

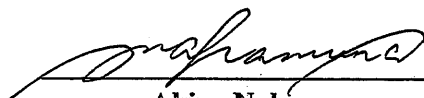
**RECORD OF DISCUSSIONS
BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
THE AUTHORITIES CONCERNED OF THE REPUBLIC OF HONDURAS
ON
JAPANESE TECHNICAL COOPERATION
FOR
THE PROJECT FOR CAPACITY DEVELOPMENT IN THE WESTERN
REGION OF THE REPUBLIC OF HONDURAS**

The Mission of preparatory study (hereinafter referred to as "Mission") organized by Japan International Cooperation Agency (hereinafter referred to as "JICA"), and headed by Mr. Akira Nakamura, visited the Republic of Honduras from June 15, 2006 to July 1, 2006 for the purpose of working out the details of the technical cooperation program concerning the Project for Capacity Development in the Western Region of Honduras (hereinafter referred to as "the Project").

During its stay in Honduras, the Mission exchanged views and had a series of discussions with the authorities of Honduras, about desirable methods to be taken by JICA and the Government of the Republic of Honduras represented by the Fondo Hondureño de Inversión Social as counterpart of the Government side (hereinafter referred to as "FHIS") for the successful implementation of the Project.

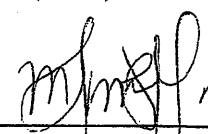
As a result of the discussions, the Leader of the Mission and the authorities of Honduras agreed to recommend to their respective Governments the matters referred to in the document attached hereto.

Tegucigalpa, Honduras, 30th June, 2006


Akira Nakamura
Leader of the Mission
Japan International Cooperation Agency
(JICA)


Marlon Lara Orellana
Minister Director
Fondo Hondureño de Inversión Social
(FHIS)


Karen Zelaya
Minister
Secretaria Técnica de Cooperación
Internacional (SETCO)
Witness


Martin Mercado Pineda
Acting President
Consejo Intermunicipal Higuito

ATTACHED DOCUMENT

I. COOPERATION BETWEEN THE GOVERNMENT OF HONDURAS AND JICA

The Project will be implemented in accordance with the Master Plan which is given in Annex I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan, the Japanese Side will take, at its own expenses, the following measures through JICA according to the normal procedures under the Technical Cooperation Scheme in Japan.

1. DISPATCH OF EXPERTS

The Japanese Side will provide the services of the Japanese experts as listed in Annex II.

2. PROVISION OF MACHINERY AND EQUIPMENT

The Japanese Side will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project. The Equipment will become the property of the Government of Honduras upon being delivered C.I.F. (cost, insurance, and freight) to the Honduran authorities concerned at the ports and/or airports of disembarkation.

3. TRAINING OF HONDURAN PERSONNEL IN JAPAN OR THE THIRD COUNTRY

The Japanese Side will receive Honduras personnel connected with the Project for technical training in Japan or the third country according to the identified necessities.

III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF HONDURAS

1. The Government of Honduras will take necessary measures to ensure that the independent operation of the Project will be sustained during and after the period of Japanese technical cooperation, through the full and active involvement in the Project by all related authorities, beneficiary groups and institutions.
2. The Government of Honduras will ensure that the technologies and knowledge acquired by Honduran Nationals as a result of Japanese technical cooperation will contribute to the economic and social development of Honduras through the systematization, diffusion and by applying the obtained experience gained by the project.

3. The Government of Honduras will grant the privileges, exemptions referred to in Annex IV and benefits to Experts referred to in Annex II and their families no less favorable than those granted to experts of the third countries or international organizations.
4. The Government of Honduras will ensure that the Equipment referred to in II-2 above will be utilized effectively for the implementation of the Project in consultation with the Japanese experts referred to in Annex II.
5. The Government of Honduras will take necessary measures to ensure that the knowledge and experience acquired by the Honduras personnel from technical training in Japan or the third country will be utilized effectively in the implementation of the Project.
6. In accordance with the laws and regulations in force in Honduras, the Government of Honduras will take necessary measures to provide as its own expense:
 - i. Services of the Honduran counterpart personnel and administrative personnel
 - ii. Buildings and Facilities
 - iii. Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the Equipment provided through JICA under II-2 above;
 - iv. Means of transport and travel allowances for the Japanese experts for official travel within Honduras; and
 - v. Suitably furnished accommodation for the Japanese experts and their families.
7. In accordance with the laws and regulations in force in Honduras, the Government of Honduras will take necessary measures to meet:
 - i. Expenses necessary for the transportation within Honduras of the Equipment referred to in II-2 above as well as for the installation, operation and maintenance.
 - ii. Custom duties, internal taxes and any other charges, imposed in Honduras on the Equipment referred to in II-2 above;
 - iii. Running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

1. The Ministry Director of FHIS, as the Project Director, will bear overall responsibility for the administration and implementation of the Project.
2. The FHIS Municipal Strengthening Director and the Japanese Team Leader (Chief Advisor), will be immediate responsible for the administration and execution of the Project, including the preparation of technical and methodological matters of the Project. The FHIS Municipal Strengthening Director will be counterpart personal of the Japanese Team Leader (Chief Advisor) in the national level and the president of Consejo Intermunicipal Higuato will be counterpart personal in the region level.

