

I. PROJECT IDENTIFICATION

1. PROJECT TITLE
 AGRICULTURAL COOPERATIVES (Small Farmer Organizations Development) **5220105**

APPENDIX ATTACHED
 YES NO

2. PROJECT NO. (M.O. 1025.2)
522-15-140-105

3. RECIPIENT (specify)
 COUNTRY **HONDURAS**
 REGIONAL INTERREGIONAL

4. LIFE OF PROJECT
 BEGINS FY **75**
 ENDS FY **77**

5. SUBMISSION **1/30/75**
 ORIGINAL DATE
 REV. NO. DATE
 CONTR./PASA NO.

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT (B) BUDGET	
1. PRIOR THRU ACTUAL FY												
2. OPRN FY 75	125	120	36	-	-	-	5	120	36			45
3. BUDGET FY 76	118	40	12	10	16	40	28	40	12			30
4. BUDGET 77 +1 FY	57	-	-	5	8	10	42					30
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	300	160	48	15	24	50	75	160	48			105

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT
See text		

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER P.V. Curtis J.O. Bleidner	TITLE Ag. Economist PDO	DATE
2. CLEARANCE OFFICER Frank B. Kirball	TITLE Director	DATE

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE
LA/DR	J.R. Breen <i>JRB</i>	3/20/75	LA/DP	E. Szepesy (draft)	3/10/75
LA/MRSD	M. Zak (draft)	3/10/75	LA/OPNS	P. Romano (draft)	3/10/75
GC/LA	J. Marquez (draft)	3/10/75	LA/CEN	E. Carter (draft)	3/10/75

3. APPROVAL AAs OR OFFICE DIRECTORS

SIGNATURE Herman Kleine	DATE 3/19/75	TITLE Assistant Administrator for L.A.
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4. APPROVAL A/AID (See M.O. 1025.1 VI C)

SIGNATURE	DATE	TITLE ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT
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PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 2 of 13 PAGES
-------------------------------	--	----------	-----------------	--------------------

SUMMARY

The goal of the sector program and this project is to raise the standard of living of the rural poor through increased income and more rural employment opportunities. The purpose of this project is to increase the managerial skills and financial control in small farmer organizations to improve their efficiency and effectiveness as mechanisms for channeling production inputs and services to small farmers. This three-year project will achieve this purpose through training business managers and bookkeepers for small farmer organizations. Under the project, a standardized accounting system emphasizing simple maintenance at the local record keeping level will be designed and 300 bookkeepers trained to set up and maintain it. Likewise, training courses for 300 business managers of small farmer organizations will teach them basic management principles and practices. To assist the GON Cooperative Development Department achieve these outputs, it is proposed that USAID provide \$300,000 for: 48 MM of technical assistance in cooperative and small farmer organization development, accounting and management training (\$160,000); commodities needed for the elaboration of accounting forms and educational materials and for the presentation of the training courses (\$50,000); 24 MM of short-term training for DIFOCOOP Staff (\$15,000); and other costs to cover office and secretarial support for advisors and per diem for participants (\$75,000).

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 3 of 13 PAGES
-------------------------------	--	----------	-----------------	--------------------

I. Introduction

This activity is an integral part of the GOH/USAID Agricultural Sector Program. (See Part Two, B Sections I and II of the Agriculture Sector Loan CAP).^{*} Grant funding for the development of agricultural production cooperatives was contemplated in the CAP. The GOH plans to expand the outreach of its institutions to work with the rural poor grouped in asentamientos (land reform settlements), cooperatives and farmer associations. By providing services and inputs to cooperative-type groups with adequate internal organization, the expanded programs of the GOH can be expected to reach the largest numbers of the rural poor.

The Mission views this project as an important component of the USAID/H country program to support GOH efforts in rural development. In health and nutrition, institutional development, and especially agriculture, the Mission is designing new programs which reflect the rural emphasis in accord with U.S. Congressional guidelines. The expected beneficiaries of this project will be members of cooperatives or farmer associations whose present income is below the Honduran average — less than \$250 per family annual income.

