

# Fourth Assurance Report on Public Infrastructure Projects

October 2017

INFOGRAPHIC  
SUMMARY

The **CoST Honduras - Infrastructure Transparency Initiative** was established with the objective of raising the transparency and accountability standards for public infrastructure projects in the country.

# I. General Information

## 1

### PROJECTS INCLUDED IN THE ASSURANCE STUDY



**PPP (Public Private Partnerships):**

- 1 Tourism Corridor
  - 2 Logistic Corridor
- Fondo Vial (Road Fund):**
- 3 Juticalpa – La Empalizada -S077 Section II
  - 4 Maintenance to Road Sector 20, departament (departamento) of El Paraíso
  - 5 Route 27, access to Trujillo

**DGC (General Roads Directorate) / INSEP (Ministry of Infrastructure and Public Services):**

- 6 Villa de San Antonio – Goascorán, Section I, Sub-section I-B Lamaní-Quebrachal
- 7 Improvement to Road Marcala – La Esperanza
- 8 Rehabilitation to Road Tegucigalpa – Catacamas Section III (Río Dulce-Limonos)
- 9 Improvement to Road CA-5 South: Júcaro Galán – La Venta
- 10 Road Construction: Cololaca – Valladolid

**ENP (National Port Authority):**

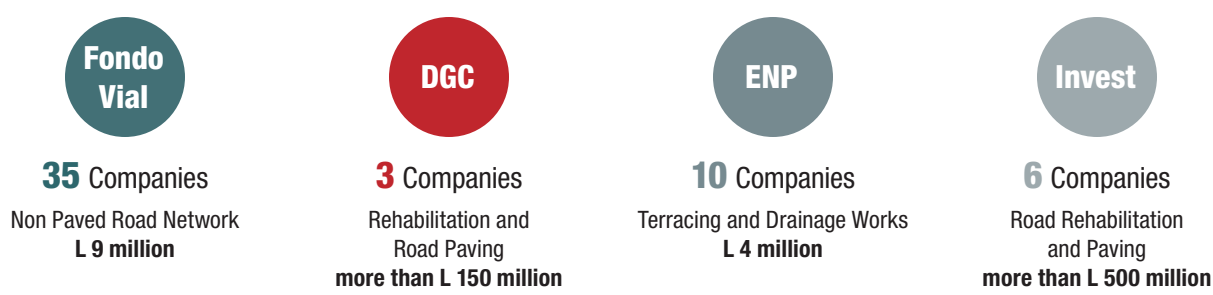
- 11 Roof Rehabilitation of Puerto Castilla Superintendence Building
- 12 Construction of the Access Area: entry/exit control booths of San Lorenzo Port
- 13 Road Terracing Works and Drainage, in a lot of land adjacent to the free zone for rehabilitation of the ENP containers pre-port in Puerto Cortés

