

I. PROJECT IDENTIFICATION

1. PROJECT TITLE: **Export Promotion**

APPENDIX ATTACHED: YES NO

2. PROJECT NO. (M.O. 1093.2): **522-15-290-053**

3. REPRESENTATIVE (agency): **Honduras**

4. LIFE OF PROJECT: BEGINS FY **1973** ENDS FY **1977**

5. SUBMISSION: ORIGINAL **Dec. 29, 1972** 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
1973	102.8	61.0		3.5	3.5	31.8	6.5	61.0	26			68.0
1974	90.4	69.0		5.0	5	11.4	5.0	69.0	2.6			85.0
1975	134.4	105.0		4.0	4	19.4	6.0	105.0	3.9			107.0
1976	115.6	92.0		4.0	4	18.6	1.0	92.0	2.8			133.2
1977	33.6	12.0		2.0	2	48.6	1.0	12.0	4			210.0
7. ALL 5 YR. FY												
8. GRAND TOTAL	476.8	339.0		18.5	18.5	99.8	29.5	339.0	129			653.5

9. OTHER DONOR CONTRIBUTIONS

CENTRAL BARR-PIPE-PROMECA-IMCE-INCAE (B) KIND OF GOODS/SERVICES: **General budget support, commodities, training and technical assistance** (C) AMOUNT: **\$150,000**

III. ORIGINATING OFFICE CLEARANCE

1. ORIGINATING OFFICE: **RRGarufi/RMethia/TMehen** TITLE: **Multi-Sector Officer/Asst. Loan Officer/Program Officer** DATE:

2. CLEARANCE OFFICER: **Edwido Patasciulo** TITLE: **Director/USAID Honduras** DATE:

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

A. Project surveys are to be within the four product areas listed in Table III.

B. Project approved for two year instead of five year funding. At the end of two calendar years, a review will be conducted to determine the appropriate level and nature of future AID assistance.

2. CLEARANCES

DUR/OFF.	SIGNATURE	DATE	DUR/OFF.	SIGNATURE	DATE
LA/DR	R. Crisler (Draft)		LA/GC	B. Gair	
LA/DR	M. Dagata		LA/DR	B. Sidman	
LA/OPNS	C. Uyehara				
LA/CEN	R. Camaur				
LA/DP	G. Hill				

3. APPROVAL AAS OR OFFICE DIRECTORS: SIGNATURE: **Herman Kleine** DATE: **3/24/73**

4. APPROVAL A/AID (Sec 110.105.1 VIC): SIGNATURE: _____ DATE: _____

TITLE: **AA/LA: Herman Kleine** ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

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A. RATIONALE**The Problem:**

During the period Honduras was a full member of the CACM, it could not compete successfully with the other member countries because of the relatively small manufacturing base the country had in comparison to the other members. In addition, many people in the country's entrepreneurial class lacked the necessary knowledge about exporting which would have enabled them to move into exportation activities. (See Table I for a comparison of the trade flow between Honduras and the other CACM member countries.) The unfavorable trade balance was one of the main reasons given for Honduran withdrawal from the free trade aspects of the CACM.

Currently export awareness still remains a problem within the entrepreneurial class. Few businessmen have the knowledge necessary to successfully engage in exportation. Some of those businessmen who have the knowledge are not motivated because they prefer to produce for just the internal market which is now protected. Thus, few potential exporters are active in export markets at present.

Another area of concern is that export development efforts remain largely uncoordinated. No systematic strategies have been developed on items affecting exports, such as customs policies or tax incentives. Potential products for export, as well as their markets, have not been identified.

✓ The Honduran National Commission for Foreign Trade has been reorganized in recognition of the need for action. Its members are made up of the Sub-Secretaries of the Ministries of Economy, Foreign Relations, Finance, and Natural Resources, as well as the Executive Secretary of the Superior Council for Economic Planning, the President of the National Development Bank, the President of the Central Bank, the President of the National Association of Industrialists, the President of the National Chamber of Commerce, the President of the National Federation of Agriculturists and Cattlemen, and the President of the National Banking and Insurance Institutions Association. The Secretary for the Commission is the Director General of the Department of Economy and Commerce located in the Ministry of Economy which contains a section called the Export Development Division.

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The Commission's responsibilities are threefold. First, it recommends measures to the Government, such as changes in tax laws, which aid the development of exports. Second, it conducts studies for determining financial bottlenecks to export development and recommends solutions. Finally, the Commission coordinates export development activities within the GOH and between the Government and the private sector.

Although there is no formal link between the National Commission and the Export Development Division, the Division works closely with the National Commission and serves as the working staff for the Commission which has no staff of its own. The Export Division carries out the responsibilities given to the Commission, as well as its own duties. However, the Division is not equal to the task because of its limited resources. Its budget is not adequate, and, more importantly, its personnel are not sufficiently experienced to deal with all the problems involved in an export development program.

