

Honduras: Social Investment Fund IV and V

Ex-post Evaluation Report

OECD sector	16310/Social welfare/services	
BMZ project number	1.) 1997 65 629 2.) 1998 67 078	
Project executing agency	Fondo Hondureño de Inversión Social (FHIS)	
Consultant	1.) not applicable 2.) Saniplan	
Year of ex-post evaluation report	2007/2008	
	Project appraisal (planned)	Ex-post evaluation report (actual)
Start of implementation	1.) 4th quarter 1998 2.) 1st quarter 2000	1.) 4th quarter 1998 2.) 1st quarter 2001
Period of implementation	1.) 24-36 months 2.) 24 months	1.) 24-48 months 2.) 48 months
Investment costs	1.) EUR 6.4 million 2.) EUR 9.1 million	1.) EUR 5.7 million 2.) EUR 10.2 million
Counterpart contribution	1.) EUR 1.3 million 2.) EUR 1.4 million	1.) EUR 0.6 million 2.) EUR 2.5 million
Finance, of which FC funds	1.) EUR 5.1 million 2.) EUR 7.7 million	1.) EUR 5.1 million 2.) EUR 7.7 million
Other institutions/donors involved	-	-
	Phase IV	Phase V
Performance rating	3	4
• Significance/Relevance	3	4
• Effectiveness	3	3
• Efficiency	4	3
• Impact	3	4
• Sustainability	3	3

Brief Description, Overall Objective and Programme Objectives with Indicators

Drawing on subsidies from the KfW programmes IV and V, the Honduran Social Investment Fund (Fondo Hondureño de Inversión Social - FHIS) implemented small-scale social infrastructure measures in basic education, water management, thoroughfares/bridges and, to a lesser extent, health facilities. These were multisectoral, open-access programmes whose individual measures (projects) were specified in the course of implementation.

The overall objective of Phases IV and V at programme appraisal was: The programme makes a contribution to improving the conditions of life and development prospects for poor sections of the population. Owing to the substantial changes in the general conditions as a result of Hurricane Mitch, we have modified the overall objectives for ex-post evaluation. As the whole of Phase IV was affected by Hurricane Mitch, restrictions need to be made to overall objective achievement in affording development prospects for poor sections of the population and in sustainability. The overall objective of Phase IV has therefore been amended as follows: Contribution to restoring the previous conditions of life through the rapid reconstruction of infrastructure destroyed by Hurricane Mitch. Only a part of the measures in Phase V were caused by Hurricane Mitch, so that the overall objective is defined as: Contribution to improving the conditions of life and development prospects for poor parts of the population by restoring infrastructure damaged by Hurricane Mitch.

The programme objectives of Phase IV have also been partly amended, as shown in the following table.

Programme objectives at programme appraisal	Programme objectives at ex-post evaluation
a) Improved access of poor sections of the population to functional social and economic infrastructure facilities	a) Access of particularly poor sections of the population to functional economic and social infrastructure facilities has been restored to the level prior to destruction caused by Hurricane Mitch.
b) Massive limited-term generation of employment and income for the benefit of the poor, including women	b) idem
c) Sustainable use of infrastructure facilities	c) idem
d) Participation of the municipal authorities and self-help user organisations in preparing, supervising, running and maintaining the facilities	d) idem

The attainment of the (amended) programme objectives of Phase IV are to be measured by the following indicators:

1. All funds have been allocated to municipalities affected by Hurricane Mitch, 80% of which to those with the two poorest quintiles.
2. Infrastructure destroyed by Hurricane Mitch has been restored to operational condition in a short period and is used over an adequate time period.
3. Wages account for at least 25% of costs.
4. At least 65% of the individual projects are properly operated and maintained.
5. User committees have been set up in at least 80% of all completed water supply projects and these charge cost-effective rates.

As per programme appraisal, the programme objectives for Phase V were improved access of poor sections of the population to functional social and economic infrastructure facilities and the participation of municipal authorities and self-help user organisations in preparing, supervising, operating and maintaining the facilities. The related indicators were: 1.) Three years after commissioning, 90% of the facilities erected are in use with no major restrictions. 2.) Three years after commissioning, active user committees are engaged in 80% of the projects (water management projects: 100%).

Programme Design/Major Deviations from Original Planning and Main Causes

In FHIS IV, 274 projects in social and economic infrastructure were completed, 255 of these construction and 19 training projects. The sectoral distribution was as follows (share in financial volume or number of projects):

- Education - schools and nursery schools: 41%/43%
- Transport - bridges, access roads, etc.: 28%/30%
- Water management: 26%/24%.

