

UNCLASSIFIED

**Annual Budget
Submission**

FY 1985

HONDURAS



JUNE 1983

**Agency for International Development
Washington, D.C. 20523**

FY 1985 ANNUAL BUDGET SUBMISSION

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FY 1985 ABS
MISSION ACTION PLAN

Action Plan Overview

The approved CDSS for FY83 includes activities in six sectors:

(1) Agriculture and Rural Development; (2) Population; (3) Health and Nutrition; (4) Education; (5) Urban/Regional Development; and (6) Energy. Within the Agriculture and Rural Development sector there are five areas of focus: (1) Institutional Development; (2) Credit; (3) Forestry and Natural Resources Use; (4) Appropriate Technology; and (5) Agrarian Reform.

The validity of the CDSS strategy, supplemented by the CBI Implementation Plan, the Population Sector Strategy, and the Mission's commentary on the Administration's four priorities, were described as "fundamentally sound" in the recent Administrator's Country Briefing on Honduras (State 145712). AID/W expressed concern at the number of sectors in which the Mission is active, and asked the Mission to "evaluate the experience of the last year and plans for FY1984, as part of an effort to clarify Mission priorities." We have now completed a preliminary evaluation of priorities, and have concluded that Mission efforts should be intensified in agricultural and rural development, narrowed in the urban/regional development sector to encompass only shelter and employment generation, and phased out in the energy sector. The rationale for this conclusion is two-fold. First, the proposed changes in concentration of Mission efforts correspond to our perception of host country priorities and better takes into account resources available from other donors. Second, the changes will allow the Mission to take advantage of successful experiences in ongoing programs and build on our expertise and the GOH's in those areas. The increased emphasis on agricultural and rural development is warranted because it is in this area, with the assistance of the Agricultural Mission appointed by President Reagan, that we are already beginning to see the results of our intensive policy dialogue with the GOH. In Natural Resources we will continue to concentrate our efforts on helping the GOH to conserve Honduras' natural resource base, and at the same time promote the rational utilization of the nations forest resources now that the GOH has agreed to a major policy change to allow increased private sector participation in the sector. Our activity in the area of roads is essentially one of expanding the geographic focus of a successful project so that future road construction will be linked to our other projects and the agrarian reform process. Continued efforts towards previously stated objectives in health, population and education are warranted consistent with host country absorptive capability. We believe that GOH policies are basically sound in education and health and feel committed to providing support in these areas to promote immediate improvement in living standards and ensuring greater long-term equity. In the Population area, we believe intensification of our efforts to date are possible, as a recent GOH policy change should make efforts in this field much more successful.

U.S. Interests

Our interests in Honduras are multiple, significant, and strategic. They are:

- continuation of the successful return to democratic government;
- restoration of economic growth within a framework of social justice;
- and

- maintenance of Honduras' sovereignty, territorial integrity, and freedom from outside interference.

The high level of commitment of the United States Government to protecting and advancing these interests was most recently reiterated to President Roberto Suazo Córdova in a letter from President Reagan dated April 25, 1983. In that letter, the President said that this is a critical time for democracy and social and economic development in Central America. In order to help President Suazo establish a stable and prosperous Honduras, President Reagan described his proposal for a \$95.8 million US economic assistance program for FY83 and a requested level of \$88 million for FY84. This ABS for FY84 and FY85 presents the USAID's strategy for using the programmed level of economic assistance in furtherance of U.S. interests in Honduras. Our program is consistent with the long range strategy recently ratified by AID/W in the guidance message resulting from the Administrator's Country Briefing on Honduras (State 145712 dated 25 May 83) and the Review of the Four Priority Areas and Related Themes (State 152372 dated 02 June 83).

The political instability in neighboring countries and weak regional and international markets for Honduras' principal exports have caused a severe recession in Honduras. The successful return to democratic government that culminated with the election of President Suazo in November 1981, and the pressures resulting from the political turmoil in the region have caused the USG to provide unprecedented high levels of economic assistance in order to help with overall recovery and to ensure that the urban and rural poor's basic economic and social needs are met. Many other donors are complementing A.I.D.'s effort. The Mission is active in a wide variety of sectors because the needs are great in all sectors and Honduras' capacity to absorb the USG's desired level of assistance requires using a multiplicity of spigots - i.e., the functional accounts, PL 480, HG, and ESF - and a multiplicity of recipient institutions.

Our goal in Honduras is to assist the GOH to achieve a rate of growth of 2.5% per capita by 1988. Growth at this level is the foundation for all other social and economic objectives here. Contributing to the achievement of this goal would be a reduction in the population growth rate by one-tenth of one percent per year, or from 3.5% to 3.0% by 1988.

Consolidation of the democratic process will require continued and increased economic support so that the GOH may expand its efforts in the provision of basic services to the urban and rural poor. Indicators of progress here would include a reduction in the infant mortality rate, an increase in the primary school enrollment rate from 60% to 95%, and increased access to urban and rural housing that meets minimum standards, particularly in terms of water supply and sanitary waste disposal. Employment is another important factor in this calculus. We propose to be supportive of GOH and private sector efforts to assist this essentially market-organized economy create jobs through the normal processes and by dialogue with the GOH should distorting policies be proposed which would encourage capital intensive investment at the expense of employment generation.

The key development problems that we will address during the planning period are:

- economic recovery from the present recession;

- an effective family planning delivery system;
- agricultural diversification and continuation of the land reform program;
- preservation of the natural resource base;
- improvement of the rural primary education system;
- development of a public health system with effective coverage of all rural areas;
- extension of the secondary and tertiary access road system to move agricultural produce out of the countryside; and
- making potable water accessible to virtually all rural population clusters and small towns.

The following is a discussion of the sectors in which we are operating or might consider entering, in descending order of priority, as well as those sectors which we will be phasing out during the planning period.

- Agriculture is the mainstay of the Honduran economy. It provides about three-fourths of the country's exports and directly employs 65% of its population. In spite of high earnings in the banana subsector and in certain other export crops, average earnings in agriculture are about one-half the national average. Orderly, economical supply of the staple crops, corn and beans, is essential to urban life and tranquility. There is great potential for diversification of agricultural production and increased exports to take advantage of the CBI Legislation. Our Agriculture Sector II Program, Small Farmer Titling, and Small Farmer Livestock projects which will receive incremental funding in FY's 84-85 will continue to address these issues, as will the Agriculture Education project planned for FY85 startup. In support of these projects we will continue to utilize local currency generations from our PL 480 Title I/III program for such activities as Crop Diversification, Cooperative Development and Small Scale Water Resources Development. Our proposed FY85 Shelf Project in Agricultural Research and Extension would support all of these other activities by providing the sector with a strengthened applied research capability and increased farmer outreach services.

- Population is a critical sector because of the very high 3.5% population growth rate, the effect of which is to make more difficult the achievement of all our other objectives. We will continue to address the delivery of family planning and contraceptive services through our Health Sector I project, ongoing OPGs and a new OPG planned for FY84 startup.

- Private sector is also top priority because of its potential for increasing employment and exports, and because a strong private sector is the bulwark of a democratic, market organized country. We will continue to seek Private Sector involvement wherever possible in all of our activities. In the immediate term (FY's 84-85), we will concentrate on the provision of incentives to increased investment through our ESF program and the Small Business Development Project, and on CBI related Export oriented activities by means of our Export Promotion and Service Project. We are also planning a Private Sector Related Training OPG for FY's 84-85.

- Health and Rural Water and Sanitation are important interventions to lower the infant mortality rate and increase life expectancy. Honduras is near the bottom in indicators of quality of life in the health area. Therefore, we will continue to assist the GOH in improving and expanding its health coverage services through our expanded Health Sector I and Rural Water and Sanitation projects.

- Rural Roads and Trails are a necessary adjunct of agricultural sector development - getting the product from the farm to the market. The Rural Trails and Access Roads project extension will continue the activities begun in this area by expanding the geographic focus of the project and by linking project activities to our other projects and the agrarian reform process so that new areas may be opened up for settlement and production.

- Natural Resources and Forestry are important for the correct utilization and, in some cases, the recuperation of the productive capacity of the land where many of the poorest Hondurans live. Forestry is also a significant source of export earnings which could be expanded in a way consistent with conservation and sustained yield principles. Incremental funding of the Natural Resources Management project and the new FY84 Forestry Development project will have major impacts on both the conservation and productive utilization of the resources in this sector.

- Housing is a strongly felt need of the urban poor, an important source of employment for the urban poor, and, through the HG program, a source of long term dollar financing for the economy. The Mission, in conjunction with ROCAP/RHUDO, is planning a long range activity in this area provided that GOH policy decisions are forthcoming.

- Rural Primary Education to provide effective functional literacy and numerary skills strengthens the country's capacity to produce as well as its ability to govern itself democratically. In this sector we are planning a proposed FY85 shelf project to build on the activities started under our Rural Primary Education project by involving the private sector in the production and distribution of textbooks and other educational materials.

- Public Administration needs improvement so that the tax system is both fair and effective and so that waste and corruption in government are held to a minimum. These are basic principles for sustaining the populace's faith in a democratic government. Institutional development and strengthening is and will continue to be an important component in the majority of our projects where we are dealing with Public Sector Institutions.

- Urban Development is a source of employment in secondary cities as it helps these places become more effective providers of services to the surrounding agricultural areas. We have been addressing this need through our BANMA project which is planned for FY85 completion.

- Energy for USAID Honduras essentially means rural electrification, and our one active project in this area will terminate in April of 1984.

- Other sectors, such as marine fisheries, have been proposed for inclusion in the program but rejected as not being central enough to U.S. interests from which our strategy derives.

We will effectively phase out the Energy Sector in FY84 when our Rural Electrification Project is completed. It is on schedule. We also propose to phase out of urban development, where our only current activity is the Municipal Development Bank. We will be able to move the remaining pipeline on this project fairly quickly now that the Bank (BANMA) has taken the steps we called for to reduce the amount of portfolio in arrears and make other administrative improvements. Phase out will occur in FY85. We believe that other donors will find Rural Electrification an attractive area once the El Cajón project is completed; we do not see the need for intensive efforts to encourage their entry. Regarding BANMA, it might be possible to encourage the IDB to use this vehicle for urban development, and we will suggest it to them.

Our FY 1984-85 agenda for policy dialogue objectives is divided into five main parts - those associated primarily with: (1) ESF assistance; (2) follow up on the Presidential Agricultural Task Force recommendations; (3) the designation process for the forthcoming CBI trade and investment legislation benefits; (4) A.I.D. bilateral project (including PL 480 and HG) objectives; and (5) other donor project objectives. There will obviously be a fair amount of overlap and fuzzy edges among these five.

The principal thrust of our conditionality on ESF tranches will be the continuation of GOH compliance with the current IMF Stand-by, and the entering into and compliance with a new Stand-by when the present arrangement is completed. The 1983 ESF agreement will seek to ensure that specific actions are taken to improve tax administration and tax laws; complete debt renegotiation and other actions needed to restore creditworthiness with foreign commercial banks; assure that sufficient domestic credit and foreign exchange is available to the productive private sector; and to take legislative and/or administrative measures to promote the expansion of exports to the world market. In addition, we should encourage the GOH to consummate the proposed IBRD Structural Adjustment Loan and follow through on meeting the conditionality thereof.