The Agricultural Sector Loan provides some capital which is required for the development of the cooperatives. It also provides technical assistance and training components that are linked to directly productive activities which generate a repayment ability. The grant-funded activities described in this PROP are technical assistance activities in management and accounting services which in supplementing the loan-funded activities, help to ensure that resources are effectively channeled to the rural poor. The implementation period for this project is expected to begin in the last quarter of FY 1975 and to terminate before the end of FY 1978, roughly paralleling the implementation period of the Agriculture Sector Loan.

In light of the Mission's recent experience in Cooperative development (discussed below), this project represents a modest attempt at providing assistance to small farmer organizations in Honduras. There is no question that small farmer organizations and cooperatives will play a major role in the development of the rural sector; but the Mission feels that it would not be wise to propose a large program at this time.

II. Rationale

1. Background

The overall goal of the USAID/H agricultural sector program is to improve the well-being of the rural poor of Honduras. Most of these people depend upon agriculture for their annual earnings as day laborers, subsistence farmers, or small farmers. They earn \$150 to \$250 per year.

^{*}The Honduras Agriculture Sector CAP (dated June 14, 1974) and the Agriculture Sector Assessment (dated September 1973) provide the basic background information for this project.

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 4 of 13 PAGES
-------------------------------	--	----------	-----------------	--------------------

Over the past two years, a development strategy has emerged within the GOH which places primary emphasis on extending the outreach of public institutions to the rural poor. To implement this strategy, the GOH has adopted a policy of utilizing, to the maximum extent possible, groups of small farmers to channel public resources, financial and technical, to the target population.

Adoption of this policy has required significant change in the operation of the three major institutions of the agricultural sector: the National Agrarian Institute (INA), the National Development Bank (BNF) and the Ministry of Natural Resources (MNR).

The most active institution to date in implementing this policy has been the National Agrarian Institute (INA). Under Decree No. 8, the INA has recognized approximately 600 hundred asentamientos* (land settlement units) and is providing organizational and promotional services to as many as possible. Under the recently enacted Agrarian Reform Law, INA will continue to recognize groups of small farmers who wish to join together to form an Agrarian Reform Association (ARA).

The National Development Bank (BNF) has created a Cooperative Window to service the growing number of cooperatives and farmer associations. In line with stated GOH policy, the Bank, in a statement of policy and guidelines for the Cooperative Window, outlined its intention to dedicate a larger proportion of its funds to cooperatives. In addition to the Cooperative Window, the BNF also manages an Agrarian Fund which goes exclusively to provide credit to ARAs.

The Ministry of Natural Resources (MNR), under its regionalization plan, is assigning the largest proportion of its extension agents to work with asentamientos, ARAs and other small farmer organizations. With a staff of some seventy agents, expected to number 100 by 1976, the Ministry has assigned ten agents to work with individual farmers (as required by the terms of an earlier IDB loan).

The USAID supports this GOH policy. Through the sector assessment and analysis, it has become apparent that an extension of the outreach of public institutions is possible only by working through groups of small farmers, such as cooperatives and other small farmer organizations. The Mission therefore is convinced of the need to strengthen the existing cooperative structure and upgrade the services provided to the ARAs and other small farmer organizations.

The shortage of human capital was cited in the Sector Assessment as a key constraint to agricultural development in general and specifically to

* The asentamientos created under Decree 8 will be converted into either legal cooperatives or Agrarian Reform Associations according to the choice of the members.

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 5 of 13 PAGES
-------------------------------	--	----------	-----------------	--------------------

the further development of the cooperative movement. In view of the important role cooperatives and farmer organizations are slated to play in this strategy, it is fundamental that a mechanism be developed for providing basic management skills to present and future managers of small farmer organizations.

There is an immediate need for the development of simple and efficient record and accounting systems for small groups. Assistance in the establishment of a system would enable small groups to maintain minimal records while the more sophisticated accounting services would be provided at the zonal level and audited by the GOH Cooperative Development Department (DIFOCOOP) at the national level.