USAID Strategy

In September, 1971, USAID brought on board an expert generalist who was assigned as an advisor to the Export Development Division. His initial function was to work with the Export Development Division to determine the size and scope of the export program Honduras should have and then assist the development of the program by helping bring together all the resources and policy changes which the Government will need to achieve its goal of increasing exports. Furthermore, he was expected to help stimulate the private sector's export awareness and assist in the identification of possible product areas suitable for Honduran exportation.

The advisor and the Division have succeeded in creating an export awareness in the private sector and bringing together some resources, mainly in the form of export studies from the Inter-American Center for Export Promotion (CIPE). USAID's aim is to reinforce the efforts of its advisor and Division by gradually providing more resources to make the Export Division a stronger source of technical assistance for the GOH and the private sector. These will take the form of services which are presently or will in the future be offered as listed in Section C-2-II. Presently the Export Division is providing local producers with several new product ideas resulting in added exports.

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resources will first be directed over the initial 2 years to improving the quality of services currently provided and introducing those not offered at present. Once this initial step is reached, efforts will be concentrated on areas, such as the financial plan and a formalized plan of operations, which will help assure the viability of the Division in the future.

GOH Commitments

As stated earlier the Government has recognized that a problem existed in exports and reorganized the National Commission for Foreign Trade to help alleviate it. On several occasions, the GOH has publicly stated its desire to reform the tax and customs laws so as to promote exports and investment in the area of export production.

The GOH organized the Export Development Division during the last half of CY1971. The Division now has 5 professionals on board. From its inception until the present, the Government has contributed approximately \$82,000 in budget support to the Division.

The Director General of the Department of Commerce and Economy has stated he wishes to transform the Division by the end of the project into a separate department with a guaranteed source of funds from the Government.

Other Donors

CIPE, PROMECA, and INCAE are expected to provide assistance in the form of short-term technical assistance, training, and export studies. The Mexican Government through its agency, ICE, has agreed to provide a short-term technical assistant and free short-term training for six people.

The local representative of UNIDO has agreed to participate in the program through short-term technical assistance on an "ad hoc" basis. Many other donor programs, not mentioned, contribute indirectly to exports, though not directly to export promotion.

B. GOAL

1. The Goal of this project is to increase non-traditional exports. For Honduras non-traditional products are defined to mean all products except bananas, coffee, and cotton. Table II shows present Honduran products on a commodity basis.

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2. Measures of Goal Achievement - Presently a survey is underway which is designed to verify a list of product areas in which Honduras holds a comparative advantage.

Once these product areas are confirmed, further detailed research will be conducted to determine which of the areas Honduran manufacturers should concentrate in. After the product areas have been determined a study will be made to ascertain what the past export level has been in the chosen areas. The study will provide the basis for establishing target levels over the life of the project.

3. Assumptions about Goal Achievement - It is assumed that:

- a. There is an external demand for the non-traditional products Honduras is able to produce with a comparative advantage;
- b. The Government of Honduras will continue its support for the project;
- c. Internal and external transportation facilities do not hinder export expansion;
- d. Changes in relations between the other CACM countries and Honduras do not affect the program adversely.

C. PURPOSE

1. The Project Purpose is to create within the Ministry of Economy a viable institution, titled the Export Development Division, which will support the expansion of non-traditional exports in Honduras by providing technical assistance in exportation to both the GOH and the private sector.

2. End of Project Status - At the end of FY1977 the following will have occurred:

(I) An action plan encompassing the future direction of activities found under parts II-V will be developed and put into operation;

(II) The Division will be providing the following services:

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- a. Making at least 200 personal contacts each year to advise local firm managers of export incentives and markets;
- b. Annually aiding approximately 50 cases in which local companies need help to resolve administrative and financial barriers to exportation;
- c. Providing a foreign product display where 10% of the new products displayed each year lead to new production;
- d. Each year assisting a minimum of 120 foreign firms or individuals identify investment opportunities and carry out feasibility studies if required;
- e. Annually providing 30 local businesses with assistance to resolve technical problems resulting from development of new export products;
- f. Assisting 50 local producers annually who have export marketing problems; and
- g. Providing technical assistance in the form of special studies and surveys to the National Commission for Foreign Trade and other GOH agencies as requested.

(III) A system of operating procedures for providing a-g is developed. A bilingual description of the Division and how it operates should be written in outline form to be used as a guide for new personnel and as an introduction for visitors;

(IV) A financial planning mechanism will have been developed by the Export Division for determining its source and uses of funds. The Division will be assured of an annual source of funds from the following in the amounts shown: GOH \$210,000, user fees \$26,000. and services or commodities in the form of market surveys valued at \$5,000 from other donors;

(V) The Division will have established lines of communication for coordinating export development activities between itself, the various financial institutions, the private sector, the other GOH agencies, and the international assistance agencies.

