

I. PROJECT IDENTIFICATION

1. PROJECT TITLE  
**CORE SERVICES - Rural Development**

APPENDIX ATTACHED  
 YES  NO **118**

2. PROJECT NO. (M.O. 1025.2)  
**522-11-100-0366**

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

4. LIFE OF PROJECT  
 BEGINS FY **74**  
 ENDS FY **77**

5. SUBMISSION  
 ORIGINAL  
 REV. NO. **1** **9/4/74** 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 = 2 Lps. (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	546	207	74	199	383	7	133	207	74			187
2. OPRN FY 75	416	246	58	45	144	25	100	246	58			136
3. BUDGET FY 76	272	149	35	35	132		88	149	35			70
4. BUDGET +1 FY 77	115	60	9	35	132		20	60	9			70
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	1349	662	176	314	791	32	341	662	176			463

9. OTHER DONOR CONTRIBUTIONS

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

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER R. Curtis/C. Weber	TITLE Ag. Economists	DATE 5/27/74
2. CLEARANCE OFFICER J. O. Bleidner	TITLE Rural Development Officer	DATE 5/27/74

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE
PCD	RJ Maushammer	5/27/74	AD	NF Kockler	
PCD	JL Lovaas	6/27/74			
PCD	CR Connolly	9-5-74			

3. APPROVAL AAS OR OFFICE DIRECTORS

SIGNATURE Frank B. Kimball	DATE 9/12/74
TITLE Director, USAID/H	

4. APPROVAL A/AID (See M.O. 1025.1 VI C)

SIGNATURE	DATE
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT	

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### Introductory Statement

This revision of the PROP is to adjust it to the required expeditious implementation of the agriculture sector loan, approved by the DAEC on June 7, 1974. There is no change in the goal or the purposes contained in the prior PROP. However, the life of the project is extended to FY 1977 to make the project conform better to the implementation period of the sector loan and the Honduran National Agricultural Plan 1974-78. The overall level of inputs will increase by \$648,100. The original PROP level of \$701,000 changes to \$1,349,100, including the \$546,100 which was obligated in FY 74, \$416,000 in FY 75, \$272,000 in FY 76 and \$115,000 in FY 77.

1. Addition to II. Rationale, Paragraph C. GOH Approach, becoming parags. 5 and 6.

The GOH, as indicated in the Agricultural Development Plan, 1974-78, has intensified its effort to reach the marginal rural man. The GOH will rely primarily on a strategy focussed on groups of campesinos located in asentamientos (land settlement units). The program is underway and will be expanded during the planned period of 1974-78.

These groups are the target of a concentrated effort to transform the productive process from one of small, isolated plots utilizing traditional methods of farming to integrated larger units with access to markets, credit and technical assistance in production and management.

2. Addition to II. Rationale, Paragraph E. USAID Approach

The USAID supports the GOH effort to mount an accelerated campaign to reach poor rural inhabitants, primarily through the recently authorized agricultural sector loan. The agricultural sector loan has been designed in such a way as to finance various elements of participant training and technical assistance to the GOH Core Institutions which previously had been grant-financed and to meet additional needs identified in the analytical process. However, there remain elements of management training, evaluation and technical assistance which are needed to enable the Core Institutions to extend small farmer services effectively which, for various reasons to be outlined in the following paragraphs, should be grant-financed.

The baseline information, vital to the evaluation of progress toward development objectives at the farm level, must be collected prior to loan disbursements in order to have a clear record of the proposed beneficiaries' present status. It is also necessary to gather this information within the agricultural cycle so that loan disbursements can begin promptly with the principal planting season early in 1975. The design of questionnaires, selection of samples, training of personnel and field testing must be started in July or August 1974, so that field operations start promptly in November at the end of the agricultural year.

The intention is to contract with an organization experienced in the design and management of such surveys to perform the initial baseline study on the expectation that it will be able to gather the proper information within the short time-frame. Repetitions of the survey and their analysis/evaluation will be loan-financed. The work will be performed in close coordination with the Sector Planning Office of the Ministry of Natural Resources to enable it to carry out the follow-up surveys and perform the comparative analysis work.