The Embassy is preparing to cable a revised and updated version of the CBI Self-help Strategy Paper in early June, 1983 now that prospects for the legislation have improved and designation of eligibility for CBI trade and investment benefits is a possibility. The cable will identify more fully the priority areas for policy dialogue. These will almost certainly include discussion of eventual trade liberalization including lowering of effective rates of tariff protection; eventual elimination of credit and exchange controls; reduction in the public sector deficit along with controls on the parastatals; savings and credit mobilization; improved investment incentive legislation and simplified regulation thereof; improvement in the management of the agricultural development bank (BANADESA); gradual reduction of restrictions on the import and export of basic grains; and reform of the forestry sector, including an expanded role for the private sector in sawmill and export functions to the private sector.

Major A.I.D. project related policy discussions for FY84-85 are projected as follows:

- Agriculture - we will concentrate on the divestiture of GOH owned operations such as the Sula Dairy, seed plant, the non-profit (losing) basic food store system BANASUPRO, etc. in order to return these productive enterprises to the private sector. We will use PD&S to fund the necessary studies leading to appropriate GOH divestiture tactics.

- We will look for ways to improve the functioning of the market, such as cattle branding and crop mortgaging arrangements so that small farmers can improve their access to credit. In doing so we continue to push for enactment of the Presidential Agricultural Task Force recommendations on agricultural credit.

- We will continue to monitor progress made in the area of agricultural diversification, investment and export promotion. Policy dialogue in this area is a result of the U.S. Presidential Agricultural Commission and resulting Bilateral Commission findings and recommendations.

- Health and Population - We have no real policy dialogue questions in health, but we do have lots of implementation arrangements to be concerned about. In population, a recent policy determination provides for much more active and uniform availability of contraceptive services, supplies, etc. in Ministry of Health facilities.

- Education - Our problems here are primarily implementation in a Ministry whose budget is chronically and woefully inadequate. We consider that an attempt to deal with policy questions in the University to be outside our turf and likely doomed to failure with the single exception of improving the quality of Agricultural Education at the Agriculture Campus on the Atlantic Coast.

- Natural Resources and Forestry - We have been holding discussions with the GOH to follow up on the recommendations of the Presidential Agricultural Mission, and believe we have, as a result, obtained a major policy change in which the GOH will substantially increase stumpage fees, allow the private sector a role in export marketing, and divest itself of sawmills as soon as feasible. Our FY84 Forestry project will support and solidify this policy change.

- Housing - We have had discussions with Honduran congressional leaders regarding possible approaches to implementation of the Social Housing Fund mandate of the Constitution. We plan to prepare a series of HG loans totaling some \$50 million if the GOH is willing to generalize the policies of present housing agencies that provide for affordability of the housing solutions for the target group and cost recovery, not decapitalization, by the agency. We have indicated our strong preference for the GOH to not vote an increase in payroll taxes destined for housing.

- Other Donors - The principal opportunities for dialogue associated with other donor activities are those connected with the IMF and the IBRD programs. We find ourselves very much in agreement with the IMF Strategy here and have supported it whole heartedly through ESF conditionality. We only wish that the IMF would be more supportive of our interest rate and savings mobilization objectives. The World Bank has offered to make available a \$50 million Structural Adjustment Loan (SAL) late in CY 1983. Conditionality for the SAL would include increased Central Government control over the decentralized agencies and parastatal companies, reform of the National Investment Corporation (CONADI), improvement of the Industrial Credit Section of the Central Bank - FONDEI, improved management of the public debt, more realistic public investment planning, revised policies for industrialization and foreign trade, energy conservation and management, agricultural policy review, and fiscal policy changes. Many of the above areas are already IBRD

turf, and all are congruent with our objectives. We think, however, that the list of conditionality is a very long one, and that if all of these items are part of one package, its chances of success are slim.

- At the operational level the Mission believes that the Action Plan is both realistic and responsive to the economic and developmental needs of Honduras. Given our current and anticipated skills mix for USDH, FNDH, and other personnel, the programs, projects and policy dialogue activities outlined in this plan should not pose any problems of a programatic nature. In terms of personnel the Mission is in agreement with and strongly supports the LAC Regional Strategy Statement with its proposed 12% increase in Bureau wide direct hire staff. Such an increase would benefit both Bureau and Mission level programs and projects.

Management Actions

Mission Management has instituted, or is in the process of instituting, the following actions designed to ensure that the programatic and policy objectives spelled out in this plan are met during FY's 84 - 85:

The Mission's Quarterly Review process will continue to place special emphasis on identifying and eliminating project implementation problems, and as well, will now focus on policy constraints to successful implementation of our programs and projects;

During the internal project development and review process the Mission will make every effort to ensure that future projects in all sectors are based on sound economic analysis, supported by firm policy decisions, and whenever possible include private sector involvement;

The Mission will continue to hold semi-annual reviews of its operational expenses and project funded contract personnel to determine if the number and skills mix is correct for our project and programs;

A comprehensive study of Mission wide document flow will be undertaken with the objective of reducing the overall time without reducing adequate internal controls; and

The Mission Director has instituted a Management by Objectives (MBO) system for all Divisions within the Mission to ensure that their sector objectives remain consistent with the overall Mission strategy and Action Plan.

TABLE 1 - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)

	COUNTRY/OFFICE: <u>USAID/Honduras</u>							
	ESTIMATE	FY 1984		FY 1985	PLANNING PERIOD			
		CP	ESTIMATE	AAPL	1986	1987	1988	1989
Agriculture, Rural De-								
velopment & Nutrition	<u>22,781</u>	<u>20,943</u>	<u>16,510</u>	<u>16,400</u>	<u>17,900</u>	<u>20,700</u>	<u>20,900</u>	
Grants	3,581	5,943	6,710	6,400	7,900	8,700	8,900	
Loans	19,200	15,000	9,800	10,000	10,000	12,000	12,000	
Population Grant	<u>1,609</u>	<u>1,112</u>	<u>1,275</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	
(of which centrally procured commodities)	(- -)	(- -)	(- -)	()	()	()	()	
Health	<u>5,025</u>	<u>2,250</u>	<u>9,350</u>	<u>2,000</u>	<u>12,200</u>	<u>2,500</u>	<u>12,000</u>	
Grants	225	2,250	2,150	2,000	2,200	2,500	2,000	
Loans	4,800	--	7,200	--	10,000	--	10,000	
Education	<u>1,030</u>	<u>1,230</u>	<u>1,240</u>	<u>9,200</u>	<u>1,000</u>	<u>9,400</u>	<u>1,200</u>	
Grants	1,030	1,230	1,240	1,200	1,00	1,400	1,200	
Loans	--	--	--	8,000	--	8,000	--	
Selected Dev. Activities	<u>4,655</u>	<u>6,465</u>	<u>3,625</u>	<u>5,500</u>	<u>4,500</u>	<u>5,500</u>	<u>6,500</u>	
Grants	655	2,465	1,625	1,500	1,500	1,500	1,500	
Loans	4,000	4,000	2,000	4,000	3,000	4,000	5,000	
TOTAL DA ACCTS.	<u>35,100</u>	<u>32,000</u>	<u>32,000</u>	<u>34,500</u>	<u>37,000</u>	<u>39,500</u>	<u>42,000</u>	
Grants	7,100	13,000	13,000	12,500	14,000	15,500	15,000	
Loans	28,000	19,000	19,000	22,000	23,000	24,000	27,000	
Economic Support Fund	<u>48,000</u>	<u>40,000</u>	<u>50,000</u>	<u>45,000</u>	<u>40,000</u>	<u>30,000</u>	<u>10,000</u>	
Grants	--	--	--	--	--	--	--	
Loans	48,000	40,000	50,000	45,000	40,000	30,000	10,000	
TOTAL DA and ESF	<u>83,100</u>	<u>72,000</u>	<u>82,000</u>	<u>79,500</u>	<u>77,000</u>	<u>69,500</u>	<u>52,000</u>	
PL 480 (non-add)								
Title I	10,000	8,000	8,000	8,000	12,000	12,000	12,000	
(of which Title III)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Title II	3,577	3,100	3,300	3,500	3,500	3,500	3,500	
Housing Guaranties								
(non-add)	--	15,000	--	--	25,000	--	25,000	
TOTAL PERSONNEL								
USDH (workyears)	29.25	30.00	29.90	30.00	32.00	32.00	32.00	
FNDH (workyears)	29.30	30.00	29.00	29.00	31.00	31.00	31.00	

TABLE I NARRATIVE

The Mission is continuing to respond to the forward funding guidelines in a manner consistent with both the CDSS objectives and the continuing needs of our larger projects. In FY83 and FY84 many of our existing projects will be finishing and we will be introducing new projects, some in new areas and others which will continue the work begun in earlier projects. The most important of the former group will be our Small Business Development, Export Promotion and Services, Small Farmer Livestock and Forestry Development Projects. All of these projects are designed for quick, direct impact on the target groups and will require private sector support and involvement for their success. In FY85 the Mission is planning on only one new start, the Agriculture Education project which will continue and expand the institutional development process begun under the CURLA activity of our Agriculture Sector II Program. To the greatest extent possible we will forward fund these new activities. The only exception will be the Agriculture Education project, which due to its' institutional development nature will require incremental funding over a 5 to 10 year period. In the case of the Health Sector I, Agriculture Sector II, and the Rural Water and Sanitation projects, final funding will be made in FY85. With forward funding for our new FY83 & 84 starts we will reduce our mortgage and allow for major new starts in Agriculture, Education, and Health in FY's 86-88, and the incremental funding of the Agriculture Education project through FY89. Compliance with the forward funding guideline will increase the Mission's Pipeline which currently stands at approximately \$84,900,000. However, even though it is large in dollar amount, it is young (1.6 years) in terms of age and should pose no major program management problems. By the end of FY83 we are projecting a mortgage of approximately \$20,500,000 or roughly 65% of our FY83 program level. This is well below the 200% threshold stated in the ABS guidance.