Health stations (2%) and municipal facilities (1%) were financed on a small scale. No sectoral distribution of the 300 projects planned at programme appraisal was foreseen at the time, but during the crisis and reconstruction phase after Hurricane Mitch, there was a shift in favour of transport infrastructure.

In Phase V, 319 individual projects were financed with additional contracts for project drafts, smaller improvements and training measures. If these are included, the target number of 400 individual measures has been met by a narrow margin. The sectoral distribution is as follows (share in total finance volume or number of projects):

- Education - schools and nursery schools: 60%/69%
- Water management: 31%/24%
- Health facilities: 6%/6%

FHIS is a government institution for infrastructure projects, but usually lacks the authority and finance to maintain or operate them. Responsible for this are the sectoral ministries, that is, the education and health ministries, the municipal authorities or, in individual cases, the beneficiaries themselves. There are related agreements with the public facilities. Depending on the infrastructure facility, the user committees also have to be trained for building supervision, operation and maintenance.

As to the operation and maintenance of the projects, the inspection of the Phase IV facilities revealed that about half suffered from notable operational problems (incl. 7% operating failures), but these did not entail serious operational impairments in all cases (e.g. faulty roof and missing doors). In only 43% of cases is adequate maintenance conducted but we expect that altogether two-thirds of the projects will perform their scheduled function in the long term. A quarter of the Phase V facilities inspected revealed distinct operational deficits but no operating failures were recorded. Similar to Phase IV, though, there are cases where the projects are in adequate operation. We estimate the ratio of Phase V projects in satisfactory operation at more than 80%, 15% of these in full operation. Project maintenance is good to adequate in two-thirds of cases.

Key Results of Impact Analysis and Performance Rating

The target group in Phase IV were women, men and children living under poor economic and social conditions. In all probability, the programme reached this largely rural target group, who were suffering under particularly harsh conditions in the phase after Hurricane Mitch. The target group in Phase V was concentrated on the poor and extremely poor sections of the population in the Comayagua, Intibucá and La Paz Departamentos. The municipalities were to be selected to the criteria of the FHIS poverty map. Due to delays, there were marked deviations in the geographical selection of projects, but the beneficiary Departamentos shared a similar poverty profile. Since the FHIS is mainly engaged in rural areas and the number of individual projects corresponds roughly to the planning, we can assume sufficient target group outreach in the two phases.

The estimation of risks at programme appraisal has in part proved warranted: The unsustainable operation for lack of funds and the unsustainable effects of the training

measures as well as the deficits in the sectoral ministries were ascertainable during evaluation as factors that detracted from the effectiveness and sustainability of the programmes. The anticipated personnel deficits in the municipal authorities could in part be offset by close support from the FHIS. There was, however, no evidence of (party) political influence on the FHIS in general or on the choice of project locations in particular.

We assess overall developmental efficacy as follows:

Directly after Hurricane Mitch, rebuilding destroyed school infrastructure was a priority to be able to resume teaching. Both FHIS IV and FHIS V comprised classroom replacement and improvements as a major part of the measures, but they did not provide for qualitative measures in cooperation with the Ministry of Education. As far as promoting educational quality is concerned, the programme design thus suffered from shortcomings, which, however, carry more weight for Phase V. The speed at which the FHIS responded to the crisis and managed to meet the basic needs of the population in remote rural areas, however, merits a positive assessment. The FHIS has been carrying out donor programmes with the World Bank and the Inter-American Development Bank for a long time. Major pilot measures have been developed in the KfW programmes (in Phase V in particular for involving municipal responsibility in project implementation), most of which have also been adopted by the other donors. Donor coordination is gauged to be good. Altogether, we assess the relevance of Phase IV as sufficient (Subrating 3) and Phase V as insufficient due to the high percentage of school building projects without components to improve quality (Subrating 4).

Programme objective achievement for FHIS IV is as follows: Satisfactory operation was ascertained for approx. 70% of the inspected single projects, which are now about 8-9 years old. In only 2 of the 28 projects inspected were the deficits so serious as to necessitate complete shutdown. Considering its relief function, in our estimation, Phase IV achieved its programme objectives overall. We therefore rate the effectiveness of Phase IV as sufficient (Subrating 3). For Phase V, adequate operation was ascertained in approx. 80% of the inspected projects, which are now some 3-5 years old. No project had to be stop operation. We consider the amended target of 75-80% compared with programme appraisal as sufficient. We found user committees in almost all individual projects, but they are often not run adequately for effective operation and maintenance. We hold the effectiveness of Phase V to be sufficient (Subrating 3).