The Dirección de Fomento Cooperativo is an autonomous organization reporting to the Minister of Economy and Commerce, from which it receives its budget. Its responsibilities are essentially the development (including assistance in their formation and in subsequent development of their educational and operational programs), legalization, auditing and inspection of cooperatives and general administration of the cooperative law. Under the new law, its duties are significantly expanded by the addition of essentially the same responsibilities for the Agrarian Reform Associations. To enable DIFOCOOP to meet these added responsibilities, the GOH has increased DIFOCOOP's budget by 300,000 Lempiras over the 1974 level to 710,000 Lempiras for 1975. With this budget increase, DIFOCOOP is expanding its staff to a total of 81. Emphasis is being placed on cooperative development, education, extension, and auditing. With the new personnel on board, the staff will include 20 extensionists, 4 educators and 14 auditors. These personnel will play the major counterpart role in the development and implementation of the training courses under this project.

The primary small farmer cooperatives serviced by DIFOCOOP are FECORAH (Federation of Agrarian Reform Cooperatives) and FECCOAGROH (Federation of Agricultural Cooperatives). FECORAH presently has 61 cooperatives and a membership of 2,320. However, there are approximately 55 pre-cooperatives in various stages of development, which upon becoming legal cooperatives, will affiliate with FECORAH. It is comprised for the most part of cooperatives arising out of the agrarian reform movement.

FECCOAGROH developed out of an AID project begun in 1967. The aims of the program were to organize individual small basic grain farmers and to increase their incomes by providing a full range of technical assistance, credit and marketing/input services. It was expected that FECCOAGROH would become a viable, self-sufficient federation through the provision of these services. However, a number of factors contributed to its failure to do so by the time the approved period of the project drew to a close in December of 1972.

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number) DATE 1-30-75	PAGE 6 of 13 PAGES
-------------------------------	--	-----------------------------	--------------------

First, delay occurred in getting the federation formed and, later, obtaining inputs of capital from AID Loan 522-L-018 (\$1.5 million was set aside for cooperatives under the loan of which \$756,000 was earmarked for production credit for basic grains and \$744,000 for storage, processing and marketing of basic grains). These funds were to be routed through FACACH (the credit union federation) since it was the only federation dealing with small farmers in existence when the loan was signed in 1968. When FEEOAGRON came into existence in Dec. of 1969, basic policy differences had to be worked out between the two federations before the loan funds could be channeled to the agricultural coops through FEEOAGRON. As a result, FEEOAGRON obtained access to the 018 loan credit funds for only two years before the end of the project. A second factor affecting FEEOAGRON's income generating capacity was its inability to service cooperative needs in areas other than production credit for basic grains because of restrictions on the use of L-018 funds. Third, in the original design of the project, self-sufficiency was largely dependent on the revenue to be generated through FEEOAGRON's marketing of corn. However, the closing of the border with El Salvador, the withdrawal by Honduras from the CACM and the BNF's assuming of a commanding role in the marketing of corn, all contributed to FEEOAGRON's losing in the short run the possibility of earnings from the marketing of corn. Fourth, in 1972 FEEOAGRON coops showed a delinquency of 320,000 Lempiras out of 425,000 Lempiras received. This delinquency was largely due to the drought which hit Honduras in 1971 and 1972. However, poor credit administration resulting from lack of adequate and up-to-date accounting records and inefficient cooperative management also contributed heavily to this delinquency. Finally, this delinquency resulted in FACACH and FEEOAGRON declaring most borrowing cooperatives of FEEOAGRON ineligible for further borrowing. With the extension of credit to coop members virtually stopped, FEEOAGRON's income generating ability was greatly reduced and the probability of its becoming self-sufficient in the near future seemed very remote. Under these circumstances, AID saw no advantage in continuing to cover FEEOAGRON's administrative costs and withdrew its support.

FEEOAGRON, now essentially without resources, is being supported in part by Fomento Cooperativo, which is working toward reviving the federation. The 320,000 Lempiras of delinquencies have been reduced to 205,000, but further reduction will become increasingly difficult as the lack of further credit is weakening the cooperatives and their capacity to repay. However, the federation has managed to survive with the support of Fomento Cooperativo and it presently consists of approximately 26 cooperatives and 3,000 members.