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3. Basic Assumptions about the Purpose

- a. Individuals from private enterprise are willing to cooperate with and accept assistance from the COM.
- b. The National Commission for Foreign Trade takes a positive role in supporting the Export Division by promoting the passage of legislation the Division finds is necessary for export development.
- c. The attitudes of both the public and the private sectors toward foreign investors remain positive.

D. KINDS OF OUTPUTS

1. Outputs - Consist of the following:
 - a. An effective trained staff capable of directing, supervising, and operating the various sections of the Export Division;
 - b. A series of seminars given annually to promote an awareness of exports and provide information on how to export;
 - c. The following types of publications printed:
 - (i) A bi-monthly newsletter designed to give up to date information on new laws and regulations, markets, and products to businessmen;
 - (ii) A directory of local manufacturers which is for the use of foreign buyers as well as the Division and foreign service commercial officers that is up-dated annually;
 - (iii) A foreign service bulletin that will be sent to all Honduran embassies and consulates to inform them of new laws important to foreign investors and new products local manufacturers are producing. The bulletin will be published bi-annually.
 - (iv) A manual for exporters giving advice on how to export. The manual will be revised each year;
 - (v) An investment guide intended for the use of foreign investors. The guide will provide informa-

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tion on such items as tax laws, resources, labor laws, and products being produced. It will be up-dated annually.

- d. A library in operation. The library will contain information material on improving a firm's administration, production, accounting and marketing abilities. In addition, the library will contain a collection of marketing studies that were either made by the Export Division or obtained from other sources such as CIPE:
- e. An international product display center in production. The center will display samples of products produced by foreign companies which could be manufactured by local firms. The samples will be collected by foreign service commercial officers.
- f. The Division will have a short, informal course organized to acquaint new foreign service commercial officers with the Export Division, train them in export and investment promotion and bring old commercial officers up to date as they return from overseas posts;
- g. Conduct the following kinds of surveys:
 - (i) Preliminary survey to confirm as product areas in which Honduras enjoys a comparative advantage, the four product areas listed in Table III.
 - (ii) Product inventory which will determine within the product areas list in Table III what products are presently being produced in Honduras, who is producing them, and which of the products are being exported. The inventory will be compared with the preliminary survey to determine

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which products will receive marketing surveys first (See Item (iii) below). The products receiving the highest priority will be those that are already in production and in which Honduras holds a comparative advantage. Each year the inventory will be up-dated to provide the most accurate information possible (a) for deciding which products will receive highest priority and (b) for inclusion in the annual publications of the manufacturers' directory and the investment guide;

(iii) Marketing surveys will be conducted each year on those products receiving the highest priority. The Division will then concentrate its efforts to develop exports of those products which show a good potential for market expansion until the next annual round of product inventories and market surveys is completed. At that time a decision will be made on which new products will be emphasized as well as what old ones will continue to be emphasized or be de-emphasized at trade fairs, in personal contacts, and in various publications; and

(iv) Special studies and surveys as requested by the National Commission or other GOH agencies required for assistance in making policy decisions and formulating new laws.

2. Output Indicators - Indicators which will be achieved by the end of CY1977 are:

- a. A staff of 13 professionals on board able to manage and operate the Export Division;
- b. Two seminars given each year in any of the three following possible locations: Tegucigalpa, San Pedro Sula, and La Ceiba;
- c. The following types and amounts of publications
 - (i) Newsletters - 6 times per year;
 - (ii) Directory of local manufacturers - one per year;
 - (iii) Foreign service bulletin - 2 times per year;
 - (iv) Export manual - one per year;
 - (v) Investment guide - one per year.

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MC BRIDGES AND WERNER, INC.—WASHINGTON 25, D. C.

AID 1025-1A (7-71) (NARRATIVE DESCRIPTION)

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- d. Library, equipped, and in operation;
- e. Product display, equipped, and in operation;
- f. The following types of surveys conducted:
 - (i) Preliminary survey completed by May, 1973, and updated every 2 years;
 - (ii) Product inventory completed by July, 1973, and updated annually;
 - (iii) Facilities and personnel made available to conduct studies and surveys required by the National Commission and other GOH agencies.

3. Basic Assumption about Outputs

- a. The type of personnel necessary to staff the Export Division will be available as needed;
- b. Suitable physical facilities can be found to house the product display and the library.
- c. The GOH, Central Bank and other donor assistance will be available as needed.