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TABLE IV PROJECT BUDGET DATA														Country/Office			
														HONDURAS			
PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/82	G/L INITIAL.	FINAL AUTH. PLAN	ESTIMATED U.S. DOLLAR COST (\$ 000)				FY OBLIGATIONS		1986	1987	1988	1989	
							FY 1983 OBL.	FY 1983 EXP.	FY 1984 OBL.	FY 1984 EXP.	1985 FUNDED TO MO/YR	1985 A.A.P.L.					
SUBCAT: TECHNICAL CODE:																	
5220195	RURAL ENTERPRISE CREDIT - OPF (I) (R) (PC)	81	81	150	150												
SUBCAT: TECHNICAL CODE:																	
5220203	ANAGH REGIONAL COOP. DEVELOPMENT - OPF (U) (R)	82	82*	300	200	176											
SUBCAT: FNFA TECHNICAL CODE: 30																	
5220209	SMALL FARMER LIVESTOCK	83	85	3,000		500											
SUBCAT: FNEX TECHNICAL CODE: 240																	
		83	85	10,000		10,000											
		85	85			5,000											
SUBCAT: TECHNICAL CODE:																	

+ - Split funded project-See SDA Section

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TABLE IV PROJECT BUDGET DATA													Country/Office	
													HONDURAS	
													ESTIMATED U.S. DOLLAR COST (\$ 000)	
PROJECT NUMBER	TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/82	PLAN	FY 1983 OBL.	FY 1983 EXP.	FY 1984 OBL.	FY 1984 EXP.	1985 FUNDED TO MO/YR	FY OBLIGATIONS		ITEM #	
											1986	1987		1988
5229103	PROGRAM DEVELOPMENT AND SUPPORT	G 73	C	-	2,858	258	945	671	953	708	960			728
						SUBCAT: FNPA TECHNICAL CODE: 900								
5229999	PROPOSED PRIVATE & VOL. ORGANIZATIONS - OPG's	G 84	C	-	600	-	-	-	300	70	300	9/87	-	734
						SUBCAT: FNPV TECHNICAL CODE: 920								
522910X FY 86 PD&S (all accounts)													2,000	
													2,000	

APPROPRIATION
 TOTAL 7,250
 GRANT 4,250
 LOAN 3,000

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TABLE IV PROJECT BUDGET DATA													Country/Office						
													HONDURAS						
PROJECT NUMBER	TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	FINAL AUTH. PLAN	G/L	INITIAL	9/30/82	CUM PIPELINE AS OF	FY 1983 OBL.	FY 1984 EXP.	FY 1985 FUNDED TO MO/YR	FY 1986 OBL.	FY 1987 EXP.	FY 1988 OBL.	FY 1989 EXP.	ITEM #	ESTIMATED U.S. DOLLAR COST (\$ 000)		
																	TECHNICAL CODE:	TECHNICAL CODE:	
POPULATION PLANNING																			
5220153	HEALTH SECTOR I	80	85*	1,312	1,337	375	SUBCAT: FNPC	510	92	337	545	500	6/88	105	-	-	656		
5220175	HONDURAN FAMILY PLANNING SUPPORT - OPG (I) (R)	80	80	440	440	11	SUBCAT: FNPP	440	-	11	-	-	-	-	-	-	682		
5220197	A CLINIC EXPANSION PROGRAM - OPG (I) (R)	82	83	500	1,000	277	SUBCAT: FNPP	440	500	497	-	280	-	-	-	-	702		
5220201	A COMMERCIAL RETAIL SALES PROGRAM - OPG (I) (R)	83	83	-	755	-	SUBCAT:	440	755	135	-	400	-	-	-	-	-		
5220240	LEADERSHIP POPULATION ED - OPG (I) (R)	83	83	-	320	-	SUBCAT:	440	320	52	-	136	-	-	-	-	-		

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Country/Office

HONDURAS

TABLE IV PROJECT BUDGET DATA

ESTIMATED U.S. DOLLAR COST (\$ 000)

PROJECT NUMBER	OBLIGATION DATE	LIFE OF PROJECT COST	CUM PROJECT PIPELINE AS OF 9/30/82	FY 1983		FY 1984		FY OBLIGATIONS								
				G/L	INITIAL. FINAL AUTH. PLAN	OBL.	EXP.	OBL.	EXP.	1985 FUNDED TO MO/YR	1986	1987	1988	1989	ITEM #	
5220174	82	83	2,500	2,500	2,000	245	515	255	1,134	-	-	-	-	-	-	681
				SUBCAT: EHDA		TECHNICAL CODE: 720										
5220184	80	82	212	212	25	-	18	-	7	-	-	-	-	-	-	692
				SUBCAT: EHPV		TECHNICAL CODE: 630										
5220189	81	83	270	170	100	-	100	-	-	-	-	-	-	-	-	694
				SUBCAT: EHED		TECHNICAL CODE: 610										
5220219	84	84	-	2,000	-	-	-	2,000	200	-	-	-	-	-	-	722
				SUBCAT: EHLN		TECHNICAL CODE:										
				SUBCAT:		TECHNICAL CODE:										
				SUBCAT:		TECHNICAL CODE:										
				SUBCAT:		TECHNICAL CODE:										

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA														Country/Office				
														HONDURAS				
														ESTIMATED U.S. DOLLAR COST (\$ 000)				
PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	G/L INITIAL	FINAL AUTH. PLAN	PIPELINE AS OF 9/30/82	CUM PROJECT COST	SUBCAT:	ENVIRONMENTAL ED. II - OPG (I) (R) (PC)	G	83	83	FY 1984			FY OBLIGATIONS		
													OBL. EXP.	OBL. EXP.	OBL. EXP.	1985 FUNDED TO MO/YR	1986	1987
ITEM #																		
5220234	ENVIRONMENTAL ED. II - OPG (I) (R) (PC)																	
5220245	URBAN UNION EDUCATION - OPG (U) (R)																	
5229105	PROGRAM DEVELOPMENT AND SUPPORT																	
5229999	PROPOSED PRIVATE AND VOL. ORGANIZATIONS - OPG's																	

APPROPRIATION

TOTAL	19,675	24,837	15,178	1,075	2,282	3,785	7,291	1,240
GRANT	5,825	10,987	3,137	1,075	1,404	3,785	2,852	1,240
LOAN	13,850	13,850	12,041	-	878	-	4,439	-

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA													Country/Office	
													HONDURAS	
PROJECT NUMBER	OBLIGATION DATE	LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/82	FY 1983 OBL. EXP.	FY 1984 OBL. EXP.	1985 FUNDED TO MO/YR	1986	1987	1988	1989	ITEM #	ESTIMATED U.S. DOLLAR COST (\$ 000)		
												1985	1986	
SELECTED DEVELOPMENT ACTIVITIES														
5220073	G 66	80	718	715	3	-	3	-	-	-	-	-	900	622
SPECIAL DEVELOPMENT ACTIVITIES														
SUBCAT: SDSH TECHNICAL CODE: 900														
URBAN UPGRADING														
5220155	G 80	81	200	200	153	-	74	-	79	-	-	-	860	657
SUBCAT: SDHU TECHNICAL CODE: 860														
MUNICIPAL DEVELOPMENT BANK II														
SUBCAT: SDIL TECHNICAL CODE: 810														
G 80	80	80	250	250	136	-	48	-	88	-	-	-	-	665
L 80	80	80	1,000	1,000	893	-	50	-	210	-	-	-	-	666
SPECIAL DEVELOPMENT ACTIVITIES														
SUBCAT: SDSH TECHNICAL CODE: 980														
G 81	C	80	-	300	28	50	42	50	60	50	50	50	50	673
ENVIRONMENTAL EDUCATION - OPG (I) (R) (PC)														
SUBCAT: SDEV TECHNICAL CODE: 870														
G 80	80	80	25	25	5	-	5	-	-	-	-	-	-	691

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA															Country/Office	
															HONDURAS	
PROJECT NUMBER	TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	CUM AS OF PIPELINE 9/30/82	SUBCAT: SDPE	TECHNICAL CODE: 40	ESTIMATED U.S. DOLLAR COST (\$ 000)			FY OBLIGATIONS			ITEM #			
							1985 FUNDED TO MO/YR	1986	1987	1988	1989					
5220195	RURAL ENTERPRISE CREDIT - OPG (I) (R) (PC)	G 81	81	86	14	8	-	8	-	-	-	-	-	-	701	
5220204	CHAMBER OF COMMERCE - OPG (I) (R)	G 82	85*	50	370	50	50	80	100	115	100	12/85	70	-	706	
5220205	SMALL BUSINESS DEVELOPMENT	G 83	84	-	700	-	100	-	600	275	-	-	-	-	707	
		L 83	84	-	4,000	-	4,000	-	-	1,250	-	-	-	-	708	
5220207	EXPORT PROMOTION AND SERVICES	G 84	85*	-	3,000	-	-	-	1,000	150	1,000	-	1,000	-	1470	
		L 84	85*	-	6,000	-	-	-	6,000	300	-	9/89	-	-	1471	

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA														Country/Office	
														HONDURAS	
PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	CUM AS OF PIPELINE 9/30/82	FY 1983 OBL. EXP.	FY 1984 OBL. EXP.	FY 1985 FUNDED AAPL TO MO/YR	FY 1986 OBL. EXP.	FY 1987 OBL. EXP.	FY 1988 OBL. EXP.	FY 1989 OBL. EXP.	ITEM #	ESTIMATED U.S. DOLLAR COST (\$ 000)		
													TECHNICAL CODE: 900	TECHNICAL CODE: 920	
5229106	PROGRAM DEVELOPMENT AND SUPPORT	G 73	C -	645	112	210	150	210	221	225	-	-	-	-	731
5229999	PRIVATE AND VOL. ORGANIZATIONS - OPC'S	G 84	C -	500	-	-	-	250	88	250	9/87	-	-	-	737

APPROPRIATION

TOTAL	2,329	17,719	1,388	4,410	460	8,210	2,836	1,625	1,120	50	50	50	50
GRANT	1,329	6,719	495	410	410	2,210	1,076	1,625	1,120	50	50	50	50
LOAN	1,000	11,000	893	4,000	50	6,000	1,760	-	-	-	-	-	-

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA												Country/Office				
												HONDURAS				
												ESTIMATED U.S. DOLLAR COST (\$ 000)				
PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/82	FY 1983 OBL.	FY 1983 EXP.	FY 1984 OBL.	FY 1984 EXP.	1985 FUNDED AAPL TO MO/YR	FY OBLIGATIONS 1986	FY OBLIGATIONS 1987	FY OBLIGATIONS 1988	FY OBLIGATIONS 1989	ITEM #		
															SUBCAT: SDPE	
ECONOMIC SUPPORT FUND																
SUBCAT: SDPE																
TECHNICAL CODE:																
SUBCAT: SDPE																
TECHNICAL CODE:																
SUBCAT: FNER																
TECHNICAL CODE: 820																
5220226	TEGUCIGALPA POWER RESTORATION	G	82	1,800	1,800	-	62	-	1,738	-	-	-	-	-	727	
ECONOMIC RECOVERY PROGRAM I																
SUBCAT: SDPE																
TECHNICAL CODE:																
5220230	ECONOMIC RECOVERY PROGRAM I	L	82	38,000	268,000	-	18,000	18,000	40,000	40,000	50,000	9/85	45,000	40,000	30,000	10,000
APPROPRIATION																
TOTAL																
GRANT																
LOAN																
PROGRAM																
TOTAL																
GRANT																
LOAN																

FY 1985 ANNUAL BUDGET SUBMISSION

Country/Office

HONDURAS

TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE	LIFE OF PROJECT COST	PIPELINE AS OF 9/30/82	ESTIMATED U.S. DOLLAR COST (\$ 000)				FY OBLIGATIONS	ITEM #
					FY 1983 OBL.	FY 1983 EXP.	FY 1984 OBL.	FY 1984 EXP.		
Non-Project Assistance										
PL480	Title I/III			6,487	10,000	1,000	8,000	9,000	8,000	
	Title II			-	3,577	-	3,100	-	3,300	
	Total PL480			6,487	13,577	1,000	11,100	9,000	11,300	
Housing Guaranties										
							15,000			
Total Non-Project Assistance				6,487	13,577	1,000	26,100	9,000	11,300	

FY 1984 Proposed Project

PROJECT TITLE: Export Promotion and Services

PROJECT NUMBER: 522-0207

PROJECT FUNDING: \$13,000,000
(U.S.\$000)

	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>LOP</u>
Grant (SDA)	1,000	1,000	1,000	3,000
Loan (SDA)	4,000	3,000	-	6,000
Loan (ARDN)	2,000	2,000	-	4,000

FUNCTIONAL ACCOUNTS:

Agriculture, Rural Development and Nutrition, Selected Development Activities

PROJECT PURPOSE:

To develop private sector capability to provide efficient export promotion and services for Honduran exporters.