INA, responsible for providing basic organizational assistance to ARAs, is attempting to provide these services to the 600 existing ARAs. In addition, INA expects that within the next 3 years the number of ARAs formed under the agrarian reform program will approach 2,000. Realizing the impossibility of the task of individually servicing that many groups, the planning office of INA is experimenting with different forms of providing group services. They are organizing several ARAs

PROJECT NO. 522-15-140-105	SUBMISSION		DATE	PAGE 7 of 13 PAGES
	<input checked="" type="checkbox"/> ORIGINAL	<input type="checkbox"/> REVISION _____	1-30-75	

in the same area into one entity and provide services through this mechanism. Managers and accountants will be trained to provide services from a central location within a cluster of ARAs, while bookkeepers will be trained to keep records at the farm level.

As some asentamientos are affiliated with other organizations such as the Association of Honduras Campesino (ANACH) and the National Union of Campesinos (UNC), these organizations will also benefit from training under the program.

This project will be directed to the two weaknesses immediately apparent in cooperative and small farmer organizations: (1) management personnel with few management skills; and (2) lack of a simple standardized accounting system for small farmer organizations.

The project proposes to have designed a standardized accounting system, including books and forms, which caters to the needs of small cooperatives and associations. Training courses for instructing bookkeepers in its maintenance will be developed and implemented. The project also proposes the organization and implementation of a training course for managers of small farmer cooperatives and associations. The management and accounting courses will be channeled to small farmer organizations through DIFOCOOP. DIFOCOOP will develop the capacity to train managers and bookkeepers for traditional cooperatives as well as the new ARA's provided for by the new agrarian reform law.

In addition to training of managers and bookkeepers, the project will also fund a full-time specialist in small farmer organizations to be located in DIFOCOOP. His functions will include assisting in the implementation of the training programs, coordinating the use of resources from both grant and loan sources for the cooperative program, and further defining other problem areas in the development of small farmer organizations. It is expected that his efforts will result in recommendations for improvement of this program.

2. Relationship with USAID/H Agricultural Program

This project is an integral part of a multi-faceted agricultural sector program which is partially financed by the Core Services Grant Project (036.6) and the Agricultural Sector Loan (522-W-025). The primary purpose of the sector program is to support the effective expansion of Honduran institutional outreach to increasing numbers of peasants and small farmers. This outreach is an expanding mechanism including public sector and farmer organizations which provide individual farmers with agricultural information and services. The key to successful extension of outreach is institutional development, i.e., the development of management skills and organizational systems both in the public and private sector.

The Core Services Project is directed almost exclusively at the public sector of this mechanism. It provides technical assistance and grant financing

PROJECT NO. 522-15-140-105	SUBMISSION		DATE	PAGE, 8 of 13 PAGES
	<input checked="" type="checkbox"/> ORIGINAL	<input type="checkbox"/> REVISION _____	1-30-75	

to increase public sector capacity to generate services and to improve its delivery mechanisms through improved coordination, management, planning and evaluation.

The grant activity proposed here aims at strengthening the private sector cooperative movement through improved administration and management and making it a viable, efficient mechanism for delivering services to small farmers.

Loan funds are provided in two major areas in the sector loan, Capital is channeled through the "Cooperative Window" of BNF for production credit and longer-term investment credit. Production credit is earmarked for small farmer organizations and cooperatives who qualify under the terms of the loan. Longer term investment credits are available for investment by cooperatives or small farmer groups in areas such as storage facilities, irrigation systems, and marketing. Marketing activities will in part be determined by a loan-funded feasibility study on cooperative marketing.

Additional credits are provided in the sector loan for production-investment credits to asentamientos. These funds are slated for financing a group of model asentamientos selected by INA according to their organizational strengths, quality of land, and proximity to all-weather roads.

In addition, the sector loan provides credit in the amount of \$200,000 for technical assistance to improve the availability of credit and marketing services for the cooperative movement. Part of these funds are scheduled for the financing of two years of the services of an economist to advise and assist the BNF in the organization of its cooperative window so that it can effectively serve farmer cooperatives and associations needs. The remainder of the loan funds are programmed for financing technical assistance in developing a cooperative marketing organization. Assistance is planned for both the development of a master plan for the organization and the implementation of the plan over a three year period.

The provision of assistance under this project will be directed initially towards groups benefiting from these credit funds.