**Invest-HN:**

- 14 Rehabilitation to Road CA-1: Júcaro Galán – Sta. Elena segment

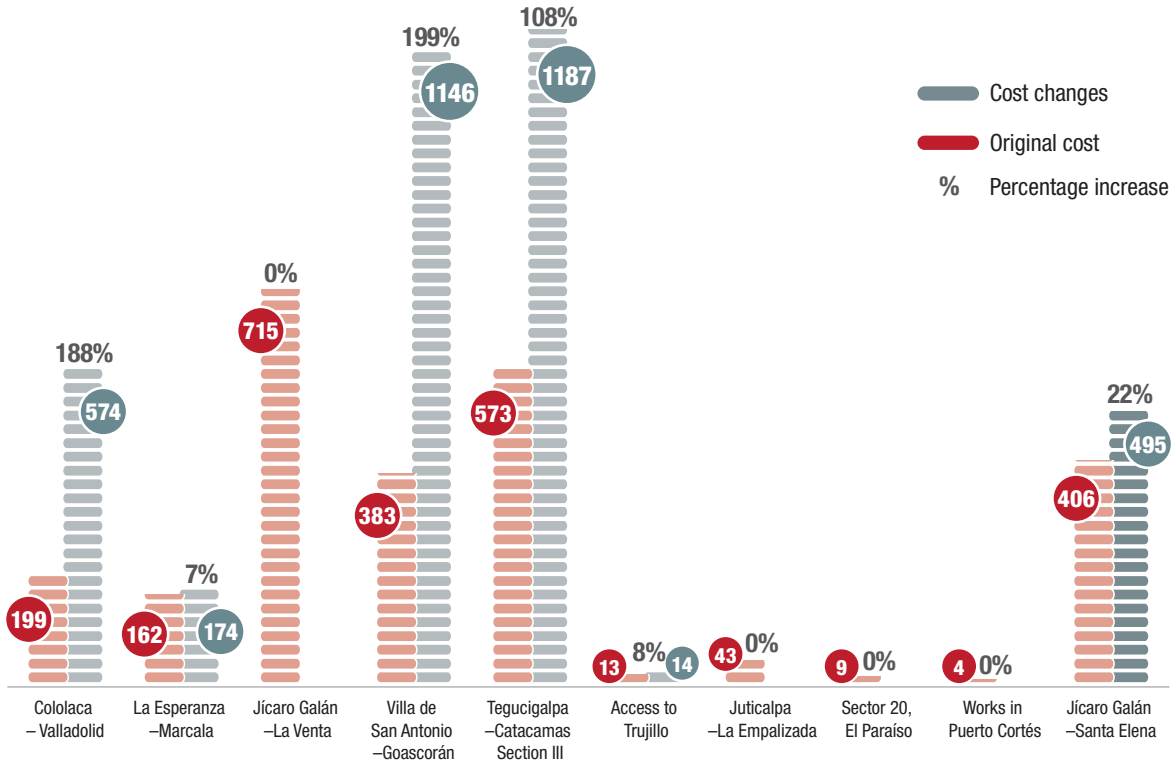
## 2

### AVERAGE NUMBER OF COMPANIES PARTICIPATING IN THE PROCUREMENT PROCESS



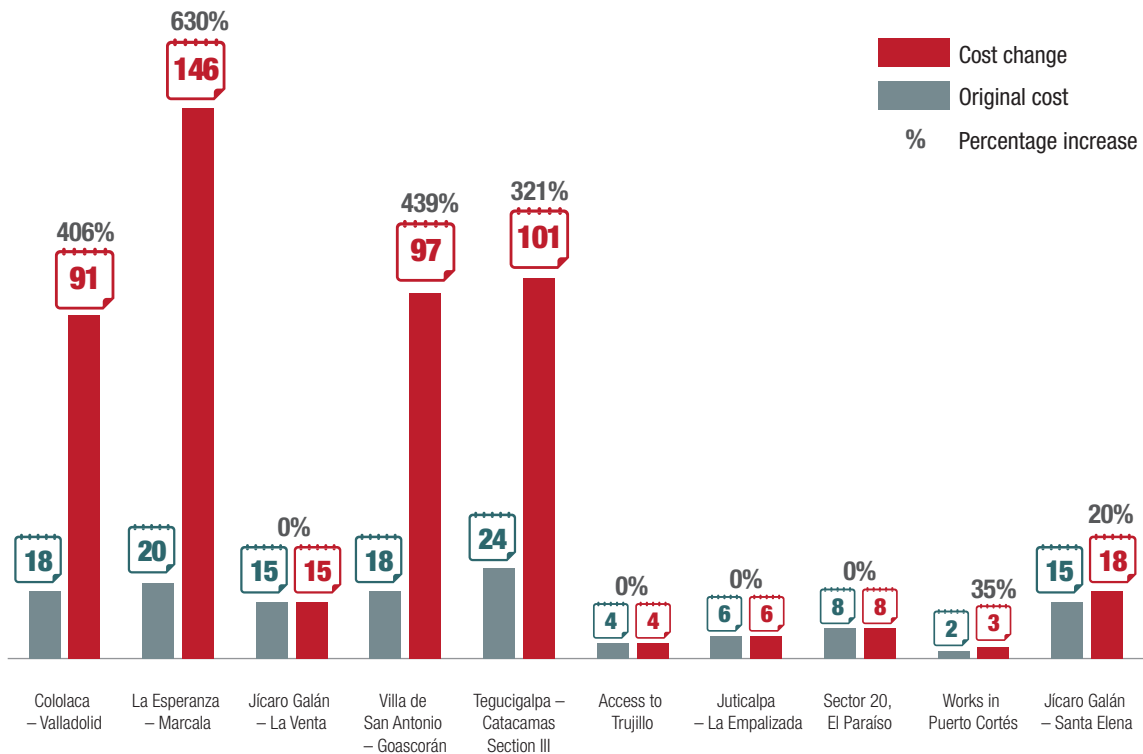
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**PUBLIC INVESTMENT PROJECT COST:  
INITIAL AMOUNTS AND MODIFICATIONS (in million lempiras)**