E. PROJECT INPUTS All amounts shown in thousands of dollars

1. <u>USAID</u>	FY 73*	FY 74*	FY 75*	FY 76*	FY 77*
Technical Assistance	61.0	69.0	105.0	92.0	12.0
Commodities	31.8	11.4	19.4	18.6	18.6
Participant Training	3.5	5.0	4.0	4.0	2.0
Other Costs	6.5	5.0	6.0	1.0	1.0
TOTAL USAID	102.8	90.4	134.4	115.6	33.6

2. <u>GOH</u>	CY 73	CY 74	CY 75	CY 76	CY 77
Personnel	35.0	40.0	45.0	100.0	110.0
Commodities	16.3	22.0	27.9	35.7	44.5
Other Costs	16.7	23.3	34.1	47.5	55.5
TOTAL GOH	68.0	85.3	107.0	183.2	210.0

3. <u>Central Bank</u>	CY 73	CY 74	CY 75	CY 76	CY 77
Budget Support	10.0	10.0	15.0	15.0	20.0

4. <u>Other Donors</u>					
a. CIPE					
Technical Assistance	9.0	7.0	7.0	5.0	3.0
Training	2.5	5.0	5.0	2.5	
b. PROMECA					
Commodities	1.0	5.5	5.5	3.0	1.0
c. IMCE (Mexican Government Export Center)					
Technical Assistance	5.0	-	-	-	-
Training	3.0	-	-	-	-
d. INCAE					
Technical Assistance	2.0	2.5	2.5	2.0	1.0
TOTAL Other Donors	22.5	20.0	20.0	12.5	5.0

5. <u>User Fees Collected</u>	CY 73	CY 74	CY 75	CY 76	CY 77
		5.0	8.5	16.0	26.0

TOTAL Program Cost by CY	208.3	211.7	284.9	342.3	294.6
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* USAID fund disbursement will have a 6 month lead time due to difference in fiscal years between the USC and GOH.

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Nature of Inputs

1. USAID Provision of resources necessary for the strengthening of the Export Division
- Personnel 1 contract generalist 48 mm; 1 contract visual merchandise specialist 12 mm; 1 contract industrial engineer 36 mm; 1 contract investment specialist 12 mm; various short-term specialists to assist in carrying out special detailed analyses and surveys 16 mm.
(See Table IV for timing of personnel inputs)
- Commodities The following will be provided in FY73: printing press, copy machine, library materials and equipment, display samples and equipment; paper and other materials for publications. Additional library materials, display samples and material for publications will be provided through the life of the project.
- Participant Training Training of an introductory nature will be arranged in the area of job assignment during the first year of employment. The training will take place at CIPE/Columbia, PROMECA/Guatemala, or the World Trade Center/New York. In addition, training of three to four members of the present staff will take place in CY73.
- Other Costs Includes seminar expenses, travel and miscellaneous.
2. GOH
- Personnel 13 professionally trained staff members with backgrounds in economics, engineering, business administration, and finance.
- Commodities Office and printing supplies.
- Other Costs Includes funds for travel, rent, utilities, etc.

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3. Central Bank The Bank will be providing funds for general budget support. These funds are provided from profits which by law the Bank cannot keep.

4. Other Donors

a. CIPE

Personnel Short-term technical assistance will be provided for trade fair participation, conducting product inventories, and investment.

Participant Training

Training will be provided in the area of export promotion and information gathering.

b. PROMECA

Commodities PROMECA will provide comprehensive marketing studies and export information using a micro-film library system.

c. IMCE

The assistance provided by this organization is expected for just one year.

Personnel

Short-term technical assistance from a specialist in export incentives.

Participant Training

Training will be in the area of general export promotion.

d. INCAE

Personnel Provide short-term technical assistance through a specialist in product development.

5. User fees Fees will be collected to help cover the cost of services such as special market surveys and seminars provided to private individuals or businesses.

F. COURSE OF ACTION

The overall implementation strategy envisioned during the initial two years of the project is the formalization of the Export Promotion Center into four closely linked units--general promotion, product information, product development and investment promotion. While a variety of information type activities will continue in the first two years--export seminars, newsletters, product display--the primary emphasis will be directed at strengthening product development and investment promotion oriented toward exports. Another phase of the initial two-year work activity is to assist the GOH in an examination of impediments to non-traditional exports and the development of a rational

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systematic approach in removing those impediments. To carry out the latter task, the Mission will seek AID/W assistance.

AT the end of FY1973 the Export Development Division will have 5 local professionals and 2 U.S. supported advisors on board. The technical library will be in operation and the CIPE marketing files incorporated into the library. Two seminars on export promotion, each 2 weeks long, will have been given. The preliminary survey will be completed, as well as the study to determine export target levels. The newsletter will have commenced publication on a bi-monthly basis and the first export manual printed and distributed. The product display center will have begun operations on an informal basis.

In FY1974 the Division will be functioning as four linked sections - General Promotion, New Product Information and Displays, Product Development, and Investment Promotion. The first directory of manufacturers will be printed as well as the first two foreign service bulletins. The product display center will begin operating on a formal basis with a filing system to keep a record of patrons who use its facilities. The Product Development Section will complete the product inventory and carry out at least four marketing surveys to determine which products should be emphasized. The Product Development Section will also begin to follow up on ideas and interest generated by the product display and surveys. The training course for foreign service commercial officers will be formally organized. The Division will begin carrying out surveys and studies as requested by the National Commission and other GOH agencies.

The end of CY1973 should see completed with AID/W assistance an examination, with the GOH, of the obstacles to non-traditional exports and the development of a rational approach to removing them.

