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THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS ANNOUNCES CIDA SUPPORT TO HYDROELECTRIC SECTOR IN HONDURAS

TEGUCIGALPA -- The Secretary of State for External Affairs, the Right Honourable Joe Clark, today signed a Memorandum of Understanding with the Government of Honduras covering CIDA's contribution of \$13.8 million for a project to improve the efficiency and reliability of the Honduras electrical system.

The project will consist of three principal activities: the purchase and installation of new transformers and related equipment at three sub-station sites; the purchase and installation of voltage control equipment at thirteen sub-station sites; and the design and implementation of training programs to improve the operation and maintenance practices of the Honduras electrical utility's (ENEE) staff. Canada will be responsible for contracting a Canadian consulting engineering company which will provide technical assistance and co-management of the project in cooperation with ENEE. Implementation of the project is expected to commence in the spring of 1988 and to continue until mid-1990. The total project value is \$16.3 million including Honduras' contribution of \$2.5 million.

Mr. Clark said that the new project "is testimony to the close collaboration existing between Canada and Honduras in the Hydroelectric sector in Honduras". Canada previously provided \$19 million for the purchase and installation of transformers and high-voltage cables during the construction of the power station at El Cajon completed in the mid-1980's in cooperation with many other multilateral and bilateral donor agencies.

Mr. Clark also stated that CIDA had adopted a long-term perspective with regard to its involvement in the hydroelectric sector in Honduras, given the importance of this resource to the economic growth of Honduras. He indicated that joint planning was already underway to determine future CIDA activities in the sector.