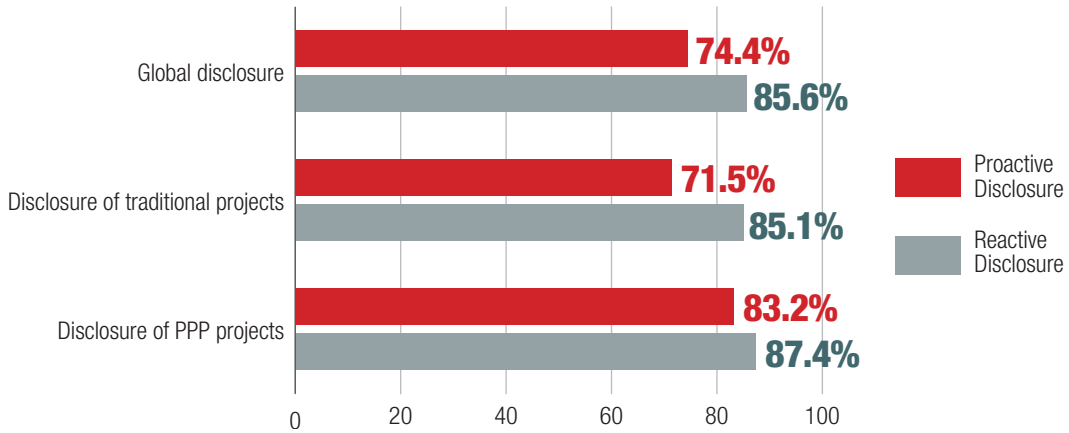
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**PUBLIC INVESTMENT PROJECT IMPLEMENTATION TERMS ACCORDING TO ORIGINAL CONTRACT AND MODIFICATIONS (in months)**



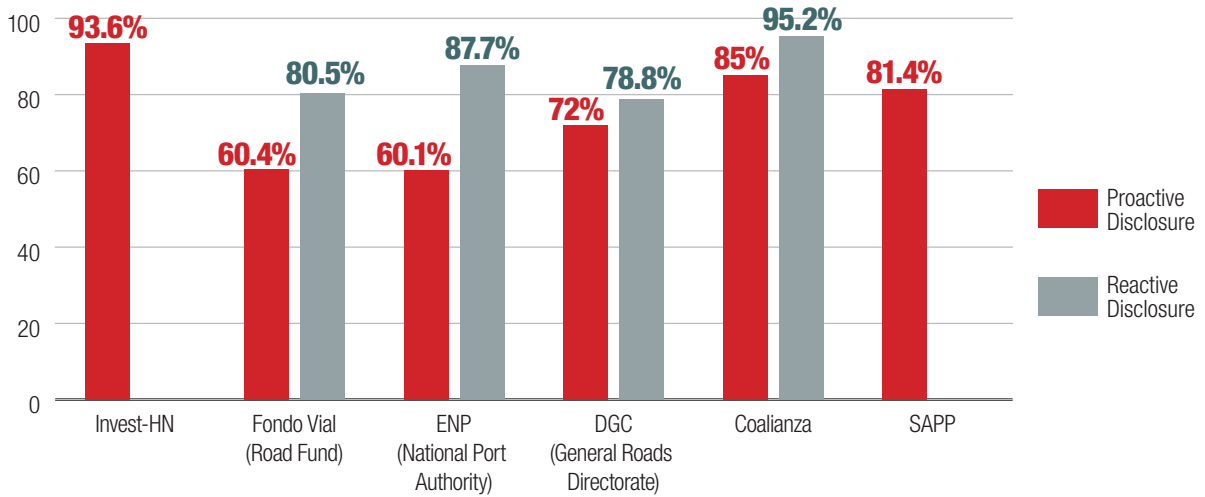
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**DISCLOSURE OF INFORMATION ACCORDING TO THE CoST INFRASTRUCTURE DATA STANDARD (IDS)**