During FY1975 the four sections will continue to expand their operations. An investment guide will be published for the first time with the outside assistance of an investment specialist.

In FY1976 eight more local professionals will be hired. A visual merchandise specialist will be brought in to assist with an expansion of the product information program. The local staff will begin preparations to turn the Division into a separate department independent of the Department of Economy and Commerce by preparing the following: (A) a formal set of departmental operating procedures; (B) the financial plan for future sources and uses of funds; and (C) the action plan which will be a guide for the future direction of activities.

AID 103-1A (7-71) (NARRATIVE DESCRIPTION)

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- ✓ During FY1977 the final U. S. supported advisor will leave. Finalized versions of the operating procedures, financial plan, and action plan will be prepared. The Division will become a separate department within the Ministry of Economy.

Table I: HONDURAS: TRADE WITH CENTRAL AMERICA, 1955 AND 1960-1971
(millions of US dollars)

	1955	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Exports, f.o.b.	<u>4.7</u>	<u>8.1</u>	<u>8.6</u>	<u>12.1</u>	<u>16.4</u>	<u>20.5</u>	<u>20.5</u>	<u>19.5</u>	<u>23.4</u>	<u>30.3</u>	<u>22.1</u>	<u>18.1</u>	<u>7.0</u>
Costa Rica	0.1	-	0.3	0.1	0.1	0.7	1.4	1.8	3.0	5.3	5.7	7.1	1.8
El Salvador	3.9	6.3	6.2	8.9	9.1	11.0	13.0	10.7	11.4	13.8	7.0	-	-
Guatemala	0.6	1.6	2.1	3.0	3.0	3.9	5.1	4.7	6.4	7.1	6.1	6.9	3.2
Nicaragua	-	0.1	-	-	0.2	0.8	1.0	2.4	2.6	4.2	3.5	4.1	2.0
Imports, c.i.f.	<u>2.2</u>	<u>5.3</u>	<u>6.4</u>	<u>8.9</u>	<u>13.3</u>	<u>18.0</u>	<u>25.5</u>	<u>34.0</u>	<u>40.8</u>	<u>48.7</u>	<u>44.0</u>	<u>54.9</u>	<u>15.6</u>
Costa Rica	0.2	0.1	0.1	0.1	0.3	1.7	3.0	5.0	5.4	6.5	7.4	12.4	4.6
El Salvador	1.8	4.1	4.6	5.7	7.8	9.0	12.3	16.3	19.9	23.2	12.4	-	-
Guatemala	-	1.1	7.6	3.0	4.6	5.8	8.1	9.8	11.8	14.2	17.8	28.5	8.0
Nicaragua	0.2	-	-	0.1	0.5	1.5	2.1	2.9	3.8	4.7	6.4	14.0	3.0
Regional Trade Balance	<u>2.5</u>	<u>2.8</u>	<u>2.2</u>	<u>3.2</u>	<u>3.1</u>	<u>2.5</u>	<u>-5.0</u>	<u>-14.5</u>	<u>-17.4</u>	<u>-18.4</u>	<u>-21.9</u>	<u>-36.8</u>	<u>-8.6</u>
(CACM trade as percentage of total trade)													
Exports, f.o.b.	8.7	12.6	11.6	13.8	19.4	21.6	16.0	13.5	15.0	16.7	12.9	10.2	3.7
Imports, c.i.f.	3.6	7.2	8.7	11.0	13.7	17.6	20.9	22.5	24.4	26.0	23.5	24.6	8.0

Source: Central Bank.

Table II: Honduras: Commodity Exports, 1966-1971
(millions of U.S. dollars.)

	1966	1967	1968	1969	Preliminary	
					1970	1971
Exports, f.o.b.	144.3	155.8	180.8	170.7	177.6	190.1
Agricultural products	110.9	112.0	121.3	107.5	111.0	130.4
Bananas	69.7	78.5	79.7	74.1	75.3	96.0
Coffee	19.9	14.0	20.8	18.5	25.8	23.0
Cotton	8.3	5.8	4.8	3.6	1.1	0.5
Tobacco	1.9	2.5	2.7	2.3	2.2	2.1
Corn	3.0	1.9	2.9	0.9	0.9	1.5
Beans	2.4	2.7	4.1	3.2	1.6	2.4
Live animals	2.7	3.3	2.8	0.9	0.5	0.3
Other	3.0	3.3	3.5	4.0	3.6	4.6
Industrial products	24.1	32.4	39.6	48.9	52.3	41.0
Meat	3.9	4.4	4.7	9.0	9.7	9.0
Sugar	0.5	1.5	1.5	0.9	1.1	0.7
Processed fruits	0.2	1.4	2.1	2.3	2.1	2.3
Vegetable lard	0.6	0.5	0.4	0.6	1.1	-
Lumber	9.1	11.5	14.4	15.3	16.2	19.0
Tobacco	0.1	0.2	0.3	0.2	0.2	0.2
Textiles	0.3	0.7	1.6	1.5	1.5	1/
Clothing and shoes	2.2	3.2	3.4	3.4	1.8	0.2
Paper	0.4	0.3	0.5	0.4	0.5	1/
Chemicals	3.1	5.3	6.9	6.0	6.5	1/
Petroleum	-	-	2.1	4.8	6.2	3.2
Other	3.7	3.4	2.1	4.5	5.4	6.4
Mineral products	6.7	7.9	11.7	9.4	8.8	8.2
Silver	3.2	4.2	7.8	4.8	4.1	3.8
Lead and zinc	3.4	3.6	3.8	4.4	4.5	4.2
Gold	0.1	0.1	0.1	0.2	0.2	0.2
Re-exports and unclassified exports	-	-	-	-	-	-
	2.6	3.5	8.2	4.9	5.5	10.5