3. The President of Consejo Intermunicipal Higuito will be responsible for the coordination among the Mayors of the municipalities' members and of the institutional strengthening of Consejo Intermunicipal Higuito under a mechanism of coordination and complementation with other donors in the Region.
4. For the effective and successful implementation of technical cooperation for the Project, the Joint Coordination Committee (hereinafter referred to as "JCC") and a Coordination Unit (hereinafter referred to as "CU") will be established as the correspondent coordination mechanisms for the execution of the Project.

V. JOINT EVALUATION

The evaluation of the Project will be conducted jointly by the two parts through JICA and FHS with participation of Consejo Intermunicipal Higuito at the middle and the last six months of the cooperation term in order to examine the level of achievement for ensuring the consolidation and sustainability of the Project.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Government of Honduras undertakes to bear claims, if any arise, against the Japanese experts engaged in technical cooperation for the Project resulting from occurring in the course of, or otherwise connected with the discharge of their official functions in Honduras except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

There will be mutual consultation between the two parts on any major issues arising from, or in connection with this Attached Document.

VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting understanding about the Project among the people of Honduras, the Government of Honduras will take appropriate measures to make the Project widely known to the people of Honduras.

IX. IMPLEMENTATION AREA OF THE PROJECT

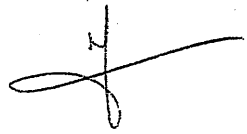
The Project will be executed in the geographic area of Consejo Intermunicipal Higuito formed by 15 municipalities (13 municipalities in Copan department, 1 in Ocotepeque department and 1 in Lempira department).

X. TERM OF COOPERATION

The duration of technical cooperation for the Project under this Attached Document will be two and half years.

XI. ANNEX

ANNEX I	MASTER PLAN
ANNEX II	LIST OF EXPERTS AND LOCAL PERSONEL HIRED BY JICA
ANNEX III	LIST OF MACHINERY AND EQUIPMENT
ANNEX IV	PRIVILEGES, EXEMPTIONS AND BENEFIT FOR EXPERTS
ANNEX V	LIST OF HONDURAN COUNTERPART AND ADMINISTRATIVE PERSONNEL
ANNEX VI	LIST OF BUILDINGS AND FACILITIES
ANNEX VII	JOINT COORDINATING COMMITTEE - CCC
ANNEX VIII	PROJECT COORDINATION UNIT



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ANNEX I

MASTER PLAN

1. TITLE OF THE PROJECT

The title of project is "The Project for Capacity Development in the Western Region of the Republic of Honduras".

2. OVERALL GOAL

The projects to consolidate the social infrastructure will be socialized, formulated, executed, managed, maintained and operated in a sustainable form in the Consejo Intermunicipal Higuito and member municipalities, as a consequence of the strengthening of local and inter municipal capacity.

3. PROJECT PURPOSE

Establish an appropriate model to socialize, formulate, execute, manage, operate and maintain properly the projects of consolidation of social infrastructure in the Consejo Intermunicipal Higuito and member municipalities (Model for the municipalities of medium and small scale).

4. OUTPUT OF THE PROJECT

Output 1

The status quo of the development and problems of the community and municipalities member of the Consejo Intermunicipal Higuito will be recognized and analyzed.

Output 2

Process of financial and administrative management of DOCP will be improved.

Output 3

After the analysis of the results obtained during the development of the Projects Executed by the Community (PEC), their problems and effective methods will be recognized.

Output 4

After the analysis of the results obtained through the development of the Projects Executed by the Municipality (PEM), their problems and effective methods will be recognized.

Output 5

The capacity of the functionaries of the Consejo Intermunicipal Higuito and member municipalities, and of the communities will be strengthened through the development of DOCP projects (management and socialization of works, goods, services and resources).

Output 6

The issues for the replication to other areas are identified.

5. ACTIVITIES OF THE PROJECT

Activity 0

- 1) Promote the opportunities to share and deliberate about the planning, execution and results of the projects in the municipalities and communities based on the participation of the authorities and institutions related
- 2) Socialization and publishing of projects

Activity 1

- 1) Select the municipalities to be object of the base line diagnosis
- 2) Develop a base line diagnosis
- 3) Analyze the results of the base line diagnosis

Activity 2

- 1) Analyze the FIDEICOMISO fund and prepare proposal of operational and normative process
- 2) Prepare proposal of improvement of the operational process of FIDEICOMISO.
- 3) Propose support to the municipalities to improve administrative, accounting and budget processes in order to make efficient use of the financial resources of the DOCP.
- 4) Prepare the proposal of the subjects and scheduling of the trainings of UTM and UTI for the strengthening of capacities

Activity 3

- 1) Analyze the status quo and the problems of the PEC projects developed
- 2) Extract the subjects and factors to be considered to develop PEC projects in an effective form
- 3) Recompilation the results of the study developed in the 3-2 and elaborate a manual proposal
- 4) Verify and correct the proposal of the manual after its application in the projects

Activity 4

- 1) Analyze the status quo and the problems of the PEM projects developed
- 2) Extract the subjects and factors to be considered to develop PEC projects in an effective form
- 3) Compile the results of the study developed in the 3-2 and elaborate a manual proposal
- 4) Verify and correct the proposal of the manual after its application in the projects

