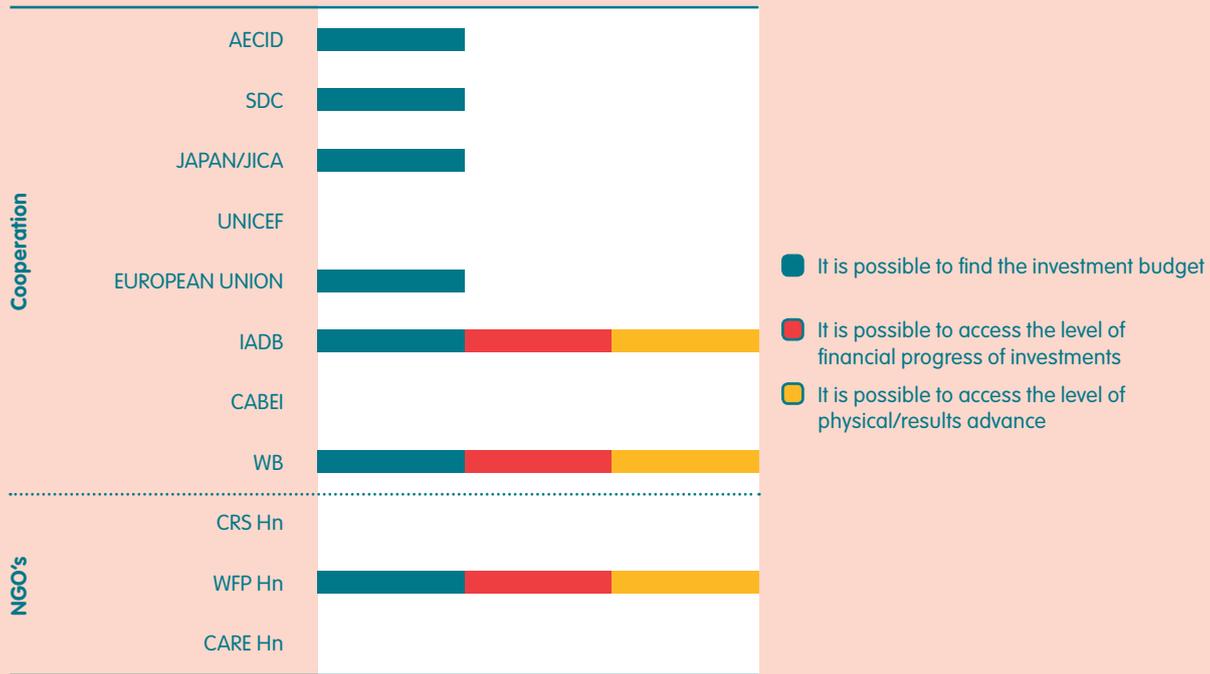
| NGOs | | |
|------------------|---------------------------------|---|
| Name | Position | NGO |
| Sergio Reyes | Director | Water For People |
| Eduardo González | Water and Sanitation Specialist | CARE |
| Martín Rivera | Coordinator | Para Todos Por Siempre, Everyone Forever initiative, Honduras |

ANNEX 2 IMPLEMENTING MODALITIES

| Implementing modalities | | | |
|--|--|---------------------------------|---|
| | Through the national system (SEFIN) | | Direct |
| | National implementing agency | Directly with own project unit? | |
| Donor agencies | | | |
| Andaluz Development Cooperation Agency | Planning Ministry | | |
| Spanish International Development Cooperation Agency | Municipalities and Association of Municipalities SANAA | | |
| Banco Artigiancassa S.p.A de Italia | Municipality | | |
| Canadian International Development Cooperation Agency | Ministry of Agriculture and Livestock and President's Office | | |
| Swiss Agency for Development and Cooperation | | Unknown | <ul style="list-style-type: none"> • FHIS • CONASA • RAS-HON • Municipalities |
| Italian Development Cooperation Agency | | | |
| Japan International Cooperation Agency | SANAA | | |
| Inter American Development Bank | SANAA | | |
| World Bank | <ul style="list-style-type: none"> • Municipality • SANAA • FHIS | | |
| CABEI (Central American Bank for Economic Integration) | | Unknown | Unknown |
| European Union | <ul style="list-style-type: none"> • Ministry of Industry and Trade • Ministry of Finance • Ministry of Agriculture and Livestock • Ministry of Education • Presidential Secretariat Office • Ministry of Health | | Unknown |
| UNICEF | <ul style="list-style-type: none"> • Permanent Contingency Commission • Donor Roundtable on Water and Sanitation • CONASA • SANAA • World Bank | | |