1/ Included in "Other"

Source: Central Bank and IBRD Mission estimates

AID 1025-1A (7-71) (NARRATIVE DESCRIPTION)

PROJECT NO.
52-15-290-053.1

SUBMISSION

ORIGINAL

REVISION

DATE

(Number)

PAGE 16 of 19

PAGE

CAUTION-Remove protector sheet before typing-replace when typed

MC BRIDEN AND WENNER, INC.—WASHINGTON 16, D. C.

AID 102-1A (7-71) (NARRATIVE DESCRIPTION)

PROJECT NO. 522-15-290-053.1	SUBMISSION: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION _____	(Number) DATE	PAGE 17 & 18 of 19 PAGES
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TABLE III

New products and expansion of production in areas of concentration-

- A. Wood products -- finished and semi-finished industrial and consumer wood items.
- B. Handicrafts - wood, leather and metal.
- C. Processed agricultural and fishery products.
- D. Specialty apparel.

Table IV: Personnel Inputs in mm

	FY73	FY74	FY75	FY76	FY77
USAID					
Short-term technical assistance	2	3	3	4	4
Generalist	12	12	12	12	-
Visual Merchandise Specialist	-	-	-	12	-
Industrial Engineer	12	12	12	-	-
Investment Specialist			12		
TOTAL	26	26	39	28	4
GOH					
General Promotion including					
Center Chief	24	24	24	48	48
Product Information	12	12	12	36	36
Product Development	12	12	12	36	36
Investment Promotion	12	12	12	36	36
TOTAL	60	60	60	156	156

I N P U T S
(Shown in Dollars)

	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977
I. USAID					
T. A - generalist (1) 48 MM	45,000	45,000	50,000	50,000	-
General promotion including Chief of Section					
Commodities - Xerox Machine	3,000	3,000	3,000	3,000	3,000
- Library Materials	4,500	-	1,000	800	800
- Printing Press	7,800	-	-	-	-
- Paper and other Materials for Publication	1,500	1,800	800	800	800
Product Information					
T. A. Visual Merchandise Specialist (1) 12 MM				30,000	
Commodities - Display Samples	9,000	6,000	6,000	14,000	14,000
- Display Equipment	6,000				
- Library Materials	600	600	-	-	-
Product Development					
T. A. - Industrial Engineer (1) 3 MM	10,000	15,000	15,000	-	-
- Product Inventories and Surveys	6,000	9,000	10,000	12,000	12,000
Investment Information					
T. A. Investment Specialist (1) 12 MM	-	-	30,000		
Commodities - Investment Catalog			8,000		
Other Costs - Seminars, Training, Travel and Miscellaneous	10,000	10,000	10,000	5,000	3,000
TOTAL USAID	102,800	90,400	134,400	115,600	33,600

	<u>CY 1973</u>	<u>CY 1974</u>	<u>CY 1975</u>	<u>CY 1976</u>	<u>CY 1977</u>
II. <u>GOH</u>					
Salaries	35,000	40,000	45,000	100,000	110,000
Paper and Supplies	15,000	20,000	25,000	30,000	40,000
Postage and telephone	1,250	2,050	2,850	3,700	4,500
Travel	10,000	15,000	22,500	35,000	40,000
Publicity and printing	1,500	2,500	3,750	4,500	5,000
Rent	3,000	3,000	4,500	6,000	6,000
Maintenance	250	250	400	500	500
Miscellaneous	2,000	2,500	3,000	3,500	4,000
TOTAL GOH	68,000	85,300	107,000	183,000	210,000
III. <u>CENTRAL BANK</u>					
Budget Support	10,000	10,000	15,000	15,000	20,000
IV. <u>OTHER DONORS</u>					
CIPE					
Technical Assistance	9,000	7,000	7,000	5,000	3,000
Training	2,500	5,000	5,000	2,500	
PROMECA					
Commodities	1,000	5,500	5,500	3,000	1,000
IMCE					
Technical Assistance	5,000				
Training	3,000				
INCAE					
Technical Assistance	2,000	2,500	2,500	2,000	1,000
TOTAL OTHER DONORS	22,500	20,000	20,000	12,500	5,000

	<u>CY 1973</u>	<u>CY 1974</u>	<u>CY 1975</u>	<u>CY 1976</u>	<u>CY 1977</u>
V. <u>USER FEES</u>					
Seminars and courses	5,000	6,000	6,000	6,000	6,000
Special Studies			2,500	10,000	20,000
TOTAL PROGRAM COST*	208,300	211,700	284,900	342,300	294,600

* The USG FY is added to the corresponding GOH fiscal period which runs on a calendar year basis; for example, the USG's FY 1973 is added to the GOH's CY 1973.