Activity 5

- 1) Elaborate a training plan based on the manual proposal elaborated in 3-4 and 4-4.
- 2) Develop the training of the Technical Unit of the Consejo Intermunicipal Higuito and the functionaries of the municipalities, based on the plan elaborated 5-1.
- 3) Establish a training mechanism of the communities provided by the Technical Unit and the functionaries of the municipalities
- 4) Verify and correct the manual proposal base don the monitory of the training for the communities
- 5) Socialize the projects established in the Strategic Plans and PEC in the transition processes of local governments

Activity 6

- 1) Identify and put together the experiences and lessons learned through the implementation of the projects.
- 2) Generalize the experiences and lessons learned in the projects



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ANNEX II

LIST OF EXPERT AND LOCAL PERSONNEL HIRED BY JICA

1. Dispatch of Experts

Long-term

- (1) Chief Advisor/ Local Government

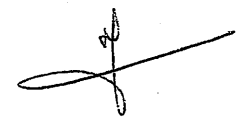
Other experts will be dispatched depending on the necessity of the Project.

Short-term

Short-term experts will be dispatched depending on the necessity of the Project.

2. Local Personnel hired by JICA

The local experts and consultants will be hired according to the necessary of the effective implementation of the Project, in consultation with FHIS.



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ANNEX III

LIST OF MACHINERY AND EQUIPMENT

1. Machinery and Equipment for strengthening local capacity

The number and detailed specifications of machinery and equipment will be defined based on the result of the characterization study that will be made during the Project in Consejo Intermunicipal Higuato, and also will be agreed; however, consumable materials will not be provided. The machinery and equipment provided by the Project will be use exclusively for the Project activities.

2. Machinery and Equipment for activities of Japanese experts and Local personnel hired by JICA

The machinery and equipment necessary for activities of Japanese experts and local personnel hired by JICA, will be utilized in the Project activities. These include:

- Computers
- Printers
- Scanner
- Fax Machine
- Copy Machine
- Projectors
- Vehicles
- Other necessary equipment

ANNEX IV

PRIVILEGES, EXEMPTIONS AND BENEFITS FOR EXPERTS

1. Exemption from income tax and charges of any kind imposed on or in connection with the living allowances remitted from aboard.
2. Exemption from import duties and any other charges in respect of personal and household effects including one motor vehicle per expert which may be brought into Honduras from abroad.
3. In case of emergency, the Government of Honduras will use available means to obtain medical and other necessary assistance for the Japanese experts and their families.



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ANNEXV

LIST OF HONDURAN COUNTERPART PERSONNEL AND ADMINISTRATIVE PERSONNEL

1. FHIS

- a) FHIS Ministry Director
- b) Municipal Strengthening Director
- c) Planning Evaluation Management Unit (UPEG)-FHIS Coordinator
- d) Personnel for Municipal Strengthening
- e) Personnel for the Project Cycle Decentralization from FHIS

2. Consejo Intermunicipal Higuito

- a) President of Consejo Intermunicipal Higuito
- b) Manager and Technical Team of the UTI
- c) Mayors of the municipalities in Consejo Intermunicipal Higuito
- d) Members of the municipalities Technical Unit in Consejo Intermunicipal Higuito
- e) Other functionaries and staff in the municipalities

ANNEX VI

LIST OF BUILDINGS AND FACILITIES

1. Offices and other necessary facilities for the Japanese experts
2. Facilities and services such as electricity, water supply, telephone and furniture necessary for the Project activities



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ANNEX VI

JOINT COORDINATING COMMITTEE

1. Functions

The Joint Coordination Committee (hereinafter referred to as "JCC") will be established for the effective and successful implementation of the Project. The JCC will meet once a year or whenever the necessity arises in order to fulfill the following functions:

- (1) To formulate and define the Annual Work Plan of the Project
- (2) To review the progress of the Annual Work Plan
- (3) To review and exchange views on major issues arising from the implementation of the Project
- (4) To discuss any other issues pertinent to the smooth implementation of the Project

2. Composition

- (1) Chairperson:
FHIS Ministry Director

- (2) Members:
[Honduran side]
 - a) FHIS Municipal Strengthening Director
 - b) President of Consejo Intermunicipal Higuito
 - c) Representative of the Secretaria de Gobernación y Justicia

- [Japanese Side]
- a) Chief Advisor
 - b) Resident Representative of JICA Honduras office
 - c) Other personnel concerned to be assigned by JICA, if necessary

The Joint Coordinating Committee can invite any related person to discuss specific issues.

Note: Representatives of the Embassy of Japan in Honduras may attend as observers.

ANNEX VII

PROJECT COORDINATION UNIT

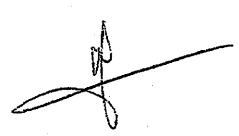
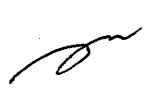
1. Functions

The CU will discuss and coordinate the implementation of the Project, and it will exchange information regarding the Project.

2. Composition

- (1) Coordinator
FHIS Municipal Strengthening Director
- (2) Members
 - a) Honduran Side
 - i) Planification, Evaluation, Management Unit Coordinator (UPEG) – FHIS
 - ii) Technical Units Managers of Consejo Intermunicipal Higuato
 - b) Japanese Side
 - i) Japanese experts
 - ii) Advisors hired by JICA
 - iii) Officer in charge of JICA's Project

The detailed functions and the schedule of the UC meetings will be defined after the Project has begun.