Most of the measures, particularly in Phase IV, were on a micro scale, such as cleaning and clearance as well as smaller repairs or rehabilitation under difficult conditions. For lack of a benchmark, an assessment of costs and hence production efficiency is almost impossible. The costs for erecting the new classrooms (Phase IV and V) are reasonable. Considering the improvements to 91 of the 274 individual measures required by KfW during the implementation of Phase IV, efficiency must rate as insufficient. Also in Phase V, KfW noted quality deficits and made acceptance of the individual projects contingent on subsequent improvements. Nevertheless, there was a clear improvement between Phase IV and V, in both the quality of planning and of the financed building works. The internal efficiency of the programmes can be assessed approximately by means of dropout and repeater rates, where there has been a recent uptrend again. According to the latest priority report, the Honduran education sector continues to suffer from inefficiency. Altogether, we rate efficiency for Phase IV as insufficient (Subrating 4), but as sufficient for Phase V (Subrating 3).

After evaluating the individual projects on site, we attest beneficial developmental impacts to 2/3 in Phase IV and 3/4 in Phase V (overall objectives). The targets for development prospects in poor sections of the population and sustainability need to be curbed for Phase IV. A key beneficial impact has been the improved access to primary schools. This has, however, made no notable contribution to improving learning. With 40% devoted to school building projects and the relief concern, this did not play as large a role in Phase IV. With its more ambitious design and primary schools accounting for more than 60% of its projects, Phase V has fallen well short of overall objective

achievement. In interviews, users of water supply facilities reported time savings (of up to 2 h/day) and health improvements. The FHIS programmes make a contribution to supporting decentralisation. Owing to the changing role decentralisation plays politically and in FHIS management, however, it is hardly possible to attribute this to FHIS influence with any precision. We assess the developmental impacts of Phase IV overall as sufficient (Subrating 3), while Phase V can only be given a rating of insufficient (Subrating 4).

Most of the impairments to operation and use are not so serious as to jeopardise adequate future beneficial impacts from the individual projects for their anticipated lifespan. This applies in particular to building schools, thoroughfares and bridges whose lifetime is likely to be longer. The servicing and maintenance of water supply systems and latrines pose a particular problem. Of the individual projects reviewed in the sample, 25% in FHIS IV and 11% in FHIS V were assessed as unsustainable. Altogether, we consider the sustainability for Phase, IV and Phase V to be sufficient (Subrating 3).

Based on the subratings, FHIS IV is attested sufficient developmental efficacy (Rating 3) overall. In the FHIS V programme, both relevance and impact are judged to be insufficient so that development performance in all is classed as insufficient (Rating 4).

General Conclusions

After construction, technically demanding and maintenance-intensive infrastructure measures in rural areas, such as drinking water supply systems, need regular supervision by user associations and these need further training. The close involvement of the target group and municipalities in planning and implementing investment measures are a necessary but not adequate condition for sustainable operation.

Experience in Honduras shows that not even intensive preparatory advice to the users is enough to assure tariff adjustments, maintenance and smaller repairs. Where this function can be performed by the personnel of the social investment funds or whether associations or competent line ministries should bear responsibility must be decided in the specific country setting.

Notes on the methods used to evaluate project success

Assessment criteria

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness, overarching developmental impact and sustainability. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

Developmentally successful: ratings 1 to 3	
Rating 1	Very good result that clearly exceeds expectations
Rating 2	Good result, fully in line with expectations and without any significant shortcomings
Rating 3	Satisfactory result – project falls short of expectations but the positive results dominate
Developmental failures: Ratings 4 to 6	
Rating 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Rating 5	Clearly inadequate result - despite some positive partial results, the negative results clearly dominate
Rating 6	The project has no impact or the situation has actually deteriorated

Sustainability is evaluated according to the following four-point scale:

Rating 1	very good sustainability	The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.
Rating 2	good sustainability	The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)
Rating 3	satisfactory sustainability	The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.
Rating 4	inadequate sustainability	The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement that would be strong enough to allow the achievement of positive developmental efficacy is very unlikely to occur. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

Criteria for the evaluation of project success

The evaluation of the developmental effectiveness of a project and its classification during the ex-post evaluation into one of the various levels of success described in more detail below focus on the following fundamental questions:

Relevance	Was the development measure applied in accordance with the concept (developmental priority, impact mechanism, coherence, coordination)?
Effectiveness	Is the extent of the achievement of the project objective to date by the development measures – also in accordance with current criteria and state of knowledge – appropriate?
Efficiency	To what extent was the input, measured in terms of the impact achieved, generally justified?
Overarching developmental impacts	What outcomes were observed at the time of the ex post evaluation in the political, institutional, socio-economic, socio-cultural and ecological field? What side-effects, which had no direct relation to the achievement of the project objective, can be observed?
Sustainability	To what extent can the positive and negative changes and impacts by the development measure be assessed as durable?