BACKGROUND:

The Caribbean Basin Initiative (CBI) is expected to provide significant incentives favoring the growth of exports from Basin countries and thereby facilitate increased trade with the United States. Honduras is ill prepared to take advantage of these benefits. Some of the key constraints to increased exports are a lack of knowledge on the part of potential exporters about the world market requirements and conditions, difficulties in product design and production, and inadequate export promotion and services. A scarcity of foreign exchange for raw material and capital goods imports now is hampering export operations and is having a negative impact on the gross domestic product.

PROPOSED PROJECT:

The project will assist the Honduran private sector to develop a capability to overcome the constraints to increased exports, especially for nontraditional products in the agroindustrial, forestry, light assembly, and other sectors in which Honduras may have a competitive edge relative to other Basin countries. These industries traditionally are comprised of Labor-intensive, small and medium sized businesses and cooperatives. It is expected that this project will stimulate the formation and expansion of such enterprises. Among the activities to be included are development of a market intelligence and product design service, an aggressive export promotion capability, private bank export services, commodity and product specific research to address existing production constraints, and a trading company to facilitate both export shipments and services. The A.I.D. contribution includes technical assistance and part of the costs of organizing and operating the trading company.

The overall A.I.D. strategy and the emphasis of the CBI activities are to promote private sector responses to Honduran economic and social problems. This project supports the strategy by providing services needed to stimulate increased private sector development of export markets, while other A.I.D. programs will address the severe shortages of foreign exchange which limit imports of raw materials and capital goods necessary for export production.

HOST COUNTRY AND OTHER DONORS:

The democratic government of Honduras strongly supports efforts aimed at the development of the private sector in Honduras. No other donor is involved currently in the development of institutions which facilitate the development of export markets.

TARGET GROUPS:

The project will directly benefit export oriented producers, including cooperatives, and will indirectly benefit service businesses by increasing demand for their services. Workers will benefit from the creation of new employment opportunities and farmers will benefit from new market for their products.

PROJECT TITLE: Forestry Resource Development

PROJECT NUMBER: 522-0246

PROJECT FUNDING: \$8,000,000

<u>(US\$000)</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>	<u>LOP</u>
Grant	1,000	1,000	1,000	3,000
Loan	5,000	-	-	5,000

FUNCTIONAL ACCOUNT:

Agriculture, Rural Development and Nutrition.

PROJECT PURPOSE:

To assist the GOH in implementing the United States Presidential Agricultural Commission (USPAC) and Bilateral Commission recommendations for the development, utilization, management and conservation of the Honduran Forest Resources.

BACKGROUND:

The November 1982 Report of the U.S. Presidential Agricultural Commission to Honduras (USPAC) identified the extensive forest resource as being extremely important to the long run development of Honduras. That resource however, is in jeopardy and the forest industry is in serious trouble.

Past irrational timber exploitation, population pressures which lead to campesino invasions of the forestland areas as well as increasing national demands for foreign exchange from lumber exports, have contributed to the rapid deterioration of the forestry sector in a country where 83% of the land is best suited for forestry.

The GOH, FAO and others have estimated that 1.7 millions ha. (one third of all forest lands) have been degraded by agriculture, wild fires, timber exploitation, fuelwood gathering, and other causes and should be reforested.

An assessment of the Honduran Forestry Sector (July 1981) and the USPAC visit to Honduras produced recommendations designed to improve the utilization and management of the forest resources of Honduras; among them are:

1. Delineate those areas whose best use is commercial forest and establish sustained yield programs and restricted access in commercial forest areas.
2. Emphasize in forest management the selection and testing of superior species.

3. Sell stumpage within commercially delineated forest areas on the basis of a cruise of standing timber volume.
4. Establish stumpage price on the basis of residual value at the sawmill.
5. Terminate the government monopoly on export sales and rely principally on private exporters to develop and satisfy markets for lumber and secondary products.
6. Encourage more efficient sawing utilization of wastes for secondary products and for energy.
7. Strengthen ESNACIFOR, as the principal educational institution in Honduras forestry and applied forestry research.
8. Encourage increased campesino participation in the proper use of the forest resources.

PROPOSED PROJECT:

This project, which is in part a response to the AID/W Forestry Sector Policy Paper and the Mission's CDSS update, will include several activities to expand COHDEFOR's capacity to identify and to extend its control and protection over the forests and lands suitable for forests on a sustained yield basis; to improve the utilization of the forest resource; to expand the employment generating impact of forest products and forest activities; and to increase private sector activities in all ~~of the forest resources~~ development and utilization. The possible

activities include:

1. Improve forest industrial development policies, regulations, planning and programming. Special emphasis will be given to price policies, marketing, and credit investment to insure private sector participation which will be required to successfully implement this activity.
2. Develop and finance small scale secondary and finished wood processing industries in the private sector.
3. Assist in the improvement of lumber standards and the upgrading and

TARGET GROUP:

The project should increase the total value of GDP and exports through increases in the sustained output from forest lands and provide greater employment for low income rural residents which will ease pressure on competing land uses in areas of high environmental importance and sensitivity.

FY 1984 Proposed Project

PROJECT TITLE: Health Sector I (Increase)

PROJECT NUMBER: 522-0153

PROJECT FUNDING: \$21,416,000

A. FUNCTIONAL ACCOUNT: HEALTH

<u>(US\$000)</u>	<u>FY 84</u>	<u>FY 85</u>	<u>LOP</u>
Grant	2,000	2,000	7,114
Loan	-0-	2,000	12,965

B. FUNCTIONAL ACCOUNT: POPULATION

<u>(US\$000)</u>	<u>FY 84</u>	<u>FY 85</u>	<u>LOP</u>
Grant	337	500	1,337

PROJECT PURPOSE: The purpose of the project is to increase the efficiency, effectiveness, coverage and use of the health care system in Honduras.

PROBLEM: Honduras' health problems are those that are common to most developing countries: high infant mortality rate (est. 105-115), high child mortality rate (15.0), high total fertility rate (7.2), high levels of malnutrition (80%), an average life expectancy at birth of only 56 years and contagious diseases as the leading cause of death. Examples of the underlying contributing factors are: widespread poverty (90% of rural families with income insufficient for adequate diet), lack of potable water and human waste disposal facilities, illiteracy, scarcity of arable land, and mountainous terrain making communication and transport difficult. The burden of responding to these health problems falls upon the public sector for two reasons. First, the private sector provides health care for only 5% of the population. Second, the most serious health problems are in the rural areas where 65% of the total population, but less than 5% of the physician population lives.

The reason for the government's commitment to health is twofold. Primary is the realization that in rural agriculturally based society where basic productive activities are labor intensive, a population always at the threshold of ill health cannot produce maximally. Second, is the realization that health, along with education, are the two most visible and highly demanded government services expected by the general population. Failure to provide these services in a satisfying manner undermines the credibility of the Government itself.

The government launched an "extension of coverage" program to carry health services to the rural population in 1972. This program was based on a six level referral system with volunteer village health workers serving as the base and national hospitals in Tegucigalpa as the apex. In the 10 year period since the program began there have been dramatic successes. The Infant Mortality Rate has dropped from 140 to 105, the Crude Death Rate has dropped from 13.75 to 10.06 and life expectancy has increased from 54.0 to 56.3 to cite but a few examples. During this period the percentage of the national budget assigned to the MOH grew from 4% to 12%. However, there was no proportional increase in the Ministry's administrative capacity. Therefore, the resources available to the health sector are not being used as effectively

and efficiently as they might. This project was developed to address those problems. At the heart of Health Sector I is an attempt to strengthen the management, planning, supervision, logistics, and maintenance aspects of the Ministry so that available, limited resources may have the maximum possible effect. Selected technology interventions in preventive medicine also are being supported such as vector control, oral rehydration, and immunization.

PROPOSED PROJECT: The proposed project increase will have as its basic objective the effective and efficient use of available, limited resources to attack the highest priority health problems, particularly those of the rural poor. The activities, which are consistent with A.I.D. Health Policy and the Regional Strategy, would include the following:

Extension of technical assistance for two years in the areas of logistics, maintenance, management and planning, supervision and continuing education. Funding will be provided for technical assistance in designing effective management, supervisory, administrative, maintenance and repair, information and logistics systems; training programs in these areas; training for trainers in these functions; and creation of a community participation component aimed at increasing the community's involvement in its own well-being through a cost recovery program.

Support will be provided for the newly created operations research unit at the Ministry of Health designed to test alternative methods of delivering primary health care services. The support would consist of technical assistance plus some initial start-up funds for field testing.

For the past 15 months (more or less), family planning services have been delivered primarily by the Honduran Family Planning Association (ASHONPLAFA). During this time, contraceptive prevalence has grown to an estimated 27% of married women or women in union in their reproductive years. A.I.D. has played a major role in support of this effort. Nevertheless, Honduras continues to have the highest population growth rate in Latin America. Recent policy statements by GOH officials in support of family planning indicate that there is both a growth in recognition of population problems and that the GOH is ready to take responsibility to deal with them. The timing would appear to be right, therefore, to devote more attention to the public sector. The MOH has the service delivery network with the greatest potential for meeting the large unmet demand for family planning services over the long run.

Family planning activities under the Health Sector I Project are designed to provide information and experiences on the appropriate mix of MCH/FP services to be delivered at each level in the health care system, and on the corresponding training requirements of MOH personnel. Funds will be used to train rural midwives and other community personnel in family planning, prenatal, birthing, and post natal care. Community personnel will be also trained in family planning promotion, and in the use of contraceptive distribution system established by ASHONPLAFA. It is expected this information and experience will enable the MOH to devise a national strategy on the delivery of family planning services. The objectives are that within five years non-prescription contraceptives, such as orals, condoms, and vaginal tablets, will be fully commercialized and available through retail outlets as a result of ASHONPLAFA activities. Family planning information, education, and communication campaigns through radio and print media will be conducted by ASHONPLAFA on a national scale so that 75% of the population who

live within 20 minutes of a service delivery point are aware of contraceptives by methods and where to get them. Responding to the demand engendered by the ASHONPLAFA activities, family planning services delivered through the MOH system will be such that clients will be routinely referred to retail outlets for non-prescriptive contraceptives; IUD's will be inserted at the CESAMO level and up; and voluntary sterilization services will be performed routinely at the regional level and up. Within five years, the contraceptive prevalence rate should be approximately 50%.

HOST COUNTRY AND OTHER DONORS;

PAHO - This organization is likely to continue support for the Health Sector at 1982 levels, about \$5 million annually. Support included commodities, TA, and training.

TARGET GROUP:

The principal beneficiaries will be the rural poor who have the greatest burden of ill health and the least access to health services.