PROJECT LOGICAL FRAMEWORK

Evaluation for Period: _____ to _____

Project Title: EXPORT PROMOTION

Date Prepared: December 5, 1972

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION		IMPORTANT ASSUMPTIONS																																																												
<p>Program or Sector Goal: Increase non-traditional exports.</p>	<p>Measures of Goal Achievement: New products and expansion of existing production identified in areas of concentration--finished and semi-finished industrial and consumer wood products; wood, leather, and metal handicrafts; processed agricultural and fishery products; and specialty apparel. Using CY 1972 as a base year the increment in non-traditional exports over normal projected growth will average 3%.</p>	<p>GOH Central Bank Data =</p>		<p>1. There is a world demand for Honduran products. 2. There will be continuing GOH support. 3. Transportation facilities will not hinder export expansion. 4. No major changes will occur in the CACM.</p>																																																												
<p>PROJECT PURPOSE: The project purpose is to create within the Ministry of Economy a viable institution which will support the expansion of exports.</p>	<p>CONDITIONS EXPECTED AT END OF PROJECT: 1. Action plan encompassing items 2-5 developed and in operation 2. The institution will be providing the following services: a) Contact and advise local firms of export incentives and markets b) Aid local firms in resolving administrative and financial barriers to exportation c) Provide new product ideas through display d) Assist foreign investors identify investment opportunities and carry out surveys if required e) Assist local producers to resolve technical problems developing new export products f) Assist local producers with marketing problems g) Provide technical assistance in form of special studies and surveys to the National Commission for Foreign Trade and other GOH agencies 3. System of operating procedures for providing the services listed in item 2 developed 4. Financial Plan a) Mechanism established b) GOH budget support to the institution c) User fees collected d) Other donors 5. Coordinating mechanisms established a) Within GOH b) Financing c) Private Sector</p>	<table border="1"> <thead> <tr> <th></th> <th>Present</th> <th>EOP</th> </tr> </thead> <tbody> <tr> <td>developed and in operation</td> <td>no</td> <td>yes</td> </tr> <tr> <td>following services:</td> <td></td> <td></td> </tr> <tr> <td>a) Contact and advise local firms of export incentives and markets</td> <td>40</td> <td>200 contacts/yr.</td> </tr> <tr> <td>b) Aid local firms in resolving administrative and financial barriers to exportation</td> <td>10</td> <td>50 companies/yr.</td> </tr> <tr> <td>c) Provide new product ideas through display</td> <td>0</td> <td>10% of new products displayed lead to new investors/duction.</td> </tr> <tr> <td>d) Assist foreign investors identify investment opportunities and carry out surveys if required</td> <td>4</td> <td>120 potential investors/duction.</td> </tr> <tr> <td>e) Assist local producers to resolve technical problems developing new export products</td> <td>5</td> <td>30 companies/yr.</td> </tr> <tr> <td>f) Assist local producers with marketing problems</td> <td>0</td> <td>50 companies/yr.</td> </tr> <tr> <td>g) Provide technical assistance in form of special studies and surveys to the National Commission for Foreign Trade and other GOH agencies</td> <td>no</td> <td>yes</td> </tr> <tr> <td>3. System of operating procedures for providing the services listed in item 2 developed</td> <td>no</td> <td>yes</td> </tr> <tr> <td>4. Financial Plan</td> <td></td> <td></td> </tr> <tr> <td>a) Mechanism established</td> <td>no</td> <td>yes</td> </tr> <tr> <td>b) GOH budget support to the institution</td> <td>\$62,500</td> <td>250,000</td> </tr> <tr> <td>c) User fees collected</td> <td>0</td> <td>25,000</td> </tr> <tr> <td>d) Other donors</td> <td>22,500</td> <td>5,000</td> </tr> <tr> <td>5. Coordinating mechanisms established</td> <td></td> <td>(values of commodities and services furnished)</td> </tr> <tr> <td>a) Within GOH</td> <td></td> <td></td> </tr> <tr> <td>b) Financing</td> <td></td> <td></td> </tr> <tr> <td>c) Private Sector</td> <td></td> <td></td> </tr> </tbody> </table>			Present	EOP	developed and in operation	no	yes	following services:			a) Contact and advise local firms of export incentives and markets	40	200 contacts/yr.	b) Aid local firms in resolving administrative and financial barriers to exportation	10	50 companies/yr.	c) Provide new product ideas through display	0	10% of new products displayed lead to new investors/duction.	d) Assist foreign investors identify investment opportunities and carry out surveys if required	4	120 potential investors/duction.	e) Assist local producers to resolve technical problems developing new export products	5	30 companies/yr.	f) Assist local producers with marketing problems	0	50 companies/yr.	g) Provide technical assistance in form of special studies and surveys to the National Commission for Foreign Trade and other GOH agencies	no	yes	3. System of operating procedures for providing the services listed in item 2 developed	no	yes	4. Financial Plan			a) Mechanism established	no	yes	b) GOH budget support to the institution	\$62,500	250,000	c) User fees collected	0	25,000	d) Other donors	22,500	5,000	5. Coordinating mechanisms established		(values of commodities and services furnished)	a) Within GOH			b) Financing			c) Private Sector			<p>1. Private enterprise is willing to cooperate with and accept GOH assistance. 2. The National Commission for Foreign Trade provides support. 3. Attitude towards foreign investment remains positive.</p>
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Outputs:	Magnitude of Outputs:	FY1973	FY1974	FY1975	FY1976	FY1977	
1. General Promotion							
1. Staffing [including Chief of Center]	1. Number of professionals	2	2	2	4	4	1. Necessary personnel for staffing the institution will be available as required. 2. Suitable physical facilities can be found to house the product display and the library. 3. Other donor assistance will be available as needed.
2. Seminars	2. Number of seminars	2	2	2	2	2	
3. Publications	3. Number of publications	4	6	6	6	6	
	a. Newsletter		1	1	1	1	
	b. Manufacturer's directory		2	2	2	2	
	c. Foreign service bulletin		1	1	1	1	
	d. Export manual						
4. Technical Library	4. Date inaugurated	March					
Product display information							
1. Staffing	1. Number of professionals	1	1	1	3	3	
2. Product display center	2. Display center						
	a. Date formally opened		Sept.				
	b. Number of new product samples	50	75	100	100	100	
3. Train commercial officers	3. Training course						
	a. Date course developed		March				
	b. Number of officers trained		5	5	5	6	
4. Organize CIPI's file and place it in library	4. Date placed in library	April					
Investment Information							
1. Staffing	1. Number of professionals						
2. Investment guide	2. Number published	1	1	1	3	3	
3. Surveys as required	3. Date started			May		1	
Studies and surveys							
1. Staff	1. Number of professionals	1	1	1	3	3	
2. Preliminary surveys	2. Date completed or up-dated	May		May		May	
3. Product inventory	3. Date completed or up-dated						
4. Marketing survey	4. Marketing surveys						
	a. Date completed or up-dated		July	July	July	July	
	b. Number completed.						
5. Studies and surveys as required by the National Commission and other GOH agencies.	5. Date started.		Sept. 4	Sept. 4	Sept. 4	Sept. 4	
			July				