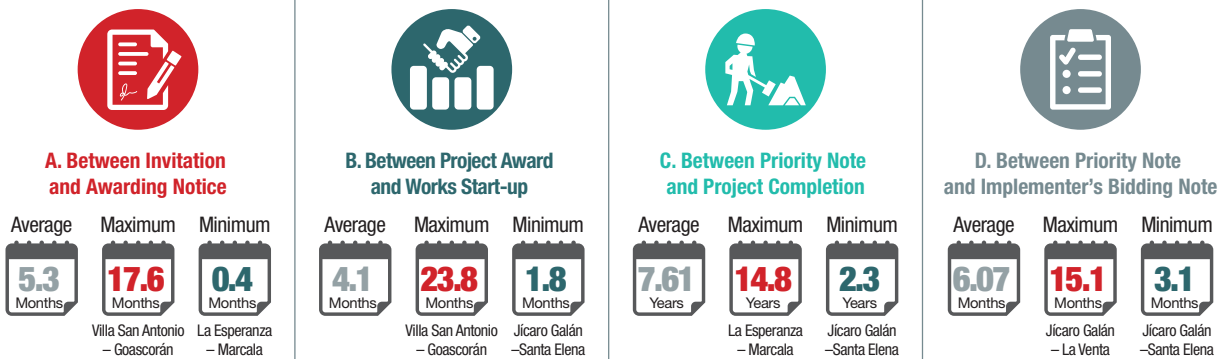
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**IDS DISCLOSURE**  
(according to the procurement entity)

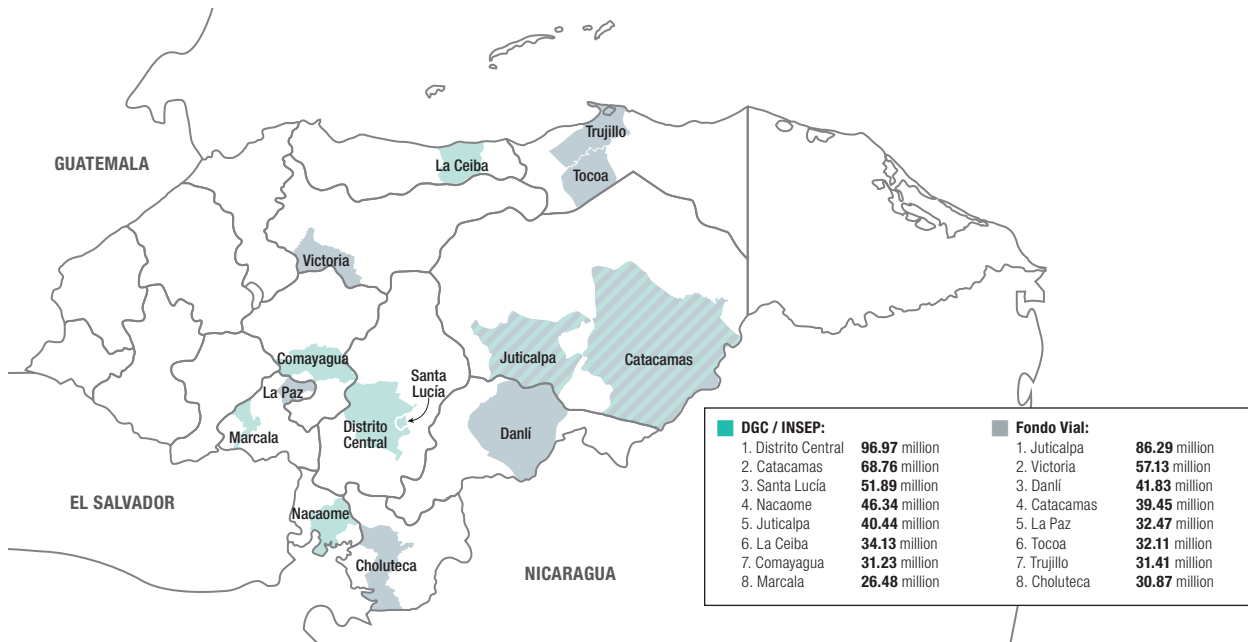


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**AVERAGE TIME OF THE ROAD PROJECT STAGES**  
(of more than 150 million lempiras)