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5. ミニッツ (M/M)

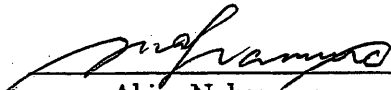
Minute of Discussions in Technical Cooperation of Japan
Between
The Japanese Mission of Preparatory Study and
The Related Authorities of the Government of the Republic of Honduras
on the Project for
Capacity Development in the Western Region of Honduras

In response to the request of the Government of the Republic of Honduras, the mission of the Preparatory Study (hereinafter referred to as "The Mission"), organized by the Japan International Cooperation Agency (hereinafter referred to as "JICA"), and headed by Mr. Akira Nakamura, visited the Republic of Honduras from the 15th of June to the 1st of July of the year 2006, with the purpose of determining the details of the program of technical cooperation for the Project for Capacity Development in the Western Region of Honduras (hereinafter referred to as "the Project").

During the visit in the Republic of Honduras, the Mission exchanged views and had a series of discussions with authorities related, and with respect to measures desired to be taken by JICA and the Government of the Republic of Honduras represented by the Fondo Hondureño de Inversión Social as counterpart of the government side (hereinafter referred to as "FHIS") for the successful execution of the Project mentioned.

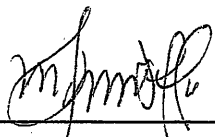
As a consequence of the discussions, the Mission and related Honduran authorities agreed to recommend to their respective governments the matters referred to in the documents attached hereto.

Tegucigalpa, Honduras, June 30, 2006.


Akira Nakamura
Leader of the Mission
Japan International Cooperation Agency
(JICA)


Marlon Lara Orellana
Director Minister
Fondo Hondureño de Inversión
(FHIS)


Karen Zelaya
Minister
Secretaría Técnica de Cooperación
Internacional (SETCO)
Witness


Martin Mercado Pineda
Acting President
Consejo Intermunicipal Higuito

ATTACHMENT

1. TITLE OF THE PROJECT

The Project for Capacity Development in the Western Region of Honduras

2. OFFICE IN THE SITE OF THE PROJECT FOR ITS EXECUTION

Santa Rosa de Copan, Departamento de Copan

3. PROJECT DESIGN MATRIX (PDM)

Both parties discussed and agreed to finalize the Project Design Matrix (PDM) mentioned in ANNEX I

4. GENERAL PLAN OF OPERATION (PO)

Both parties discussed and agreed General Plan of Operation (PO) referred to in ANNEX II.

The Japanese experts and Honduran counterparts will elaborate the Annual Plan of Operation and it will be presented to the Joint Coordination Committee for its authorization.

The activities of the Project may be changed within the scope of the Record of Discussions when needs arise during the execution of the Project.

5. ORGANIZATION CHART OF THE PROJECT

The organization chart of the Project is referred to in ANNEX III

6. OTHER ASPECTS

- 1) Through deliberations between the Honduran part and the Mission, it was recognized the importance of the sustainable development in the municipality union (Mancomunidad) and each municipality after the Project. In the Project, since its beginning, the persons involved from the Honduran part and the Japanese part, will approach the activities having present the possibility of a future sustainable and development.
- 2) Through the Project; it will be searched for a model of realization of social infrastructure adequate to the situation of Honduras implemented by the municipalities. As reference information, the Japanese part will provide the Honduran part as much as possible of information and cumulated knowledge of JICA through examples in Japan and cooperation developed in other countries.
- 3) Based on the deliberations between the Honduran part and the Mission a PDM (Project Design Matrix) was elaborated. In the future the PDM elaborated may go through the amendment necessary throughout its verification by both parties in the process of the Project.
- 4) The Project is composed of 3 steps. After finishing each step, an examination of the activities will take place and the activities of the next step will be revised. (Annex IV).
- 5) In the Project, the importance will be given to the planning, implementation and evaluation of activities based on the agreement with Hondurans interested. In this effect, the representatives of organizations existing and involved at municipal and community level will meet periodically in order to define jointly the policies, and implement activities.
- 6) In the Project, with the purpose of providing efficient support to the activities of the Projects Executed by the Community (PEC), monitoring will be conducted. In the monitoring, it will be learned about the current situation, extraction of problem points, finding of successful cases, etc,

of the projects of PEC. According to the results of the monitoring an efficient methodology will be established to impulse the projects of PEC.

- 7) The Honduran part requested the sending of Japanese volunteers (in areas of participatory community development, civil engineering work and so on) to the Consejo Intermunicipal Higuito / its consisting municipalities. The Japanese part will examine the request in Japan.