In summary: the Core Services Project emphasizes improving the efficiency and capacity of the public sector institutions to generate services for the Agricultural Sector. The project described herein emphasizes increasing efficiency and capacity of the private sector (cooperative movement) to deliver the services to small farmers through cooperative groups. Both reinforce the Sector Loan Program.

Further background information can be found in reports prepared by John Heard (copies available from LA/MRSD) and William Busch (see Annex I, Exhibit

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 9 of 13 PAGES
-------------------------------	--	----------	-----------------	--------------------

C of the Agriculture Sector Loan CAP) to assist in the development of the cooperative activity of the Sector Loan.

B. Goal

1. Statement of Goal. The overall goal of the sector program in general is to raise the standard of living of the rural poor of Honduras through increased income and more employment opportunities.

2. Measurements of Goal Achievements. Changes in income and other socio-economic variables for the families directly associated with the project will be used as measures of sector goal achievement. A comprehensive baseline survey will establish a benchmark for the above variables as the program begins and a series of follow-up surveys will be carried out to measure changes over the life of the project. The sample for the surveys will include a control group consisting of families not directly affected by the project so that relative as well as absolute changes can be measured.

3. Assumptions Related to Goal Achievements

- a. Overall Government policy (toward farmer organizations, support prices, exchange rates, imports and exports, etc.) consistent with the goal.
- b. Climatic conditions favorable.
- c. Economic conditions consistent with goal.

C. Purpose

1. Statement of Purpose

The purpose of this project is to increase managerial skills and financial control in small farmer cooperatives and associations.

2. End of Project Status

Three hundred small farmer cooperatives and associations will be employing trained managers and will have installed a standardized accounting system maintained by trained bookkeepers.

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 10 of 19 PAGES
-------------------------------	--	----------	-----------------	---------------------

3. Assumptions for Achieving Purpose

- a) Sufficient cooperative income to support managers and bookkeepers.
- b) Trainable personnel are available.
- c) Continuation of adequate GOH budgetary support to DIFOCOOP.

D. Statement of Project Outputs

1. Outputs:

- a) Standardized accounting system (including set of procedures, books and forms) adequate to fulfill needs of small farmer cooperatives and associations.
- b) Training course for bookkeepers or auxiliary accountants at group level organized, including development of course materials.
- c) Training course in cooperative management organized, including development of course materials.
- d) DIFOCOOP personnel instructed in management principles, accounting systems and presentation of course materials.
- e) Participants trained in small business enterprise management.
- f) Participants trained to set up and maintain a set of accounting books for small farmer organizations.

2. Output Indicators

- a) Development of accounting system completed and ready for installation by October of 1975.
- b) Training course for bookkeepers or auxiliary accountants being implemented by DIFOCOOP by January of 1975.
- c) Training course in cooperatives management underway by January of 1976.
- d) 38 personnel of DIFOCOOP (14 auditors, 20 extensionists and 4 cooperative educators) trained by December of 1975.
- e) 300 small business managers and 300 bookkeepers trained by July 1978.

E. Project Inputs

	<u>FY 75</u>	<u>FY76</u>	<u>FY77</u>
1. <u>Statement of Inputs (000 US\$)</u>			
a) <u>USAID</u>	(125)	(118)	(57)
<u>Technical Assistance</u>	120	40	-0-
<u>Commodities</u>	-	40	10
<u>Training</u>	-	10	5
<u>Other Costs</u>	5	28	42
b) <u>Cooperating Country</u>			
<u>GOH-DIFOCOOP</u>	45	30	30

PROJECT NO. 522-15-140-105	SUBMISSION		(Number)	DATE 1-30-75	PAGE 11 of 13 PAGES
	<input checked="" type="checkbox"/> ORIGINAL	<input type="checkbox"/> REVISION			

2. Nature of Inputs

a) USAID

Technical Assistance - Total of 48 MM of long-term as follows:
 24 MM - Small Farmer Cooperative and Associations Development
 12 MM - Design and Installation of Standardized Accounting System
 12 MM - Management Training

Commodities - Training equipment, multilith printing equipment, materials and furniture for printing shop.

Training - Approximately 24 MM of short-term training for DIFOCOOP personnel in management, accounting and education.