Source: SEFIN data base, IRC analysis

ANNEX 3 ACCESSIBILITY TO DONORS' AND NGOS' INFORMATION ON INTERVENTIONS (ACCOUNTABILITY)



Source: Own compilation based on websites of donors and NGOs.

ANNEX 4 ACCESSIBILITY TO DONORS' AND NGOS' INFORMATION ON MANAGING RESULTS



Source: Own compilation based on websites of donors and NGOs.

Table 15 summarises the current status of donor support to strengthen the enabling environment for equitable and sustainable service delivery. The information in the table assesses progress and the main gaps (challenges) in the sector's capacity, and the extent to which donors are helping to address these gaps. The information in the table, above all on the challenges, is based mainly on the LatinoSan report (2013) and MAPAS (2012 and 2014). The identification of the components of the enabling environment is based on the Triple-S principle framework and on the main components of a sector-wide approach (SWAP)

TABLE 15 CURRENT STATUS OF SUPPORT FOR THE ENABLING ENVIRONMENT FOR EQUITABLE AND SUSTAINABLE SERVICE DELIVERY IN HONDURAS

| Components | Progress | Challenges | Contributing external support agencies |
|--|---|--|--|
| Vision of the sector | <ul style="list-style-type: none"> Inclusion of sector targets for WASH in the national development plan. Adoption of strategic vision on sector development by central government. | <ul style="list-style-type: none"> Enhanced political priority for the sector in the national development agenda. Institutionalisation of common vision for the sector and strategic approach for sector development by all sector players. | No information. |
| Institutional framework | Clear division of responsibilities (sector, regulator and service provider). | <ul style="list-style-type: none"> An effective autonomous functioning governing body for the sector, spearheading the process of furthering sector reform. Finalising the decentralisation process by decentralising urban services and empowering municipal governments and local post-construction support. Implementation of clear, applicable standards in quality surveillance and service control. | <ul style="list-style-type: none"> PEMAPS (funded by SDC, JICA, SIDA, Unión Europea, USAID, CIDA, ACID, SNV, DANIDA). IDB and WB support transfer process to municipalities. SDC (strengthening ERSAPS capacity). |
| Sector policy and strategies | WASH policy in place (2013) | <ul style="list-style-type: none"> Adoption of the policy by all sector players (unified action). Development of sub-sector strategies (sanitary education and hygiene promotion, WASH in schools). | UNDP, SDC, IRC |
| Planning | PLANASA elaborated through an adequate consultation process PLANAP and PLANASA adopting principles of equity and sustainability and prioritising the unserved | <ul style="list-style-type: none"> Formalisation and institutionalisation of PLANASA, with establishment of clear targets for equitable and sustainable service delivery. Shift from annual institutional planning to a sector-wide programmatic planning approach. | |
| Sector coordination and harmonisation | <ul style="list-style-type: none"> Existing platforms: Mesa de Coordinación Sectorial, RAS-HON and donor coordination group. The PTSP initiative. | <ul style="list-style-type: none"> Existing platforms to become functional in enabling enhanced levels of coordination and harmonisation. Consolidation, commitment and active engagement of national government institutions. | Financial support by CRS, WFP and IRC. IDB supports through a programme for innovation on self-supply in rural areas. |