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The follow-up surveys, or impact evaluation, will measure changes in the standard of living of beneficiaries of the sector program. The primary focus will be on income changes, but will also include information on how the additional income is spent. It is also essential to learn more about the motivations and behavior of the rural poor so that institutional outreach can be made more effective. Thus, in addition to collecting economic data, other variables of social organization, tenancy patterns, human resources, and technology transfer will be documented and related to changes in income and living standards adopted by the program participants.

Institutional evaluation is<sup>a</sup> related activity which shares the urgency of the initial base-line survey. The GOH will assign one technician from each of the major institutions to collect information on the programs, organization, budget and staffing of each institution. The Sector Planning Office will consolidate, analyze and evaluate these reports for transmission to AID. Since the design of the reporting system must be initiated before loan funds can be disbursed, the Mission will grant finance the technical assistance and supplies needed to establish the basis for evaluation of the efficiency of agricultural sector institutions in providing services to the rural poor.

Implementation of the National Agricultural Plan will place heavy stress on the managers of the sector institutions because important organizational changes within and among institutions will have to occur as the level of resources to be managed greatly increases and as priorities are re-defined. This stress is expected to be particularly severe on the technical personnel who occupy management positions. Although they are university trained in technical fields, they manage by instinct and with varying degrees of efficiency because they generally have little or no training in fundamental management methods. In-service training in basic management techniques will help these managers to develop the reporting systems, personnel management methods, product delivery mechanisms and budgetary and programming systems adapted to the evolving need for broad services to a new and different clientele.

To address these constraints, grant technical assistance will be focussed in four areas: (A) management systems; (B) management training; (C) organizational development; and (D) non-academic training. In addition, a minor increase is required for the commodity and other cost categories.

A. Management Systems. Contracted technical assistance will help design and install management systems ranging from simple bookkeeping methods to the complex procedures involved in inter-facing with automatic data processing operations. Program reporting systems, delegation of authority techniques, payroll systems, market reporting systems, business planning procedures, and simple uniform financial analysis techniques for use by government personnel are areas where assistance will be needed. The primary purpose will be to facilitate the flow of information to decision-makers at all appropriate levels.

It is possible that the Instituto Interamericano de Ciencias Agrícolas (IICA) will be able to provide the required assistance under its AID regionally-funded management project. Discussions between the GOH and IICA have been initiated. The USAID expects to fund additional assistance as required.

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B. Management Training. Periodic seminars for managers led by management consultants qualified in relevant disciplines will be designed to encourage management personnel to view operations in the broad perspective of relationships of their activities to current and future needs of the Sector Program.

The Seminars will also provide an opportunity to assess current managerial talent and permit the GOH to plan more effectively for future managerial needs. They will also serve an operational function through discussion of real problems and alternative solutions. An informal communication system encouraging experimentation and dissemination of information can thereby be established.

Given its proximity and experience in management training, the Instituto Centroamericano de Administración de Empresas (INCAE) is a possible source for the contracted technical assistance. The location of the seminars will be determined in contract negotiations but it is expected that some seminars will be conducted in-country and that the length of seminars will generally not exceed one month.

C. Organizational Development. In recent years the application of behavioral sciences to management operations has come into common use throughout the developed world and in many developing countries as well. Latin American countries have proven to be receptive to organization development techniques, in Central America partially because of the influence of INCAE.

A contract with an institution such as INCAE or a U.S. firm with Latin American experience is planned. The contractor would, inter alia, train an internal group to assist management at all levels but with particular emphasis on the management of the asentamiento program.

The contractors will train a small staff group which, in turn, will work with GOH personnel who provide the links between the government and the asentamientos. Initially the process will attempt to develop clearly stated social and organization goals, drawing on the experience of field agents and their expectations with respect to performance of the asentamientos.

After goals are defined, indicators will be developed and quantified where possible. This process will result in the explicit articulation of what these experienced technicians think will be the stages of development of the asentamiento organization. Such a statement will provide the basis for the establishment of objectives. The process will then be extended to the complete sector program, including cooperative activities. The process then becomes one of team building within a "management by objectives" setting.