FY 1984 Proposed Project

PROJECT TITLE: Shelter Sector Assistance

PROJECT NUMBER: 522-HG-008

PROJECT FUNDING:

<u>(US\$000)</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>LOP</u>
HG	15,000	-0-	15,000
Total	15,000	-0-	15,000

APPROPRIATION ACCOUNTS: Housing Guaranty Funds

PURPOSE:

The purpose of this project is to consolidate the development of the principal shelter sector institutions in the low income housing area and achieve more rational allocation of shelter sector resources. The project will enhance opportunities for poor families to secure adequate and affordable housing. Housing Guaranty Funds would be used to influence the design of the Social Housing Fund which would result in the generation of additional resources to be allocated to the sector to meet the following programmatic objectives: (a) affordability by the target group, (b) cost recovery by the financing institutions, and (c) reliance on mobilization of resources for the shelter sector without recourse to new taxes.

PROBLEM:

Following the adoption of a national housing policy and plan which focused upon the basic shelter needs of the population of this country, three Housing Guaranty (HG) projects for a total of \$45.5 million have been authorized. A.I.D. efforts through the HG Program have been largely instrumental in developing three major institutional channels (INVA, FINAVI, municipalities) through which a dramatic shift has been implemented towards the production of shelter to address the basic shelter needs of the urban poor. However, the progress achieved has generated new difficulties which are constraining further development of the Honduran shelter sector. These include:

1. No effective mechanism exists to coordinate the activities of all institutions - public, private, and private non-profit - in this country involved in the production and financing of basic shelter.
2. There is no effective mechanism through which to mobilize additional resources for the sector.
3. There is no ongoing mechanism to program social services required by the shelter programs, or to coordinate the delivery of those services with the completion of individual shelter projects.

PROPOSED PROJECT

To address the problems cited above, this new HG project would assist in the achievement of the following short-term shelter strategy objectives:

1. Sustain the current level of production in Tegucigalpa and San Pedro Sula by institutions operating in the sector such as INVA, FINAVI, and the respective municipal governments;
2. Develop large scale shelter production in secondary communities, including both new shelter and upgrading;
3. Design and implement an effective mechanism to formulate and implement shelter sector policy and coordinate the activities of the shelter sector;
4. Continue to assist the GOH to design and implement a process or mechanism - i.e. Social Housing Fund - to increase the financing available for shelter from internal sources; and
5. Implement a process to coordinate post-occupancy activities in completed shelter projects.

Of the five above shelter strategy objectives to be achieved, resolution of major issues related to the design and implementation of an appropriate process or mechanism to increase available financing from internal sources to the sector is critical. In recent months, A.I.D. has responded to a GOH request to assist it in the drafting of a Social Housing Fund Law. The assistance that A.I.D. provided has raised a number of policy issues which must be addressed. They include:

1. Feasibility of developing a Social Housing Fund which operates on the policy level and have it guide, rather than compete with, existing GOH housing institutions such as INVA and FINAVI.
2. The goal of the Social Housing Fund: should it be to provide affordable housing solutions to the poor within a system in which the housing costs are recuperated by the fund?
3. Integration of the policies and programs of INVA and FINAVI into a national housing policy so that the objectives of both institutions and the Social Housing Fund would work toward the global shelter sector objectives of the country?
4. Sources of Funding: how can further increases in funding for housing best be mobilized from voluntary domestic savings, and what about tapping the international capital market sources to be tapped to provide external resources for housing which would simulataneously strengthen the country's balance of payments?

This project will promote GOH adoption of market oriented approaches to development, which is a major initiative of the current Administration. Shelter solutions to be financed by this project will be provided to beneficiaries at market interest rates and involve the participation of private sector institutions of the country such as the savings and loan associations.

TARGET GROUP

The principal beneficiaries of the proposed project will be families with incomes below the median who currently do not have access to acquire a new basic shelter unit or an affordable loan to upgrade a unit where the family currently resides.

FY 1985 Proposed Project

PROJECT TITLE: Agricultural Education

PROJECT NUMBER: 522-0247

PROJECT FUNDING: \$10,000,000

(U.S. \$000)

	<u>FY85</u>	<u>LOP</u>
Grant	1,000	4,000
Loan	2,800	6,000

Functional Account: Agriculture, Rural Development and Nutrition.

Project Purpose: The purpose of this long term project is the continuing development and improvement of higher level agricultural education in Honduras.

Problem: The lack of qualified personnel continues to be one of the principal barriers to agricultural development in Honduras. The United States Presidential Agricultural Commission (USPAC) Report concluded that no amount of planning, policy formulation or investment is effective if well-trained, highly skilled, and motivated people are not available to design and implement agricultural development programs. Currently Honduras lacks the trained personnel required to move ahead with the development of its' agricultural sector. The USPAC report further indicates that there are major weaknesses in the country's higher educational system and states that "it is essential that students obtain rigorous technical training in agricultural sciences...".

In recent years USAID/Honduras has attempted to alleviate this human resources problem by providing assistance under the Agriculture Sector II Program (ASPII) to CURLA, the University level agricultural school. The Mission has provided funds for training of existing and potential faculty, improved classroom and laboratory facilities, an expanded student library and limited technical assistance.

It is too soon to assess the impact of this assistance but it is obvious from recent evaluations that much more needs to be done at CURLA to improve its administration, the quality of its faculty and ultimately the quality of its graduates. Given the importance of the agriculture sector in the economy and the low level of trained human resources in the sector, USAID/Honduras will seek to assist in the development of CURLA as a center of excellence in agricultural education.

Proposed Project: The project will continue with what can be considered the second phase of CURLA development by increasing its institutional quality and capability through emphasizing a strengthening of its faculty and academic programs, improving the quality of its graduates, and strengthening its research and extension capability. Alternative areas of academic concentration will also be studied and introduced where appropriate. Prior to project initiation, the Mission will require some significant modifications of the existing CURLA administrative structure which are considered as critical prerequisites for the success of this project.

The Mission proposes to utilize established Title XII mechanisms to institute long term linkages between CURLA and appropriate U.S. Educational Institutions. Technical Assistance from such U.S. institutions will assist in improving CURLA's administration, faculty development and training, curricula improvement, research and extension activities, and long range planning. Efforts will be made to improve vertical linkages between CURLA and other lower level agricultural education institutions that feed students into CURLA. Funds will be provided for in-country training as well as study in and exchanges with U.S. institutions when appropriate. The project will also support the development of instructional materials and the further development of university activities in support of the agricultural sector.

This project will be designed to build upon the progress made to date under the CURLA Development Activity of the ASP II, and is consistent with AID policy in that it will result in the strengthening of a local institution so that it may more actively participate in the development process.

Target Group: The entire Honduran agricultural sector will benefit from this project as a result of CURLA's increased institutional ability to provide the sector with both highly trained professionals and expanded outreach services.

FY85 SHELF PROJECT

PROJECT TITLE: Agriculture Research and Extension

PROJECT NUMBER: 522-0249

PROJECT FUNDING: \$8,000,000

<u>(US\$000)</u>	<u>FY 85</u>	<u>LOP</u>
Grant	1,000	6,000
Loan	500	2,000

APPROPRIATION ACCOUNT:

Agriculture, Rural Development and Nutrition.

PURPOSE:

To institute mechanisms within the public and private sector to increase small and medium farmer productivity through the development and dissemination of improved technology.

PROBLEM:

Honduras continues to suffer from stagnated agriculture productivity for most small and medium farmer crops. Yields per hectare for most crops are the same or less than they were 20 years ago. The Agricultural Research Project, 522-0139, achieved success in orienting public sector research from on-experiment station to on-farm research and experimenting with joint private-public sector research initiatives. This project will expand on results obtained under the 0139 project and attempt to remove institutional constraints encountered and provide a long term solution to the problem. A series of joint private/public sector research initiatives with agribusiness and educational institutions will be promoted.

PROJECT:

The Project will be a ten-year activity with initial funding for five years which will create an autonomous research/extension institute with mixed public and private sector control. This institute will expand and improve the creation and flow of communications from the Research/Extension services to farmers, and ensure that their problems are properly understood and researched. Interinstitutional linkages will have representation on its board of directors from EAP, CURLA, and agribusinesses. The institute will have long term support contracts with the International Research Centers, A.I.D., and other donors.

The project also will develop, within the autonomous institute, a new and effective, low cost small farmer technology communications system which would

replace the present one-to-one extensionist contact with a system that multiplies existing limited trained human resources. Elements of the new system will include an expansion of employment of trained farmer para-professionals, the introduction and use of modern audio-visual equipment and techniques including the use of mass media.

The successful A.I.D. experience with the International Agricultural Research Centers was accomplished only with substantial long term financing of recurrent costs. The latest A.I.D. policy paper on Food and Nutrition recognizes the potential need for A.I.D. to take on similar relationships with national research and extension systems to improve their effectiveness therefore the Mission will consider financing such costs with ESF or PL 480 local currency generations.

TARGET GROUP:

The target group will be small and medium size farmers.

FY85 SHELF PROJECT

PROJECT TITLE: Primary Education Textbook Program

PROJECT NUMBER: 522-0248

PROJECT FUNDING: \$6,000,000

<u>(US\$000)</u>	<u>FY 85</u>	<u>LOP</u>
Grant	1,000	1,000
Loan	5,000	5,000

FUNCTIONAL ACCOUNT:

Education and Human Resources.

PURPOSE:

To assist in the production, distribution, and effective utilization of textbooks and educational materials for the Primary Education System.

PROBLEM:

In an attempt to increase educational coverage, Honduras, over the past 10 years, has taken several major steps primarily oriented toward increasing initial enrollment at both the primary and secondary levels. The budgets for primary and secondary education increased during this period by \$42 million and \$12 million annually respectively. This represents a tripling of the budget for primary education and a six fold increase for secondary education. The net result has been a doubling of initial enrollments at both levels. Between 1973 and 1982 initial enrollment at the primary level increased from approximately 415,000 to 672,000. Initial enrollment at the secondary level increased from 67,000 to 147,000. Actions also have been taken to significantly increase the number of teachers. The number of primary teachers rose from 11,700 to 18,500 and the number of secondary teachers rose from 2,250 to 5,900 during the period. An effort has been made to upgrade both pre-service and in-service teacher training.

In spite of these efforts to increase quality and coverage, education statistics continue to illustrate that student drop-out and repetition rates, far from progressively going down, have actually increased. The rapid increase in initial enrollments coupled with a high level of inefficiency within the educational system, has resulted in stagnation of the percentage of the overall school age population graduating from sixth grade. The percentage is no different today than it was ten years ago.

The efforts made to date to increase the number of schools and teachers, and upgrade the quality of teachers through in-service training have not been complemented by improvement in the quantity and quality of educational materials. The Ministry of Education authorities recognize the importance of textbooks and allied materials in increasing educational efficiency. However, the MOE lacks the capability to produce, distribute, and get into the hands of students and teachers the quantities of textbooks and materials needed to meet current demand. In fact, many rural classrooms continue to have only one or few books available for use in the classroom, and teachers use blackboard notes and verbal communications as their primary media. Thus, teachers who have never used textbooks may need training and motivation to use them effectively.

THE PROPOSED PROJECT:

Under the project, the MOE and the private printing companies will print, produce and distribute textbooks to all primary grade students. By the end of the project, all six primary grades would have available texts in the most important subject areas.

The GOH would be responsible for establishment of a textbook review board to approve texts for use in primary grades, and short in-service programs for teachers in the use of textbooks and allied educational materials. The private sector would be responsible for large scale printing of books and other educational materials; and development of a system for distributing textbooks and educational material throughout the country, including commercial sales.