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TABLE 15 (CONTINUED)

| Components | Progress | Challenges | Contributing external support agencies |
|---|---|---|---|
| Sector financing and sector investment plan | The law on transfer of nationally (tax) generated income to the municipalities and inclusion of a provision to spend a minimum of 13% of these resources on operations and maintenance to safeguard the sustainability of social infrastructure. | <ul style="list-style-type: none"> • Elaboration and formalisation of a strategy for financing service delivery at sector level based on the LCCA approach. • Establishing guidelines for tariff-setting based on real costs for financial and social sustainability of the services (LCCA). • Installation of a medium- to longer-term investment plan for the sector, including the contribution of government institutions to leverage resources for the sector plan. | |
| Performance monitoring | <ul style="list-style-type: none"> • SIASAR • MAPAS • Institutional databases | <ul style="list-style-type: none"> • Implementation of an information system that allows systematic compilation of information from all sector agencies for investment planning and improvement of WASH services. • Establishing a mechanism for regular measuring and assessing sector progress feeding into an institutionalised sector planning and reporting process. | WSP (WB) and UNICEF. |
| HR development and mechanisms for sector learning and innovation | <ul style="list-style-type: none"> • RAS-HON and the donor coordination group are existing platforms that could be optimised for structured learning and innovation in the sector. • UNAH offers three Master's courses related to wastewater management. A new Master's course is in development with support from the University of Texas. • Postgraduate courses on municipal water and sanitation management will be offered to engineers. • With support from external support agencies, the UPI developed a number of postgraduate courses for SANAA technical staff. | <ul style="list-style-type: none"> • Mechanisms for systematic and structured learning and scaling up innovations in the sector. • Development and implementation of a comprehensive, coherent and permanent human resources capacity development plan to ensure technical qualified staff, particularly in sanitation, at all levels. | <ul style="list-style-type: none"> • SDC financially supports RAS-HON (secretariat and operations); IRC provided methodological and technical support in enhancing RAS-HON's capacity for promotion and enabling learning initiatives. • Various donors include in their technical cooperation programmes components for capacity development sector professionals, technical staff of government, municipalities and the water committees. |

Source: own elaboration based on information in MAPAS (2012 and 2014) and the LatinoSan report (2013)

TABLE 16 CURRENT STATUS OF SUPPORT TO MUNICIPALITIES IN FULFILLING THEIR AUTHORITY FUNCTION FOR WASH SERVICE DELIVERY

| Functions and capacities | Progress | Challenges | Contributing external support agencies |
|--|---|---|---|
| Institutional framework | <ul style="list-style-type: none"> The Water Framework Law confirmed the Municipal Law assigning the responsibility for WASH service provision to the municipalities. Methodology for establishing COMAS and USCL available and field tested. 46 associations (man-comunidades) of municipalities established. A few of them explicitly to address improved watershed management and or WASH service delivery. | <ul style="list-style-type: none"> The decentralisation process of handing over the systems managed by SANAA to local governments is ongoing. At the moment SANAA is still directly operating 13 systems Of the rural municipalities, only a few have a COMAS or USCL in place and as a consequence lack an effective coordination body and an autonomous regulatory authority to develop and apply municipal sector policies, promote coordination between sector institutions and municipalities, exercise effective control, and support service delivery. | <ul style="list-style-type: none"> IDB and WB support the decentralisation process of handing over to the larger cities, including Tegucigalpa. PROMOSAS (WB) provides support to the municipalities in establishing municipal service providers. SDC, AECID, CARE (financed by Canadian aid) support for establishment of COMAS, USCL and UMA (in case of the MAMUCA) |
| Municipal policies and strategies | Methodology for establishing a municipal policy available and field tested | Only limited number of municipalities (estimated at around 20) have a policy in place. | UNDP (UN joint programme), SCD and IRC. |
| Planning | Different methodologies for municipal sector planning are being applied by various government institutions and NGOs. | <ul style="list-style-type: none"> Harmonisation of planning methodologies for sector planning by municipal government. Shift from annual budgeting to a sector development and mid-term programmatic planning approach. | CARE, WFP and CRS. |
| Sector financing/ municipal investment plan | <ul style="list-style-type: none"> Municipalities have the mandate to apply locally defined tariffs and receive an increasing percentage from the national budget. Municipalities elaborate and submit an Annual Operational Plan (POA). Water and sanitation are not necessarily dealt with as separate budget lines. The larger municipalities, such as Comayagua, Puerto Cortés and Siguatepeque, do have a separate budget for WASH. The municipal POA does not necessarily include all sector investments, such as projects directly implemented by central government institutions or (I)NGOs. | <ul style="list-style-type: none"> In the municipal budgets (POAs), water and sanitation are not necessarily dealt with as separate budget lines and budget and spending for WASH are therefore difficult to manage and trace. Also in many municipalities where service provision (in urban areas) is provided a by the service provider managed by the municipality accounts are often not managed separately impeding transparency and accountability. Elaboration and use of mid-term and longer term sector investments plans to support municipal sector development plans. | PROMOSAS provides support to nine municipalities in setting up (or professionalising existing) semi-autonomous service providers with professionally managed separate accounts |
| Coordination and harmonisation | The PTPS initiative sets an example for coordination and harmonisation of approaches – 15 municipalities involved, AMHON and Cocepadril and seven NGOs | Central government engagement and scaling-up as a structured approach promoted by government to support strengthening of municipal governments' capacities for equitable and sustained service delivery | WFP, CRS, CARE, IRC |
| Monitoring and technical assistance | SIASAR piloted and field tested Methodology agreed and adopted by central government. | <ul style="list-style-type: none"> SIASAR to be scaled-up and implemented with active involvement of municipal staff. Results to be used for annual sector planning and TA by municipal government and other players at local level. Availability of TA for community-based service providers. | IDB and IRC. |