## MAP OF MUNICIPALITIES WITH HIGHER INVESTMENTS IN ROAD PROJECTS (in lempiras)







## II. Findings and Recommendations

### COALIANZA (PUBLIC PRIVATE PARTNERSHIP PROMOTION AGENCY) / SAPP (SUPERINTENDENCY OF PPPs)


PROJECT	FINDINGS	RECOMMENDATIONS
Tourism Corridor	<ol style="list-style-type: none"> <li>1. Placing asphalt when it is raining can affect its durability.</li> <li>2. The information on the GMAI (Guaranteed Minimum Annual Income) agreements and SEFIN's fiscal analysis regarding the toll collection has not been disclosed. According to the Grantor Institute, the social protests do not allow to charge the toll in the San Manuel booth, and have caused the State to assume payment of USD 20 million in the first year according to contract.</li> </ol>	<p>Improve technical control of the works (supervision and SAPP).</p> <p>Disclose information on the treatment of GMAI (SAPP) and fiscal analysis of SEFIN.</p>
Logistic Corridor	<ol style="list-style-type: none"> <li>3. The information on the GMAI related to the sections Goascorán to la Villa de San Antonio has not been disclosed, and the Grantor Institute has not been able to deliver these sections to the concession holder. This would mean the concession holder would be given 20% of the income projected from Lamani.</li> <li>4. During the project design, the concession holder did not take into account the geotechnical conditions of the zone, which could affect the State of Honduras, since according to clause 7.7 of the contract, the State shall absorb the costs when a landslide or mudslide is more than 200 cubic meters.</li> </ol>	<p>Disclose information on the treatment of GMAI (SAPP).</p> <p>Asses the cost of removing the landslides to date, and renegotiate the content of clause 7.7 between the parties (INSEP, concession holder, COALIANZA, SAPP).</p>









Logistic Corridor	5. When expanding the road in some areas, the causeway reduces its capacity to quickly eliminate the rain water which represents a risk for its users.	Correct the slope of the road surface.	
	6. There is no supervision contracted for conservation and exploitation of the concession.	Immediately hire a supervisor.	
	7. There is contamination due to liquid and solid waste along the area where work is being done. And the reduction of the hydraulic area of the bridge was detected due to excavation material.	Sanction the concession holder for not complying with the Environmental Management and Security Plan.	
	8. There is no legal instrument to back up the application of sanctions related to vehicle weight and dimension control.	Accelerate the review of the Draft Law for Automotive Vehicle Weight and Dimension Control.	
	9. Some bonds and policies have expired, this is a cause for contract termination.	Manage the guarantee issuance and disclose the same.	
Tourism and Logistic Corridor	10. There is no consensus between COALIANZA – SAPP – INSEP on the type of contract that should be prepared for the supervisor consortium.	Legalise the contract status of the supervision.	

### FONDO VIAL (ROAD FUND)

PROJECT	FINDINGS	RECOMMENDATIONS	
Improvement to Route 108, Juticalpa - La Empalizada - S077 Section II	1. There was a change in the structure that supports the pavement: going from a granular sub-base to a soil-limestone type. And four work concepts were added in order to improve the subgrade and drainage.	Disclose the reasons of the changes to the original design.	
Maintenance to Road Sector 20, El Paraíso	2. The supervision, technical verification report and the change orders for readjustment of quantities of works closing have not been disclosed.	Disclose information and key documentation of the projects according to the CoST IDS.	
Route 27, access to Trujillo	3. Simple asphaltic treatment was applied on a surface with repaired potholes, which will affect the quality and duration of the work contracted.	Negotiate the rehabilitation of the section, preferably of hydraulic concrete.	
	4. The supervisor and executor are working on their own "account and risk" by working without a signed contract.	Proceed with the signing of the contract and/or addendum.	

### DGC (GENERAL ROADS DIRECTORATE) / INSEP

PROJECT	FINDINGS	RECOMMENDATIONS	
Villa de San Antonio – Goascorán	1. Due to a lack of funding being approved, the order to start-up the project was issued 38 months after the contract award. This generated a claim of escalation of prices by the executor, and it was necessary to pay more than 20% for this concept.	Comply Article 62 of the Budget Organic Law (June 21, 2004) with regards to the Administrative Priority Note.	