ANNEX

- ANNEX I. Project Design Matrix (PDM)
ANNEX II. General Plan of Operation of the Project (PO).
ANNEX III. Organization Chart of the Project
ANNEX IV. Implementation Steps of the Project



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Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
	<p>local governments</p> <ul style="list-style-type: none"> -Functioning of two-way communication between municipalities and communities -Number of projects executed based on a decentralized management process by the municipalities members of the Consejo Intermunicipal Higuaito -Number of projects that receive maintenance by local entities -There are appropriate norms, instruments and methods for the management of social infrastructure projects - A fund constituted at mancomunidad or municipal level to finance infrastructure projects 	<ul style="list-style-type: none"> -Inspection report -Protocol certification -Regulations -Manuals -Check account -Rules -Procedure manual 	
<p>Project Purpose Establish an appropriate model to socialize, formulate, execute, manage,</p>	<ul style="list-style-type: none"> -Number of manuals and guidelines for the 	<ul style="list-style-type: none"> -Manuals -Formats 	<ul style="list-style-type: none"> • The network between the municipalities, the people and

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>operate and maintain properly the projects of consolidation of social infrastructure in the Consejo Intermunicipal Higuito and member municipalities</p> <p>(Model for the municipalities of medium and small scale)</p>	<p>management (formulation, implementation, operation, maintenance, etc.) of infrastructure projects that have been revised and adapted to local conditions and demonstrated efficacy in their application</p> <p>-Number of infrastructure projects executed efficiently at financial level, on time and in form</p>	<p>-Interview with local staff that manage the projects</p> <p>-Evaluation document about the time, cost – benefit and interview with stakeholders about satisfaction in the management of projects.</p>	<p>related authorities will be established and maintained</p> <ul style="list-style-type: none"> • Municipal development projects will not be influenced negatively by the policy • The policy to maintain the process of DOCP will be continued • The institutional Regimen of the Consejo Intermunicipal Higuito and the member municipalities will be consolidated • A coordination mechanism with other entities involved and capacities related to it, will be established in the municipalities • The number of staff of the Consejo Intermunicipal Higuito and municipalities member will be in accordance to the technical and administrative requirements for the efficient management of projects • The staff of the Consejo Intermunicipal Higuito will be in accordance to the technical and administrative requirements stipulated by the municipalities • There is an open dialogue between FHIS and the Consejo

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
			<p>Intermunicipal Higuito</p> <ul style="list-style-type: none"> • The fund of the the municipalities member of the Consejo Intermunicipal Higuito will be increased • The transparency of public finances of the municipalities member of the Consejo Intermunicipal Higuito will be secured • The formation and strengthening of human resources in training will continue • The knowledge and experience obtained in the development of the projects will be divulgated • The manuals will be used, maintained and updated
<p>Outputs</p> <p>1. The status quo of the development and problems of the community and municipalities member of the Consejo Intermunicipal Higuito will be recognized and analyzed</p>	<ul style="list-style-type: none"> -Studies elaborated about the social and economic conditions of the municipalities -Number of staff at the municipalities and leaders of communities obtained the skills to implement baseline 	<ul style="list-style-type: none"> -Study documents -Interview to community leaders about how the information is collected -Point of Protocol of the Municipal Corporation 	

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>2. Process of financial and administrative management of DOCP will be improved</p> <p>3. After the analysis of the results obtained during the development of the Projects Executed by the Community (PEC), their problems and effective methods will be recognized</p>	<p>studies</p> <ul style="list-style-type: none"> -Number of plans of social inversion revised and given priority based on the studies -Guidelines of the financial fund revised and adapted to local conditions to make it more efficient -Operative mechanism for the administration of the fund revised and adapted to local conditions to make it more efficient - Consejo Intermunicipal Higuito and Municipalities applying the guidelines and operative mechanism - Number of Municipal and Inter Municipal Technical Units trained and strengthened -An analysis developed about the results reached during the execution of PEC projects -The problems identified in the management of PEC projects will be reconsidered after the revision of the manual -Manual revised and 	<ul style="list-style-type: none"> -Revised guideline approved by FHIS. -Revised document of operative mechanism approved by FHIS through agreement -Project file -Protocol of disbursement - Interview with stakeholders regarding capacity building technical staff at municipalities -Evaluation document -Manual revised -Approval Protocol -Interview with stakeholders 	

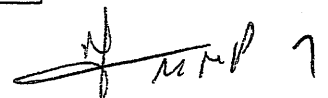
Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>4. After the analysis of the results obtained through the development of the Projects Executed by the Municipality (PEM), their problems and effective methods will be recognized.</p>	<p>approved by the FHIS</p> <ul style="list-style-type: none"> -Number of functionaries of technical units and leaders of communities who understand the contents of the manual -Number of functionaries of technical units and leaders of communities who participated in the preparation of the contents of the manual -An analysis developed about the results reached during the execution of PEM projects -The problems identified in the management of PEM projects will be reconsidered after the revision of the manual -Manual revised and approved by the FHIS -Number of functionaries of technical units who understand the contents of the manual -Number of functionaries of technical units who participated in the preparation of the contents of the manual 	<ul style="list-style-type: none"> -Evaluation document -Manual revised -Approval Protocol -Interview with stakeholders 	

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>5. The capacity of the functionaries of the Consejo Intermunicipal Higuito and member municipalities, and of the communities will be strengthened through the development of DOCP projects (management and socialization of works, goods, services and resources)</p> <p>6. The issues for the replication to other areas are identified (*)</p>	<ul style="list-style-type: none"> -Number of technicians of the Consejo Intermunicipal Higuito that know and apply the norms and procedures of DOCP for the management (at all stage of project cycle) of the PEC and PEM -Number of technicians of the UTM that know and apply norms and procedures for the management (at all stage of project cycle) of PEC and PEM. -Number of community leaders that know and apply the norms and procedures for the management (at all stage of project cycle) of PEC projects -Appropriateness of issues and approaches to replication identified and examined 	<ul style="list-style-type: none"> - FHIS Certificate -Certificate of the Consejo Intermunicipal Higuito -Staff Evaluation - UTM Certificate -Evaluation of leaders -Evaluation of residences of communities -Study report - Manuals -Interview with stakeholders -Evaluation report 	