This proposed project is consistent with Agency education policy to improve efficiency in basic education systems. It is also consistent with Agency policy in that it would strengthen the Private Sector through contracting for production of textbooks and materials.

HOST COUNTRY AND OTHER DONORS

Over the next months the Mission will explore with the U.N., CIDA, IDB and IBRD, the possibility of their providing inputs for this project. Host country contributions will be counterpart financing for teacher training activities and distribution of texts and materials.

TARGET GROUP

Primary schools students who would utilize the new textbooks and other educational materials for many years.

TABLE V - FY 1985 PROPOSED PROGRAM RANKING					Country/Office USAID/Honduras		
PROGRAM ACTIVITY					PROGRAM FUNDING		
RANK	DESCRIPTION	ONGOING	LOAN	APPR	(\$000)		
		NEW	GRANT	ACCT	INCR	CUM	
<u>New and Continuing Projects</u>							
1.	522-0230	Economic Recovery Program	O	L	ESF	50,000	50,000
2.	522-0173	Small Farmer Titling	O	G	ARDN	700	50,000
3.	522-0157	Rural Technologies	O	G	ARDN	750	51,450
4.	522-0150	Agriculture Sector II	O	G	ARDN	1,000	52,450
5.	522-9999	New OPGs	N	G	PDP	750	53,200
6.	PL480	Title I/III (non-add)	O	L	P1	8,000	
7.	522-9103	PD&S	O	G	ARDN	960	54,160
8.	522-9106	PD&S	O	G	SDA	225	54,385
9.	522-0207	Export Promotion and Services	O	G	SDA	1,000	55,385
10.	522-0207	Export Promotion and Services	O	L	SDA	2,000	57,385
11.	522-0207	Export Promotion and Services	O	L	ARDN	2,000	59,385
12.	522-0246	Forestry Development	O	G	ARDN	1,000	60,385
13.	522-0209	Small Farmer Livestock	O	G	ARDN	1,000	61,385
14.	522-0209	Small Farmer Livestock	O	L	ARDN	5,000	66,385
15.	522-0153	Health Sector I	O	G	HE	2,000	68,385
16.	522-0153	Health Sector I	O	G	PDP	500	68,885
17.	522-0153	Health Sector I	O	L	HE	2,000	70,885
18.	522-0166	Rural Water and Sanitation	O	L	HE	5,200	76,085
19.	522-9104	PD&S	O	G	PDP	25	76,110
20.	522-9105	PD&S	O	G	EHR	140	76,250
21.	522-9108	PD&S	O	G	HE	50	76,300
22.	522-0247	Agriculture Education	N	G	ARDN	1,000	77,300
23.	522-0247	Agriculture Education	N	L	ARDN	2,800	80,100
24.	522-0169	Special Development Activities	O	G	SDA	50	80,150
25.	522-0204	Hon/Ameri Chamber of Commerce (OPG)	O	G	SDA	100	80,250
26.	522-9999	Proposed OPGs	N	G	SDA	250	80,500
27.	522-9999	Proposed OPGs	N	G	ARDN	300	80,800
28.	522-9999	Proposed OPGs	N	G	EHR	1,100	81,900
29.	522-9999	Proposed OPGs	N	G	HE	100	82,000
30.	PL480	Title II (CARE-MCH) (non-add)	O	G	P2	2,737	
31.	PL480	Title II (CRS-MCH) (non-add)	O	G	P2	1,211	
32.	PL480	Title II (CARE-SF) (non-add)	O	G	P2	1,847	
33.	PL480	Title II (CRS-FFW) (non-add)	O	G	P2	996	
TOTAL						82,000	

Proposed Shell Projects

34.	522-0249	Agriculture Research and Extension	N	G	ARDN	2,000	84,000
35.	522-0249	Agriculture Research and Extension	N	L	ARDN	1,500	85,500
36.	522-0248	Primary Education Textbook Program	N	G	EHR	1,000	86,500
37.	522-0248	Primary Education Textbook Program	N	L	EHR	5,000	91,500
38.	PL480	Title I (non-add)	O	L	P1	4,000	-

PROPOSED PROGRAM RANKING NARRATIVE

As highlighted in Table I, most of the FY85 obligations will be for ongoing projects. The Mission's highest priority for the fiscal year will be the use of ESF Funds to support private sector initiatives through meeting essential investment capital needs. For DA Funds, the Mission proposes to provide the final funding increments for on-going incrementally funded projects to first pay off our mortgage. In addition, the Mission will continue to place considerable emphasis on the agricultural portfolio in order to meet our CDSS goals of increasing production and income of the rural population by focusing on fast impact projects as we phase out of our sector strategy approach. We have also listed the PL480 Title I/III Program as a high priority in order to ensure its continued integration into our portfolio for use in budget support and development activities. The Mission will continue to increase support for the private sector in order to develop a more balanced program, while continuing to support improvements in public sector management of programs.

The Mission's continued interest in identifying and utilizing private sector channels to facilitate the delivery of productive goods and services to the rural sector is highlighted by our Export Promotion and Services and Small Farmer Livestock projects. In addition, the Agriculture Research and Extension project proposed as a shelf project for FY85 would result in an increased private sector role in this important area. All of these initiatives will rely on private sector participation and support for their success. Supporting these projects will be the PL480 Title I/III funded activities in Cooperative Development, Small Scale Water Resources Development and Crop Diversification. Due to the U.S. Presidential Agricultural Commission recommendations and resulting policy dialog, the Mission now feels that the GOH is willing to enact needed reforms in the forestry sector. Therefore the Mission has decided to go ahead with a revised, private sector oriented version of the Forestry Development project which will receive incremental funding in FY85. Our only new FY85 start will be the Agriculture Education project. It is intended to build upon the CURLA Development activity of Agriculture Sector II as part of the Mission's long-range institutional development plans for the Agricultural University.

The dual focus approach, blending impact with institution building, remains integral to the Mission's activities in the other sectors. The institutional development activities under the Health Sector I program will continue to strengthen the Ministry of Health's ability for planning and managing public health and population programs. In addition, during FY85 a new Population OPG will continue and expand the delivery of family planning services and contraceptive sales using private sector channels. The Rural Water and Sanitation project will at the same time continue to impact directly and immediately in rural communities by providing access to safe and dependable water supplies and sanitary facilities.

The education sector continues to need assistance in developing the institutional capability of the public sector as well as in encouraging

private initiatives to meet special needs. The Primary Education Textbook Program, proposed as a FY85 shelf project, would build on the progress of the Rural Primary Education project by facilitating the production and distribution of textbooks and other educational materials through private sector channels. The training needs of private sector enterprises for both technical skills and mid-level managerial skills will be addressed through the Private Sector Related Training OPG.

Evaluation Plan
USAID - Honduras
FY 84-85

Introduction

The FY 84-85 Evaluation Plan has been prepared following the ABS preparation guidance and guidelines provided by PPC/E. Planned evaluations will focus on progress observed in achieving the projects' purpose and the impact of projects completed either at the regional or national level. Information gathered through final evaluations will be utilized to re-define the strategies of similar projects to be initiated in the near future.

Part A. Narrative Description of Important Issues

1. Agricultural Sector/Rural Development

FY 84

Agricultural sector projects to be evaluated in FY 84 were designed as attempts to tackle the credit and technological constraints faced by small farmers working either individual or collective parcels with the purpose of cultivating cash crops. Through these projects credit and technical assistance programs were to be either developed or strengthened in different private and public institutions.

The projects to be evaluated in FY 84 are the Operational Program Grant for the Federation of Credit Cooperatives (FACACH) and the Small Coffee Farmer Improvement and the Agricultural Research Projects.

- (a) The FACACH OPG included funds to finance technical assistance and training programs to help both FACACH and its rural affiliates to become sound financial institutions capable of providing continued agricultural production credit to approximately 22,000 farmers without access to the private and public banking system.
- (b) The Small Farmers Coffee Improvement Project was designed to mitigate the impact of coffee rust on small coffee producers. These were to be assisted with the purpose of increasing their yields and income as means to afford rust control measures, protect the family patrimony and ensure the well-being of family members. Project activities included the establishment of a credit fund to be managed by the National Agricultural Development Bank (BANADESA) and the Honduran Coffee Development Bank (BANHCAFE) to provide the needed investment capital for the coffee producers and the improvement and expansion of the extension service at the Honduran Coffee Institute (IHCAFE).
- (c) The purpose of the Agricultural Research Project is to help the GOH expand its agricultural research service and to make it more responsive to the technological needs of small independent and collective farmers. A multi-disciplinary approach in agricultural research was to be adopted. That is to say, technological

constraints of participant farmers were to be interpreted by taking into account the interaction of physical, biological, economic and sociological factors. Research results were to be disseminated to an important number of small farmer and to be distributed among given public institutions to serve as basis for the development of long-range national research policy and regional development plans.

The purpose of the evaluations of agricultural sector projects to be conducted in FY 84 will be to analyze the extent to which strategies adopted have been adequate to foster efficient institutional development which in turn could have resulted in (continued) access to credit, optimal land use and significant increments in land productivity.

The FACACH evaluation will be summative. Its objective will be to determine the impact of the technical assistance and training programs on the development of credit policies and the adoption of credit administration measures, both at the Federation and cooperative levels, intended to increase membership, savings and loan portfolios and to reduce credit delinquency.

The evaluation of the Small Farmer Coffee Improvement Project will be formative. Its objective will be to determine progress in assisting farmers to increase yields and make farm improvement investments intended to protect plantation from rust.

The evaluation of the Agricultural Research Project will be focused on project impact in the Olancho region. That is, impact of multi-disciplinary research and subsequent technical assistance on farm productivity.

FY 85

Four agricultural sector projects will be evaluated in FY 85: the Agricultural Sector II Program, the Small Farmer Titling Project Agricultural Credit and ANACH Administrative Consolidation.

In the case of the first two projects, special attention will be paid to accomplishments with respect to institutional development and the acquired capacity to undertake either new activities or complete activities under implementation.

Differences in the evaluations of the Ag Sector II Program and the Small Farmer Titling Project are a consequence of (a) the magnitude and coverage of the projects and (b) the status of project implementation at the time the evaluations will be conducted. By definition the Agricultural Sector II Program includes activities intended to improve the efficiency and cost-effectiveness of public institutions in charge of the development of the sector. The expected overall impact of such increased efficiency been, of course, enlarged and improved services capable of satisfying the credit, extension and marketing needs of farmers throughout Honduras. The Small Titling Project, on the other hand, intends to improve the efficiency of only two institutions: the National Agrarian Institute (INA) and the National Cadaster Program (PCN). Planned improvements at INA and PCN are expected to

have a much more limited impact inasmuch as emphasis is on developing the institutional capacity to provide fee simple titles to farmers cultivating national and communal lands. In addition, the evaluation of the Ag Sector II Program will be summative and that of the Small Farmer Titling Project will be formative.

The focus of the Ag Sector II Program evaluation will be the assessment of the impact of the modified GOH contribution and the introduced improvements in program management on program outputs and purpose. Special attention will be paid to accomplishments with respect to the human resource components, agricultural development planning and service delivery. The Small Farmer Titling evaluation will focus on the strength of the logistics of the land titling effort with emphasis on (a) effects of the promotion campaign, (b) performance of INA's delineating teams, (c) efficiency of title search, deed processing and final registry procedures, and (d) quality of PCN training.