<p>Villa de San Antonio – Goascorán, Section I, Sub-section I-B Lamaní - Quebrachal</p>	<p>2. The contract has had several modifications, in terms and price, and to date it has not been possible to complete the works. The project has been ongoing for 11 years, 3 months and 15 days (executor 1).</p>	<p>Complete pending works in implementation, considering that this is part of the concession of the Logistics Corridor, and for which the start-up of operations are the Government's responsibility.</p> 
	<p>3. The information on the process of direct contracting of works has not been disclosed. Among the information lacking is: the Non-Objection of CABEL, Notification to the State Audit Institution (Tribunal Superior de Cuentas), supervisor monthly reports, audit reports of the previous contract, evaluation reports, modification, guarantees and all the supervisor's information (2).</p>	<p>Disclose information which is lacking in accordance with Articles 9 and 63 of the State Procurement Law (LCE), and Articles 169, 170, and 171 of the LCE Regulations.</p> 
	<p>4. The slope does not have the required stability causing deformations on the gabions wall.</p>	<p>Conduct geotechnical studies for its stabilisation.</p>
	<p>5. It was observed that the pavement presents a degree of porosity that does not comply with the technical specifications.</p>	<p>Conduct studies by pavement specialist to verify the condition and possible solutions.</p> 
<p>Construction, Rehabilitation, and Improvement of Marcala-La Esperanza Road</p>	<p>6. The geotechnical conditions (the soil characteristics of the zone) were not taken into account for the design of the slopes.</p>	<p>Design a slope according to the type of material required.</p>
	<p>7. Deformation of slopes due to illegal extraction of material by the inhabitants.</p>	<p>Submit a denunciation before the Prosecutor's Office for the Environment and Inhgeomín (Honduran Institute of Geology and Mines).</p> 
	<p>8. The supervision contract has not been updated, therefore, the supervisor is not authorised to sign the works estimates.</p>	<p>Legalise the supervisor's status.</p> 
<p>Road Rehabilitation and Paving Tegucigalpa – Catacamas, Section III (Río Dulce Limones)</p>	<p>9. The asphaltic layer has many cracks and small potholes. The construction company is repairing the areas affected and placing a simple surface treatment.</p>	<p>Monitor the asphaltic layer frequently. Conduct greater or smaller work according to the condition of the rolling surface. This should be assigned and charged under the quality guarantee of the executor that carried out the project.</p> 
	<p>10. The road alignment generated a closed curvature which increases the likelihood of accidents.</p>	<p>Place proper road signs in the area including vertical signs and speed reducers.</p> 
<p>Construction, Rehabilitation, and Improvement of Road CA-5 Sur, Jícaro Galán–La Venta segment</p>	<p>11. The segments that have not been serviced or where there is sewage installation damages the vehicles and are a potential cause of accidents, this in turn affects the traffic flow.</p>	<p>Carry out periodical pothole repairs filling the holes ("poreo"). Fill and protect the sites of sewage installation.</p> 



Construction, Rehabilitation, and Improvement of Cololaca–Valladolid Road

12. The lack of segments and appropriate confinement has caused a separation of the slabs in the road shoulder in the San Marcos-CA-4 Section.

Improve design criteria and place reinforced concrete dentil to confine the slabs.



### NATIONAL PORT AUTHORITY (ENP)

#### PROJECT

Road Terracing Works and Drainage: rehabilitation of the ENP containers pre-port in Puerto Cortés

#### FINDINGS

1. Lack of environmental license and corresponding studies.
2. Oil contamination risk of aquatic environments.

#### RECOMMENDATIONS

In future projects obtain environmental license.



Implement environmental mitigation measures. Place oil traps at the end of the duct to avoid contamination.



### INVEST-HN

#### PROJECT

Rehabilitation to Road CA-1, Segment 2, Lot A: Jicaro Galán –Santa Elena

#### FINDINGS

1. The delay in removing the telephone, sewage and electricity installations has caused approximately a 4-month delay in the implementation.
2. The project provides first aid and emergency medical services to its employees.
3. The project has hired women in administrative positions and as traffic and time controllers.

#### RECOMMENDATIONS

Establish coordination mechanisms between the implementing unit and institutions involved.



Replicate good practice.



Replicate good practice.



For further information about the Fourth Assurance Report on Public Infrastructure Projects (October 2017) visit: [www.costhonduras.hn](http://www.costhonduras.hn)

## CoST Honduras Multi-Stakeholder Group



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