ACTIVITIES	INPUTS	
<p>0-1. Promote the opportunities to share and deliberate about the planning, execution and results of the projects in the municipalities and communities based on the participation of the authorities and institutions related</p> <p>0-2. Socialization and publishing of projects</p> <p>1-1-1. Select the municipalities to be object of the base line diagnosis</p> <p>1-1-2. Develop a base line diagnosis</p> <p>1-1-3. Analyze the results of the base line diagnosis</p> <p>2.1 Analyze the FIDEICOMISO fund and prepare proposal of operational and normative process</p> <p>2.2 Prepare proposal of improvement of the operational process of FIDEICOMISO</p> <p>2.3 Propose support to the municipalities to improve administrative, accounting and budget processes in order to make efficient use of the financial resources of the DOCP</p> <p>2.4 Prepare the proposal of the subjects and scheduling of the trainings of UTM and UTI for the strengthening of capacities</p> <p>3.1 Analyze the status quo and the problems of the PEC projects developed</p> <p>3.2 Extract the subjects and factors to be considered to develop PEC projects in an effective form</p> <p>3-3. Recompilation the results of the study developed in the 3-2 and elaborate a manual proposal</p> <p>3-4. Verify and correct the proposal of the manual after its application in the projects (*)</p> <p>4-1. Analyze the status quo and the problems of the PEM projects developed</p>	<p>[Honduras Side] [Japanese Side]</p> <p>1. Municipal Allocation for:</p> <ul style="list-style-type: none"> • Pre inversion • Training • Inversion of the Infrastructure • Municipal Fund of Preventive Maintenance (FMM) <p>2. Allocation of human resource:</p> <ul style="list-style-type: none"> • Supervision Cys FM • Training • Inspector • Auditory • Key person FHIS <p>3. Support system for the management of project cycle:</p> <ul style="list-style-type: none"> • SIM • Cost system • Training in the use and management of systems <p>4. Manuals elaborated in the FHIS for the process of project cycle</p> <p>5. Counterpart Staff:</p> <ul style="list-style-type: none"> • FHIS • Corisejo Intermunicipal <p>1. Sending of long term experts</p> <ul style="list-style-type: none"> • Head chief/ local Government • Other experts will be sent according to the needs of the Project <p>2. Sending of short term experts which will be sent according to the needs of the Project</p> <p>3. Equipment</p> <p>Equipment and materials necessary for technological transfer by the experts of each area</p> <p>4. Training of counterpart staff</p> <p>5. Others</p> <p>Local consultants, etc</p>	