The main underlying issue in the case of the evaluations of the Agricultural Credit Project and the ANACH Administrative Consolidation OPG is related to the impact of technical assistance on the development of institutions in charge of providing services to farmers.

The purpose of the Agricultural Credit Project is to assist financial institutions to have a better understanding of questions affecting the allocation of credit and savings mobilization with the intention of improving the services provided to their agricultural clientele. The purpose of the ANACH Administrative Consolidation OPG is to strengthen the management capacity of ANACH's central office and the regional cooperatives so as to foster the development of the cooperative movement in the country as an adequate system for the provision of technical, credit and marketing services. For both of these projects, the evaluations to be conducted will be summative. The central issues to be addressed will be the impact of technical assistance on management and institutional development. Nevertheless, while in the Ag Credit Project attention will be paid to the definition and adoption of policies and incentives related to credit allocation and savings mobilization, in the ANACH OPG the evaluation will focus on the definition and adoption of administrative control and planning mechanisms.

2. Population and Health

FY 84

Only one health project will be evaluated in FY 84: the Improvement of the Maternal/Infant Diet. (933-1010.01)

The purpose of this Project is to develop a self-sustaining national breast-feeding program. The project is based on the assumption that limited breast-feeding practices by Honduran mothers, together with the early introduction of bottles and other foods, contribute to the cycle of diarrhea, malnutrition, dehydration and morbidity. The goal of the project is to promote the health and welfare of infants in Honduras.

Initial project efforts are to be concentrated on the urban population, which has the lowest prevalence of breast feeding. Emphasis is to be made on patient teaching, counseling and follow-up in the major public urban hospitals.

The proposed evaluation will address the question of attitude change of health professionals and the progress made with respect to the institutionalization of norms related to breast feeding in the hospitals mentioned.

FY 85

Two health projects will be evaluated in FY 85: Health Sector I and Rural Water and Sanitation.

These evaluations will deal with accomplishments achieved with respect to institutional development and construction of infrastructure affecting the health status of the rural inhabitants of Honduras.

Both of these projects deal with primary health care, but in different manners. Health Sector I was designed to support the MOH in its efforts to improve and increase the coverage of the health services provided by regional and rural health centers staffed with health professionals characterized by different training and qualifications. To accomplish this objective MOH personnel is to be trained and current management and planning procedures as well as the logistics and maintenance systems improved. The Rural Water and Sanitation Project, on the other hand, was designed to improve the health status of the rural poor by constructing wells, gravity flow water systems and sewage interventions including latrines. Another important difference in the two projects lies in that the Health Sector I Project is supposed to have national impact, while the Rural Water and Sanitation Project is expected to have regional repercussions.

The evaluation of Health Sector I will be formative. It will focus on the accomplishment of outputs, rather than inputs, assessing the extent to which proposed procedures and systems haven been adopted and are beginning to operate. The evaluation of the Rural Water and Sanitation Project will be focused on changes in health practices as a consequence of project activities.

It has been argued that when teaching of health practices is controlled, oral rehydration is a much more cost-effective mechanism than environmental sanitation measures in Honduras to fight diarrheal diseases thus increasing the health status of beneficiary populations. An attempt will be made to deal with this issue in the evaluations to be conducted in FY 85.

3. Education

FY 84

Two human resource development projects will be evaluated in FY 84: the Development Administration Project and the Horizons of Friendship OPG.

Both of these projects are quite different with respect to goals and strategies, including the nature of the participating institutions, the project beneficiaries, the content of training and the expected impact. The first one has been designed to provide technical assistance and training to key GOH administrative units responsible for tax collection, budget executions and the management of funds made available to the government by international donors. The second one has been designed to enable a PVO to increase and improve its practical education program for the rural poor in agriculture, animal husbandry, hygiene, nutrition, first aid and community development.

The evaluations of these two projects are comparable only in a very general sense inasmuch as in both cases project activities are intended to foster institutional development by improving the efficiency of the organizations involved. However, evaluations will differ in terms of objectives, content and use of the information to be generated. In the case of the Development Administration Project the evaluation will be formative. Technology transfer arrangements will be assessed both in the case of the short and long-term technical assistance to determine (a) what implementation modifications for on-going activities need to be introduced, and (b) what new project activities can be initiated given the acquired absorptive and implementation capacity of MOF personnel as a consequence of previous project components. In the case of the Horizons of Friendship OPG, the evaluation will be summative. The evaluation will essentially address the question of the acquired institutional capacity to provide relevant practical training which may change the agricultural and nutritional practices of trainees.

FY 85

One education sector project will be evaluated in FY 85: Rural Primary Education.

The most important issue to be addressed through this evaluation is related to the accomplishments achieved with respect to the extension and improvement of the primary education system.

The purpose of the Rural Primary Education Project is (a) to expand and improve the physical infrastructure of primary educational systems in the rural areas, and (b) to improve the quality of primary education in the country in general. A final evaluation of this project will be conducted. This evaluation will focus on school construction and maintenance outputs as well as on accomplishments with respect to teacher training and educational supervision.

4. Housing and Urban Development

FY 84

Two housing projects and one urban development project will be evaluated in FY 84. The housing projects are Urban Upgrading and the Private Sector Shelter Program.

The Urban Upgrading HG provides financing for infrastructure improvements on a cost recoverable basis in low-income barrios of the two bigger cities in the country. It also grant funds a pilot social development program integrated with infrastructure development. The Private Sector Shelter HG, on the other hand, seeks to establish a functional system for private sector involvement in the provision of shelter affordable by the urban poor.

The evaluation of the Urban Upgrading HG will focus on project acceptability, affordability and cost recovery as well as on the impact of land title provisions and of the newly installed services on home improvements. The evaluation of the Private Sector Shelter HG focus on the developed capacity by the private sector to participate in low cost housing projects.

The purpose of the Municipal Development II Project is to convert the Municipal Development Bank (BANMA) into a sound financial institution capable of providing loans particularly to poor municipalities to construct municipal infrastructure (e.g., water and sewage systems, markets) using cost-saving methodologies. The project evaluation will also be summative and will concentrate on the acquired capacity on the part of BANMA to adopt adequate credit policies, recuperate loans and avoid decapitalization.

FY 85

No evaluations scheduled in this sector for FY 85.

Part B. Listing of Planned Evaluations

The annexed table lists projects to be evaluated in FY 84. For those projects we have included the previous evaluation date, evaluation objectives, funding source and human resources needed. Cost figures are indicated when non-project funds will be used. Similar information is included in connection with FY 85.

Nine and six evaluations will be conducted in FY 84 and FY 85, respectively.

TABLE VII - LIST OF PLANNED EVALUATIONS

FY 1985 ANNUAL BUDGET SUBMISSION

COUNTRY/OFFICE: USAID/Honduras

Project List (Project No. & Title)	Last Eval. Completed (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issue	Funding		USAID Person Days	Collateral AID Annals/Reports
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source	(\$000)		
1. <u>Agricultural/</u>										
<u>Rural Development</u>										
Agricultural Research (0139)	3/82	1st 84	1st 84			Impact evaluation of activities in Olancho area. Assessment of impact of multi-disciplinary vs. commodity oriented research on farm productivity using agro-economic surveys and farm registers. Evaluation of impact of technical assistance. Results to be used in modifying approach for remaining LOP. PACD - 12/84	FSSP*	18.0		3 per/mos.
Agricultural Sector II (0150)	4/82			1st 85	2nd 85	Final evaluation of the majority of project components. Impact of modified GOH contribution and of introduced improvements in managerial systems on programs outputs and purpose. Focus on human resources component, planning and the delivery of services. Lessons learned. Results to be used in the definition of future Ag Sector Programs. PACD - 12/84	Project Funds			12 per/mos.

*FSSP: Farming Systems Support Project

Project List (Project No. & Title)	Last Eval. Completed (No./Yr.)	FY 1984		FY 1985		Reasons/Issue	Funding		USAID Person Days	Collateral AID Assistance
		Start (Qtr)	To AID/W (Qtr)	Start (Qtr)	To AID/W (Qtr)		Source	(\$000)		
Small Farmer Titling (0173)	None			3rd 85	3rd 85	Midterm evaluation to assess the strength of the logistics of the land titling effort with emphasis on (a) effects of promotion campaign, (b) quality of PCN training, (c) performance of INA's delineating teams; and (d) efficiency of title search, deed processing and final registry procedures. PACD - 08/87	Project Funds	20.0		2 per/mos
FACACH (0177)	11/82	4th 84	4th 84			Summative evaluation dealing with (1) adequacy, completion and effectiveness of management, accounting and leadership training to reduce FACACH's delinquency and liquidity problems, (2) trainee's final profile, and (3) impact of training on the institutional capacity of FACACH to serve the needs of its member population. PACD - 07/84	PD & S	15.0		6 per/wks.
Small Farmer Coffee Improvement (0176)		1st 84	1st 84			Formative evaluation to determine progress in assisting small coffee producers to increase yields and be able to afford rust control measures. PACD - 05/86	Project Funds			3 per/mos.

Project List (Project No. & Title)	Last Eval. Completed (No./Yr.)	FY 1984		FY 1985		Reasons/Issue	Funding		USAID Person Days	Collateral AID Assistance
		Start	To	Start	To		Source	(\$000)		
		(Qtr)	AID/W (Qtr)	(Qtr)	AID/W (Qtr)					
Agricultural Credit (0178)	None		4th 85	1st 86		Impact of training as well as of short and long term TA on policies developed and implemented by private and public banks to increase credit flow to and repayments by small farmers. PACD - 09/85	PD & S	10.0		3 per/mos
AIFLD/ANACH Administrative Consolidation (0203)	None		4th 85	1st 86		Final Evaluation. Effect of TA and training program on the development of management skills of key personnel in ANACH's Central Office and repercussions at the regional cooperative level. PACD - 06/85	PD & S			1 per/mon
<u>2. Population and Health</u>										
Health Sector 1 (0153)	8/83 (Being Prepared)		4th 85	1st 86		Formative evaluation to measure progress toward accomplishment of project outputs given reprogramming implemented FY83. Initial PACD - 07/84, likely to be extended.	Project Funds			4 per/mos
Rural Water and Sanitation (0166)	12/82		1st 85	1st 85		Final Evaluation. Effect of project on improvement of health and sanitation practices. Use of facilities installed. PACD - 09/83	AID/W			5 per/mos

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Table VII

Project List (Project No. & Title)	Last Eval. <u>Completed</u> (Mo./Yr.)	FY 1984		FY 1985		Reasons/Issue	Funding		Collateral AID Assistance
		Start (Qtr)	To <u>AID/W</u> (Qtr)	Start (Qtr)	To <u>AID/W</u> (Qtr)		Source	USAID Person Days (\$000)	

3. Housing and Urban

Development

Urban Upgrading (HG-006)	11/82	4th 84	1st 85			Final Evaluation. Emphasis on (1) project acceptability, affordability and cost recovery, and (2) impact of the provision of land titles and services delivered on home improvements and general living conditions of beneficiaries. TDD - 04/84	HG Fee Income	9.0	6 per/wks
Private Sector Shelter Program (HG-007)	None	1st 84	2nd 84			Final evaluation dealing essentially with the capacity of the private sector to participate in low-cost housing projects. PACD - not yet defined	HG Fee Income	12.0	6 per/wks
Municipal Development II (0165)	8/82	3rd 84	4th 84			Final evaluation to determine required capacity to recuperate loans and avoid decapitalization. PACD - 05/83	PD & S	10.0	1 per/mon