An additional benefit may be derived through careful documentation of the initial organization development process which hypothesizes the stages of evolution of an asentamiento from an initial, unorganized period to the stage where special client status is no longer required. This documentation could be the basis for base-line social and organizational data which, through the follow-up surveys, may be analyzed to determine a correlation between stages of development of asentamientos and the resulting income produced, given the presence of other necessary factors. To serve this purpose, the organization development effort must begin (within the next two months) to coincide with or precede the design of the base-line survey.

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The organizational development process has high potential benefits in terms of efficient management of the model program and of the broader program for which it serves as a prototype. It is clear, however, that the process is experimental in nature. The social sciences generally have not developed methodologies to measure the types of social variables inherent in a development program such as this, much less to correlate the social and economic variables in a final evaluation.

Given the need for an early starting date of the organizational development activity, the experimental nature of the program, and the obvious strong linkages between the organizational development, management seminars, and management system activities, the Mission will grant-finance the entire management development component of the sector program.

#### D. Non-Academic (In-Service) Training

The proposed rapid expansion of DESAGRO (formerly DESARRURAL) and the need for training of other personnel working in the rural development program dictate that in-service training should be expanded. The IBRD has provided financing for three training centers (Catacamas-Olancho, La Lujosa-Choluteca, La Esperanza-Intibucá), while three other centers will be established with United Nations (FAO) assistance. Construction of the first of the latter three centers has been started at Guanchías-Yoro.

The in-service training portion of the program will be administered by the Ministry of Agriculture and will be somewhat diversified, since its final objective is to raise the quality and efficiency of various services to the agriculture sector. The Centers will offer a series of courses for new extension agents, current employees and other personnel involved in rural development programs, including technical and supervisory personnel for the asentamientos, campesino leaders of small farmer groups, agricultural credit agents, promoters of the agrarian reform program, and cooperative assistance personnel. (The majority, except for campesino leaders, are secondary agricultural school graduates).

The in-country, non-academic training activity is vital to the success of the sector development program because in the short term it directly affects the people who provide service and guidance to groups of small farmers and to the leaders of the small farmer organizations. Other international institutions have provided financing for the facilities of the training centers; the GOH budget covers operational costs of the Centers; and PROFINDEH (Programa de Fortalecimiento Institucional y Desarrollo de Honduras), with assistance from OAS, finances the direct costs of the training. The missing element is technical assistance in designing and presenting courses in a wide variety of topics and disciplines to a heterogeneous assembly of participants. Special teaching techniques are needed and new teaching aids could help teachers to be more effective and reach more participants. In consideration of the critical nature of this requirement, the Mission will grant-fund a contract, possibly with California Polytechnic Institute because of this institution's experience in this field in Central America, to provide short-term technical assistance and some innovational teaching aids to the Training Centers. This grant assistance will be closely coordinated with the Organization Development activity described earlier in this revision.

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3. Addition to III. Narrative Statement, Paragraph B, Purpose.

2. End of Project Status

- i. Thru coordination of their functions and activities, the Core Services Institutions will be effectively planning, organizing, implementing and evaluating the continuing development of the sector and their capacity to do so will have been institutionalized. (Measures of the degree of achievement of this and the following FOP will be generated as part of the management development and organizational development sections of the project).
- j. Similarly, small farmer organizations will be organized so as to be able to perform their functions effectively.
- k. Documented knowledge of the effects at the goal (farm) level of this kind of aid in economic/social development will exist.

4. Addition to III. Narrative Statement, Paragraph C, Project Outputs.

1. Kinds of Outputs

- h. Training in management development for personnel of Core Services Institutions.
- i. Training in the techniques of organizational development for personnel of Core Services Institutions.
- j. Designing of reporting system for institutional evaluation of major institutions and training of technicians to collect information needed for evaluation.
- k. Collection, processing and analysis of data to determine the existing socio-economic conditions of the target groups and control group.
- l. Teachers of in-service training centers provided with course materials, teaching aids, and special training needed for the presentation of courses in a wide variety of topics and disciplines to heterogeneous participants.
- m. Training at a sub-professional level in the field of soil sciences.