I. PROJECT IDENTIFICATION

1. PROJECT TITLE
EXPORT PROMOTION

APPENDIX ATTACHED
 YES NO

2. PROJECT NO. (AID, 1025-2)
 522-15-230-053.1

3. RECIPIENT (specify)
 COUNTRY HONDURAS
 REGIONAL INTERREGIONAL

4. LIFE OF PROJECT
 BEGINS FY 73
 ENDS FY 76

5. SUBMISSION
 ORIGINAL
 REV. NO. 1/01/75 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 CCSTS \$	G. FASA/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	194	140	42	=	=	13	41	140	42			503
2. OPRA FY 75	119	89	23	20	13	-	10	100	23			500
3. BUDGET FY 75	25	25	7	-	-	-	-	25	7			500
4. BUDGET +1 FY												
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	338	254	77	20	18	13	51	265	77			1,503

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR Central Bank, COM, IMOL, INCA, PROBECA	(B) TYPE OF CONTRIBUTION TECHNICAL ASSISTANCE, financing (Central Bank), seminars, equipment	(C) AMOUNT \$140,000 (US)
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III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER J.Lovaas/RJ Lauchhammer	TITLE Dep. Proj. Off./Proj. Off. USAID/W	DATE 1/29/75
2. CLEARANCE OFFICER FBKimball	TITLE Director, USAID/W	DATE 1/30/75

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE
LA/DR	E. Lijewski/M. Dagata (draft)	4/24/75	LA/DP	E. Szepesy (draft)	4/23/75
LA/GC	J. Marquez (draft)	4/23/75	LA/OPNS	C. Uyehara (draft)	4/29/75
LA/CEN	E. Carter (draft)	4/25/75	LA/DR	B. Sidman	4/25/75

APPROVAL AND/OR OFFICE DIRECTORS SIGNATURE <i>[Signature]</i>	DATE 4/24/75	TITLE Deputy U.S. Coordinator	APPROVAL AID (see 1025-1 VI C) SIGNATURE <i>[Signature]</i>	DATE
---	-----------------	----------------------------------	---	------