Other Costs - Educational materials, office expense and secretarial support for technicians and per diem for participants from small farmer organizations in training courses.

b) Cooperating Country

Salaries, installation, and operating costs for printing shop, salaries, per diem and support cost for counterpart personnel in development of accounting system and training courses; and salaries of instructors, rental of facilities and other costs for training courses.

F. Course of Action

1. Specialist in Small Farmer Organization and Cooperatives. A specialist will be contracted to oversee and coordinate the activities outlined under this project and he will, with the management specialist and accounting specialist, work closely with the training staff of Dirección de Fomento Cooperativo in designing and initiating the management training and accounting courses. Commodities will be procured under his supervision. He will also work with the controller's office of the USAID and the financial analyst of ROCAP in the design, training and application of a standardized set of accounting books for small farmer organizations.

During the course of implementation the contractor will evaluate the operational efficiency of the participating organizations and make recommendations for GOH and USAID officials.

2. Management Training Courses

The Dirección de Fomento Cooperativo will establish, with the assistance of advisors under this project, a series of training courses in management of small enterprises. These courses will include inventory control, financial management (including the process of obtaining and using loan funds), marketing functions where applicable, and instruction in the use of the accounting system. The courses should be organized by late CY 75 and DIFOCOOP personnel instructed in their presentation so that the actual

PROJECT NO. 522-15-140-105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE <u>12</u> of <u>13</u> PAGES
--------------------------------------	--	----------	------------------------	-----------------------------------

training can begin in early CY 76. It is anticipated that approximately 120 participants from small farmer organizations will be trained per year under the program.

3. Standardized Accounting System

The Dirección de Fomento Cooperativo will establish, with the assistance of the advisor under this project, a series of training courses in the establishment and maintenance of a standardized accounting system. Work will begin with the design of the accounting system. Financial analysts from the USAID and ROCAP will provide backstopping to Fomento Cooperativo in the design and maintenance of the system. The accounts will include inventory control and cash flow. The design of the system, organization of the training courses and training of DIFOCOOP auditors and educators in the setting up of the system and presentation of courses should be completed by the end of CY 75. Training courses should begin in early CY 76 with output at the rate of 120 participants per year.

G. Evaluation Plan

Since the cooperative activity is one of the components receiving assistance under the Sector Loan, the collection and recording of baseline and progress data relating to the stated progress indicators are provided for by the evaluation activity financed under the Loan. This evaluation activity will be conducted on three levels: impact, institutional efficiency, and social organization and development.

The impact evaluation will measure the increase in the standard of living of beneficiaries of the sector program. The primary focus of the evaluation will be to measure income changes, but will also include informatics on how the additional income is spent. A baseline study will determine income and wealth positions at the start of the program and the follow-up surveys will measure incremental income and expenditure changes. On the spending side, the focus will be on increased capitalization of the farm unit, and expenditures on increased education, food, housing and health. Among the four major groups to be sampled for the study will be a stratum called "Farmer Organizations", consisting of agricultural cooperatives and other farmer organizations. This sub-sample will consist of 350 sample points taken from 30 small farmer cooperatives and other farmer organizations representing the various cooperative federations and campesino movements. For this group data will also be gathered to measure changes in the quantity and quality of services reaching the farmers through these organizations. The focus will be on credit, production supplies, technical assistance and marketing services. Follow-up surveys for the cooperative groups will be made in the second year, and in the fourth and final year of the program. It will be possible to evaluate the income impact of the program, according to type of organization and level of resources spent, and to relate this to the non-participating control group. Baseline data will be collected in early 1975. Expenditures for the first year are to be grant financed under the Core Services Project and the cost of follow-up surveys will be financed under the Sector Loan (see Schedule of Events for Impact Evaluation, pages 49 and 50, of the Agriculture Sector Loan CAP).

PROJECT NO. 522-15-1404105	SUBMISSION <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number)	DATE 1-30-75	PAGE 13 of 13 PAGES
-------------------------------	--	----------	-----------------	---------------------

In addition to the impact evaluation described above, periodic institutional efficiency and social development evaluations will be made by project management. These evaluations will: (1) measure progress toward output and purpose targets; (2) examine the feasibility of these targets, given developments regarding internal and external factors affecting the project; (3) examine the viability of causal linkages and validity of important assumptions; and (4) identify any needs for re-planning.