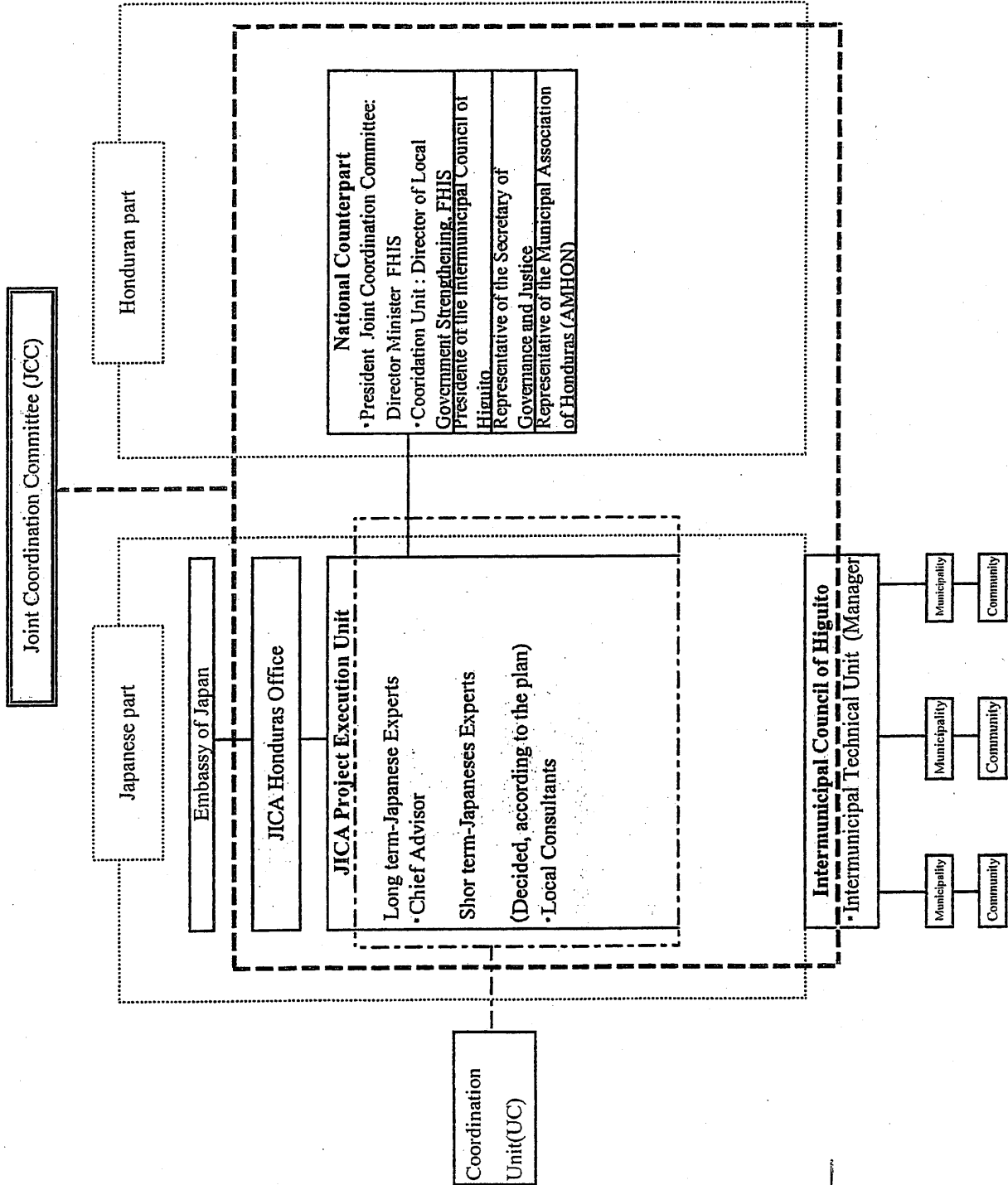
<p>4-2. Extract the subjects and factors to be considered to develop PEC projects in an effective form</p> <p>4-3. Compile the results of the study developed in the 3-2 and elaborate a manual proposal</p> <p>4-4. Verify and correct the proposal of the manual after its application in the projects(*)</p> <p>5-1. Elaborate a training plan based on the manual proposal elaborated in 3-4 and 4-4.</p> <p>5-2. Develop the training of the Technical Unit of the Consejo Intermunicipal Higuito and the functionaries of the municipalities, based on the plan elaborated 5-1</p> <p>5-3. Develop the training of the Technical Unit of the Consejo Intermunicipal Higuito and the functionaries of the member municipalities</p> <p>5-4. Establish a training mechanism of the communities provided by the Technical Unit and the functionaries of the municipalities</p> <p>5-5. Verify and correct the manual proposal base don the monitority of the training for the communities (*)</p> <p>5-6. Socialize the projects established in the Strategic Plans and PEC in the transition processes of local governments</p> <p>6.1 Identify and put together the experiences and lessons learned through the implementation of the projects</p> <p>6.2 Generalize the experiences and lessons learned in the projects</p>	<p>Higuito</p> <p>6. Physical installations in Santa Rosa de Copan for the staff assigned by Japan</p> <p>Pre-conditions:</p> <ul style="list-style-type: none"> - The allocation of staff from the Technical Unit of the Consejo Intermunicipal Higuito is guaranteed - There will be a contractor capable of developing (design and execute) the projects of the decentralization process of project cycles - There will be a system of technical support by the authorities of the Central Government
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(*) Will be revised according to need, after the acknowledgement during the midterm evaluation

Step 2: Pilot DOCP project and Step 3: Full Implementation DOCP	
5. Strengthen the capacity of the functionaries of the Inter Municipal Council of Higuito and member municipalities, and of the communities through the implementation of DOCP projects	
5-1. Elaborate a training program based on the manual proposal developed at 3-4 and 4-4.	
5-2. Provide training programs for the Technical Unit of the Inter Municipal Council of Higuito and the functionaries of the municipalities, based on the plan elaborated at 5-1.	
5-3. Establish a training method of the communities provided by the Technical Unit and the functionaries of the municipalities	
5-4. Verify and correct the proposed manual developed through the monitoring of trainings for communities	
5-5. Socialize the projects planned by the Development Strategic Plans and PEC in the transition processes from FHIS to local governments	
6. Identify the issues for the application of model developed in JICA project to other areas	
6.1 Identify the experiences and lessons through the implementation of projects	
6.2 Generalize experiences and lessons learned through the implementation of projects	
<p style="text-align: center;">Evaluation of Step 2 and Definition</p> <p style="text-align: center;">Preparation of Step 3</p>	