2. Output Indicators

- e. Four management seminars attended by 80 managerial personnel from the Core Services Institutions.
- f. At least two Hondurans trained in the techniques of Organizational Development and engaged in assisting and advising implementors of sector programs.

- g. Reporting system for institutional evaluation functioning with one trained technician from each of the four Core Services Institutions collecting needed information.
- h. A status report on the existing socio-economic conditions of the target group and control group published.
- i. Teachers of 3 In-service Training Centers using special teaching techniques and training aids to train personnel of public sector institutions servicing the target groups.
- j. Ten Hondurans per year receiving sub-professional training in soil science.

5. Addition to III. Narrative Statement, D. Project Inputs.

1. Commodities

North Carolina State University is currently engaged in an AID-sponsored project to improve soil studies in Central American countries, including Honduras. Some bilateral commodity support is required in the form of soils lab equipment and materials in addition to the regional funding of other inputs.

2. Other Costs

With the additional responsibilities inherent in the management of the sector loan coupled with the increased expense of office rent, gasoline, etc., the Other Costs element is increased. This increase includes an additional expense of contracted computer time and services to allow the RD Office to do additional analysis of the evaluation material.

3. GOH Inputs

This project is an integral part of a much larger sectorial effort. As such, the GOH contribution will be much larger than the amounts listed below. See the Capital Assistance Paper, especially the Financial Analysis section, pp. 161-66, wherein the GOH Contribution of over 40 percent for the sector program is detailed.

3. Statement of Project Inputs. This substitutes for section III,D. in prior PROP.

	FY 74	75	76	77	Total
	( Thousands of Dollars )				
1. USAID					
Technical Assistance	207	246	149	60	662
Commodities	7	25	-	-	32
Training	199	45	35	35	314
Other Costs	133	100	88	20	341
Total	<u>546</u>	<u>416</u>	<u>272</u>	<u>115</u>	<u>1,349</u>

2. GOH	FY 74	75	76	77	Total
	( Thousands of Dollars )				
Personnel	84	84	20	20	208
Commodities	3	2	-	-	5
Training	50	50	50	50	200
Other Costs (ASA)	50	-	-	-	50
	<u>187</u>	<u>136</u>	<u>70</u>	<u>70</u>	<u>463</u>

4. Nature of USAID Inputs. This substitutes for section III.E. and Annex A in prior PROP.

See next page for table.

## NATURE AND SCHEDULE OF USAID INPUTS

(\$ Thousands)

	FY74		FY75		FY76		FY77		TOTAL	
	\$	MM	\$	MM	\$	MM	\$	MM	\$	MM
1. Technical Assistance	207	74	246	58	149	35	60	9	662	176
a. Grain Marketing USDA	13	3	-	-	12	3	-	-	25	6
b. Swine Production - FSU	9	2	-	-	-	-	-	-	9	2
c. ASA Consultant - PSC	2	1	-	-	-	-	-	-	2	1
d. Economist-Grantee	50	18	-	-	-	-	-	-	50	18
e. Implementation Off.-PSC	24	12	25	12	25	12	-	-	74	36
f. Institutional Eval.-PSC	-	-	25	10	-	-	-	-	25	10
g. Ministry Decentralization STC	25	6	-	-	-	-	-	-	25	6
h. Land Tenure - LTC	84	32	-	-	-	-	-	-	84	32
i. Baseline Survey - ATAC	-	-	36	8	32	7	-	-	68	15
j. In-service training- Cal.P.	-	-	30	5	30	4	30	4	90	13
k. Organ.Develop.-INCAE	-	-	70	12	50	9	30	5	150	26
l. Mgt.Training - INCAE	-	-	60	11	-	-	-	-	60	11
2. <del>Commodities</del> - NCSU			25						\$ 32	
a. Soil's Lab equipment - NCSU			19							
b. Vehicle			6							
3. Training of Participants	199	383	45	144	35	132	35	132	314	791
4. Other Costs	133		100		88		20		341	
a. Sector Analysis (ASA)	119		-		28		-		147	
b. Other project costs	14		29		20		20		83	
c. Baseline Study-ATAC	-		56		25		-		81	
d. Mgt. Training-INCAE	-		15		15		-		30	
5. TOTAL	546		416		272		115		1,349	