Mission management will utilize the contracted specialist and advisor as sources of information to assist in evaluating the above factors. In addition, officials of the various participating cooperative institutions and organizations will report on, and assist in, evaluating project activities.

Other donor assistance to agricultural cooperatives and farmer organizations has been extremely limited to date. Recently the Frederick Naumann Foundation, has collaborated with the Instituto de Formación e Investigación Cooperativa (INFOCOOP) in sponsoring a seminar on Cooperative Education Methodology. It is understood that this Foundation is contemplating some assistance to INFOCOOP in achieving its ultimate objective of sponsoring courses in basic cooperative doctrine for cooperative members, leaders and administrators.

Israeli technicians have been working in the organization of the establishment of INA settlement operations in the Aguan Valley. Also, FAO under UNDP (United Nations Development Programme) funding has been working with PROCCARA (Programa de Capacitación Campesina de la Reforma Agraria) in the training of INA promoters who will be responsible for providing basic organizational assistance to Agrarian Reform Associations.

The International Labor Organization, with funding under the UNDP, expects to bring in two advisors to study the reorganization of INFOCOOP's Educational Division and the reformulation of the basic coop law. This AID project will facilitate the expansion of ILO inputs should their preliminary work result in the decision to implement a broadly based cooperative training technical assistance program.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title & Number: _____

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: Increase the income of the rural poor of Honduras Sub-goal: Increase the viability of small farmer organizations</p>	<p>Measures of Goal Achievement: Change in income and other socio-economic variables. Improved management of small farmer organizations. Stable or expanded small farmer organization membership.</p>	<p>Baseline and follow-up studies of target and control groups. Reports filed by DIFOCOOP and extensionists.</p>	<p>Assumptions for achieving goal targets: a) Overall Government policy (toward farmer organizations support prices, exchange rate imports and exports, etc.) will be consistent with the goal. b) Overall economic condition will be favorable. c) Climatic conditions favorable.</p>
<p>Project Purpose: Increase managerial skills and financial control in small farmer cooperatives and associations.</p>	<p>Conditions that will indicate purpose has been achieved:End of project status. 300 small farmer cooperatives and associations will be employing trained managers and will have installed a standardized accounting system efficiently maintained by trained bookkeepers by July 1978.</p>	<p>Reports filed by extensionists, auditors and inspectors of DIFOCOOP.</p>	<p>Assumptions for achieving purpose: 1. Sufficient cooperative income to support managers and bookkeepers. 2. Trainable personnel are available. 3. Adequate GOH budgetary support to DIFOCOOP.</p>
<p>Outputs:</p> <ol style="list-style-type: none"> 1. Standardized accounting system. 2. Training course for bookkeepers. 3. Training course in cooperative management. 4. DIFOCOOP personnel instructed in management principals, accounting system and presentation of course materials. 5. Managers trained 6. Bookkeepers trained 	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> 1) Development of accounting system completed by October 1975. 2) Training course for bookkeepers being implemented by January, 1976. 3) Training course in management underway by January of 1976. 4) 38 personnel of DIFOCOOP (14 auditors, 20 extensionists and 4 cooperative educators) trained by December, 1975. 5) 300 managers trained by July, 1978. 6) 300 bookkeepers trained by July, 1978. 	<p>Reports of technicians providing technical assistance and records of DIFOCOOP.</p>	

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U. S. Funding _____
Date Prepared: _____

Project Title & Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS						MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs:	Implementation Target (Type and Quantity)							Assumptions for providing inputs:
USAID (000 US\$)	FY 75	FY 76	FY 77	Total				
	\$ MM	\$ MM	\$ MM	\$ MM	\$ MM	\$ MM		
a. Technical Assistance	120	36	40	12	-	-	160	48
b. Commodities	-	40	-	-	10	-	50	
c. Training	-	10	16	5	8	-	15	24
d. Other costs	5	28	-	-	42	-	75	
Total USAID	125	118	57	-	-	-	300	
2. GOH (000 US\$)								
a. Personnel (counterpart & local support)	33	18	18	-	18	-	69	
b. Other costs	12	12	12	-	12	-	36	
Total GOH	45	30	30	-	-	-	105	