Source: own elaboration based on information in MAPAS (2012 and 2014) and the LatinoSan report (2013)

TABLE 17 CURRENT STATUS OF SERVICE PROVIDERS' PERFORMANCE

| Components of WASH service providers capacity | Progress | Challenges | Contributing external support agencies |
|--|---|---|---|
| Institutional capacity (legal status) | <ul style="list-style-type: none"> ERSAPS keeps a database of all legally established service providers (mainly urban oriented). Service providers are expected to report on a monthly basis to keep the systems updated. | <p>Improving ERSAPS monitoring system (content and updating) so it can be used as an effective management tool for national level planning and by service providers.</p> | <ul style="list-style-type: none"> Support to establish and formalise Water Committees by central government institutions through externally funded projects (WB, IDB, SDC). PROMOSAS supports the establishment of a service provider in nine municipalities, including the association of municipalities of Villanueva; San Manuel; Pimienta and Choloma. |
| Administrative and financial management | <p>Service providers usually recover the operational and minor maintenance costs.</p> | <p>Technical, financial, and environmental sustainability of systems and service providers:</p> <ul style="list-style-type: none"> grant WSS utilities autonomy to recover costs and improve sustainability need to ensure sufficient funds to rehabilitate and replace systems that are approaching the end of their lifespan <p>Improved user satisfaction with drinking water and sanitation services</p> <p>User involvement in service planning and management processes, supervision and control.</p> | <p>IDB and WB support SANAA and municipalities in decentralisation by handing over of TA by PROMOSAS in nine municipalities.</p> |
| Technical management (operations) | | <p>Asset management Reduction of no accounted for water.</p> | <p>PROMOSAS in nine municipalities.</p> |
| Access to TA | <ul style="list-style-type: none"> The Water Framework Law assigns the TA responsibility to SANAA. The experience with the SIAR monitoring system connected to the circuit riders (TOM, TSA etc.) and new updated initiative SIASAR (including sanitation monitoring) promising tool for enabling improved TA support to service providers. The various associations of services providers organising TA including strategic planning for community-based rural service providers. Establishment of associations of municipalities and organising TA for service providers through the UMAs | <ul style="list-style-type: none"> Service providers must be strengthened by empowering local post-construction support mechanisms. Improvement of ERSAPS' indicators for evaluation of service providers' performance. Implementation of SIASAR at national level. Inclusion of parameters on monitoring hygienic practices and use of sanitary facilities and systems in urban areas and strengthening coordination mechanisms for this purpose in rural areas. | <p>WB, IDB and SDC support for design, pilot and roll out of SIASAR. Also significant support by (I)NGOs including CRS, WFP, Care, IRC, Plan, Save the Children etc. in implementation and use of SIASAR.</p> |

Source: own elaboration based on information in MAPAS (2012 and 2014) and the LatinoSan report (2013)



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