ANNEX III. PROJECT ORGANIZATION STRUCTURE



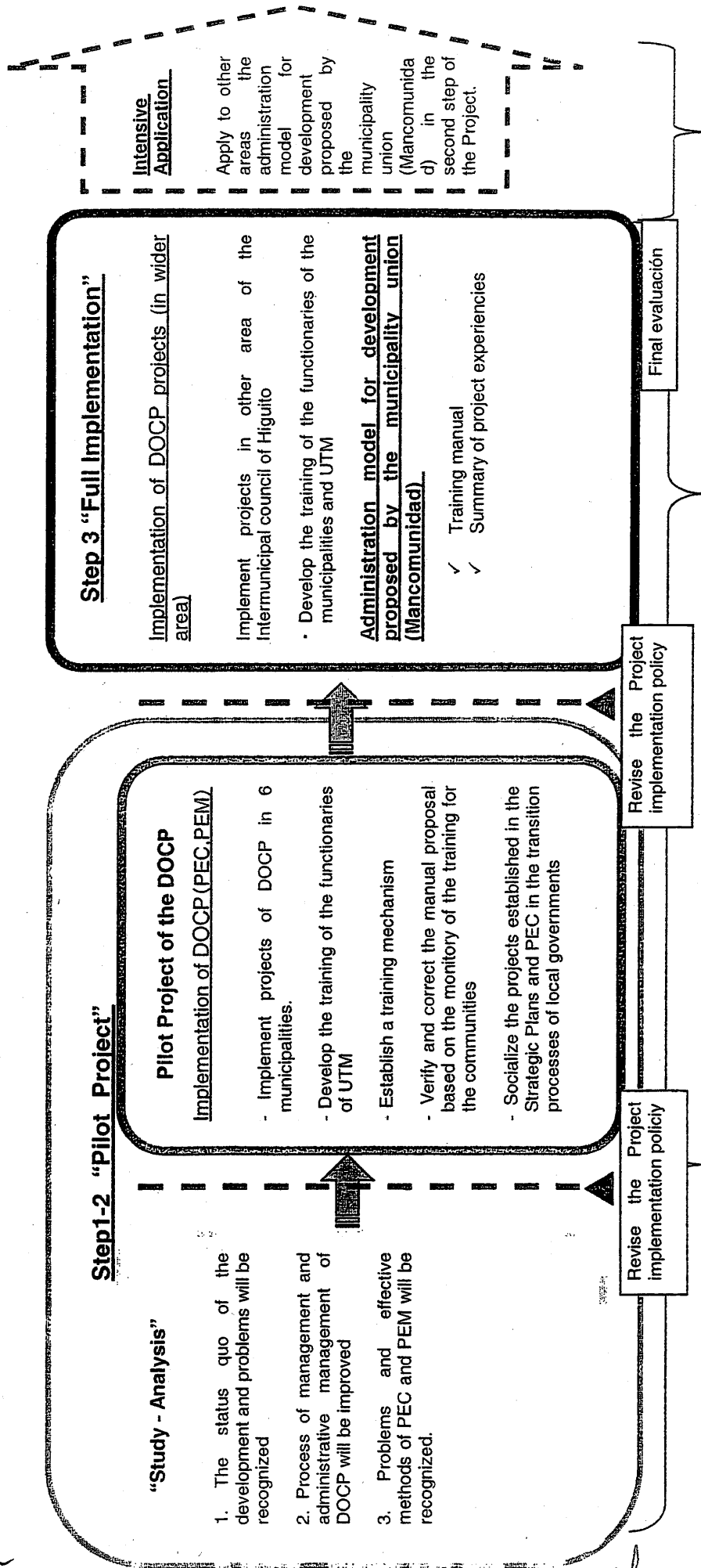
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MMP

ANEXOV Implementation Steps of the Project

【Key points】

- The Project will be divided into 3 implementation steps (study-analysis/ pilot project / full implementation)
- An Evaluation study will be carried out at the end of the first step of the Project to select the project implementation method, project site, etc.



Post-JICA Project

NOTE: DOCP is a part of the National Program for Decentralization and Local Development

MMP

6. 市の分類

6 市の分類

1. 内務司法省による分類

内務司法省の市の分類により、FHIS はプロジェクト資金の出資を定める。出資は現金で、FHIS により指定された銀行の口座に振り込まれる。

市の分類	内容
カテゴリーA	市がプロジェクト資金の 50%を負担
カテゴリーB	市がプロジェクト資金の 30%を負担
カテゴリーC	市がプロジェクト資金の 10%を負担
カテゴリーD	市がプロジェクト資金の 5%を負担

2. FHIS による市のプロジェクト・サイクルの運営能力に応じた分類

内務司法省による市の分類は、市や市連合会のプロジェクト実施サイクルにおける技術的な能力を考慮していない。また、ホンジュラスにおいて、地域により市の発展段階、能力は大きく異なっているため、FHIS ではプロジェクトの技術的な実施能力に応じて、各市を4つに分類している。

① レベル1

プロジェクト実施の高い能力、経験を有しており、技術的な支援部署（支援ユニット）がある市。

② レベル2

DOCP 事業の中で FHIS が強い主導権を持っている市。これらの市、市連合会には FHIS から認証された支援ユニット（市であれば UTM、市連合会であれば UTI）が存在する。

1) 支援ユニットの機能

市の開発計画を策定するための組織的な能力があるかによる。具体的には、財務管理、法務の責任者がいること。市連合会の場合には、原則として契約された職員、事務所、コンピュータが必要となる。

2) プロジェクト・サイクルの実施に基づく分類

UTM、UTI がプロジェクト管理のための能力を有している。プロジェクト開始前の手続き、PDEM、PIM、POA のモニタリング、実施可能性、評価、承認、契約、実施管理における処理能力があること。他に、市の情報システム、市、PEC のマニュアル、メンテナンス資金の管理能力が必要である。

③ レベル3

市、市連合会固有の支援ユニットがなく、FHIS に認証された支援ユニット、または近隣の市連合会の支援ユニットと契約している。

④ レベル4

支援ユニットが存在せず、プロジェクトの実施に際し、FHIS の全面的な支援が必要な市。