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TABLE VIII - FY 1983

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2063.0		2063.0	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1504.8		1504.8	29.2
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	162.1		162.1	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	1.0		1.0	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	60.0		60.0	21.0
RETIREMENT - U.S.	U107	120	105.3		105.3	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	36.1		36.1	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	8.2		8.2	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	18.0		18.0	14.0
POST ASSIGNMENT - FREIGHT	U112	22	75.0		75.0	14.0
HOME LEAVE - TRAVEL	U113	212	42.5		42.5	27.0
HOME LEAVE - FREIGHT	U114	22	20.0		20.0	27.0
EDUCATION TRAVEL	U115	215	6.0		6.0	4.0
R AND R TRAVEL	U116	215	14.0		14.0	26.0
ALL OTHER CODE 215 TRAVEL	U117	215	10.0		10.0	4.0
<u>FOREIGN NATIONAL DH</u>	U200		604.6		604.6	XXXXX
BASIC PAY	U201	114	458.8		458.8	29.3
OVERTIME, HOLIDAY PAY	U202	115	20.0		20.0	16.0
ALL OTHER CODE 11 - FN	U203	119				XXXXX
ALL OTHER CODE 12 - FN	U204	129	112.8		112.8	XXXXX
BENEFITS FORMER FN PERS.	U205	13	13.0		13.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		484.5		484.5	XXXXX
PASA TECHNICIANS	U301	258	198.7		198.7	3.0
U.S. PSC - SALARY/BENEFITS	U302	113	36.8		36.8	1.8
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	249.0		249.0	22.9
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
<u>HOUSING</u>	U400		416.8		416.8	XXXXX
RENT	U401	235	56.0		56.0	4.0
UTILITIES	U402	235	6.0		6.0	XXXXX
RENOVATION AND MAINT.	U403	259				XXXXX
QUARTERS ALLOWANCE	U404	127	287.0		287.0	29.5
PURCHASES RES. FURN/EQUIP.	U405	311	20.0		20.0	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	5.0		5.0	XXXXX
SECURITY GUARD SERVICES	U407	254	38.0		38.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.6		2.6	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.2		2.2	XXXXX

TABLE VIII - FY 1983

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1488.9		1488.9	XXXXX
RENT	U501	234	72.6		72.6	XXXXX
UTILITIES	U502	234	1.0		1.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	5.0		5.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	127.0		127.0	XXXXX
VEHICLES	U505	312	12.0		12.0	XXXXX
OTHER EQUIPMENT	U506	319				XXXXX
TRANSPORTATION/FREIGHT	U507	22	10.0		10.0	XXXXX
COMMUNICATIONS	U508	230	52.6		52.6	XXXXX
SECURITY GUARD SERVICES	U509	254				XXXXX
PRINTING	U510	24	.5		.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS	U512	210	123.5		123.5	182.0
INFORMATION MEETINGS	U513	210				
TRAINING ATTENDANCE	U514	210	14.0		14.0	4.0
CONFERENCE ATTENDANCE	U515	210	8.0		8.0	6.0
OTHER OPERATIONAL TRAVEL	U516	210				
SUPPLIES AND MATERIALS	U517	26	106.0		106.0	XXXXX
FAAS	U518	257	748.5		748.5	XXXXX
CONSULTING SVCS - CONT.	U519	259	47.0		47.0	XXXXX
MGT./PROF. SVCS. - CONT.	U520	259				XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259				XXXXX
ALL OTHER CODE 25	U522	259	161.2		161.2	XXXXX
TOTAL O.E. BUDGET			5057.8		5057.8	XXXXX
RECONCILIATION			2557.8		2557.8	XXXXX
OPERATING ALLOWANCE REQUEST			2500.0		2500.0	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

1,130.0
L.2.00 for \$1.00

TABLE VIII - FY 1984

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2151.9		2151.9	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1581.2		1581.2	30.0
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	189.0		189.0	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	3.0		3.0	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	72.0		72.0	23.0
RETIREMENT - U.S.	U107	120	110.7		110.7	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	37.9		37.9	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	6.0		6.0	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	11.0		11.0	8.0
POST ASSIGNMENT - FREIGHT	U112	22	50.4		50.4	8.0
HOME LEAVE - TRAVEL	U113	212	22.6		22.6	17.0
HOME LEAVE - FREIGHT	U114	22	13.8		13.8	17.0
EDUCATION TRAVEL	U115	215	7.0		7.0	4.0
R AND R TRAVEL	U116	215	32.3		32.3	50.0
ALL OTHER CODE 215 TRAVEL	U117	215	15.0		15.0	6.0
<u>FOREIGN NATIONAL DH</u>	U200		662.3		662.3	XXXXX
BASIC PAY	U201	114	528.8		528.8	30.0
OVERTIME, HOLIDAY PAY	U202	115	20.0		20.0	16.0
ALL OTHER CODE 11 - FN	U203	119				XXXXX
ALL OTHER CODE 12 - FN	U204	129	113.5		113.5	XXXXX
BENEFITS FORMER FN PERS.	U205	13				XXXXX
<u>CONTRACT PERSONNEL</u>	U300		728.2		728.2	XXXXX
PASA TECHNICIANS	U301	258	195.0		195.0	3.0
U.S. PSC - SALARY/BENEFITS	U302	113	68.0		68.0	3.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	465.2		465.2	32.5
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
<u>HOUSING</u>	U400		676.8		676.8	XXXXX
RENT	U401	235	59.6		59.6	4.0
UTILITIES	U402	235	6.5		6.5	XXXXX
RENOVATION AND MAINT.	U403	259				XXXXX
QUARTERS ALLOWANCE	U404	127	345.0		345.0	34.5
PURCHASES RES. FURN/EQUIP.	U405	311	180.4		180.4	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	40.0		40.0	XXXXX
SECURITY GUARD SERVICES	U407	254	40.5		40.5	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.6		2.6	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.2		2.2	XXXXX

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TABLE VIII - FY 1984

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1682.5		1682.5	XXXXX
RENT	U501	234	75.1		75.1	XXXXX
UTILITIES	U502	234	1.0		1.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	10.0		10.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	136.0		136.0	XXXXX
VEHICLES	U505	312	59.2		59.2	XXXXX
OTHER EQUIPMENT	U506	319	3.5		3.5	XXXXX
TRANSPORTATION/FREIGHT	U507	22	20.0		20.0	XXXXX
COMMUNICATIONS	U508	230	58.6		58.6	XXXXX
SECURITY GUARD SERVICES	U509	254				XXXXX
PRINTING	U510	24	.5		.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS	U512	210	130.0		130.0	190.0
INFORMATION MEETINGS	U513	210	2.0		2.0	2.0
TRAINING ATTENDANCE	U514	210	12.0		12.0	3.0
CONFERENCE ATTENDANCE	U515	210	8.0		8.0	5.0
OTHER OPERATIONAL TRAVEL	U516	210				
SUPPLIES AND MATERIALS	U517	26	129.2		129.2	XXXXX
FAAS	U518	257	748.5		748.5	XXXXX
CONSULTING SVCS - CONT.	U519	259				XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	58.0		58.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259				XXXXX
ALL OTHER CODE 25	U522	259	230.9		230.9	XXXXX
TOTAL O.E. BUDGET			5901.7		5901.7	XXXXX
RECONCILIATION			2670.3		2670.3	XXXXX
OPERATING ALLOWANCE REQUEST			3231.4		3231.4	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of May 1, 1983)

1,703.8
L.2.00 for \$1.00

Estimated Wage Increases - FY 1983 to FY 1984
Estimated Price Increases - FY 1983 to FY 1984

TABLE VIII - FY 1985

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2122.1		2122.1	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1559.9		1559.9	29.9
PT/TEMP U.S. BASIC PAY	U102	112				
DIFFERENTIAL PAY	U103	116	190.0		190.0	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	3.0		3.0	XXXXX
OTHER MISSION FUNDED O.C 11	U105	119				XXXXX
EDUCATION ALLOWANCES	U106	126	80.0		80.0	24
RETIREMENT - U.S.	U107	120	109.2		109.2	XXXXX
LIVING ALLOWANCES	U108	128				XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	37.4		37.4	XXXXX
OTHER MISSION FUNDED O.C.12	U110	129	5.8		5.8	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	12.0		12.0	6.0
POST ASSIGNMENT - FREIGHT	U112	22	34.6		34.6	6.0
HOME LEAVE - TRAVEL	U113	212	33.5		33.5	23.0
HOME LEAVE - FREIGHT	U114	22	17.9		17.9	23.0
EDUCATION TRAVEL	U115	215	7.0		7.0	4.0
R AND R TRAVEL	U116	215	16.8		16.8	24.0
ALL OTHER CODE 215 TRAVEL	U117	215	15.0		15.0	6.0
<u>FOREIGN NATIONAL DH</u>	U200		696.0		696.0	XXXXX
BASIC PAY	U201	114	558.7		558.7	29.0
OVERTIME, HOLIDAY PAY	U202	115	20.0		20.0	15.0
ALL OTHER CODE 11 - FN	U203	119				XXXXX
ALL OTHER CODE 12 - FN	U204	129	117.3		117.3	XXXXX
BENEFITS FORMER FN PERS.	U205	13				XXXXX
<u>CONTRACT PERSONNEL</u>	U300		749.2		749.2	XXXXX
PASA TECHNICIANS	U301	258	195.0		195.0	3.0
U.S. PSC - SALARY/BENEFITS	U302	113	71.5		71.5	3.0
ALL OTHER U.S. PSC COSTS	U303	255				XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	482.7		482.7	33.0
ALL OTHER F.N. PSC COSTS	U305	255				XXXXX
<u>HOUSING</u>	U400		573.8		573.8	XXXXX
RENT	U401	235	59.6		59.6	4.0
UTILITIES	U402	235	7.5		7.5	XXXXX
RENOVATION AND MAINT.	U403	259				XXXXX
QUARTERS ALLOWANCE	U404	127	345.0		345.0	33.0
PURCHASES RES. FURN/EQUIP.	U405	311	87.9		87.9	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	25.0		25.0	XXXXX
SECURITY GUARD SERVICES	U407	254	44.0		44.0	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	2.6		2.6	XXXXX
REPRESENTATION ALLOWANCE	U409	252	2.2		2.2	XXXXX

TABLE VIII - FY 1985

ORGANIZATION		USAID/HONDURAS				
EXPENSE CATEGORY	FUNCTION CODE	OBJECT CLASS	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
<u>OFFICE OPERATIONS</u>	U500		1640.3		1640.3	XXXXX
RENT	U501	234	78.0		78.0	XXXXX
UTILITIES	U502	234	1.0		1.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	10.0		10.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	71.3		71.3	XXXXX
VEHICLES	U505	312	37.8		37.8	XXXXX
OTHER EQUIPMENT	U506	319	1.5		1.5	XXXXX
TRANSPORTATION/FREIGHT	U507	22	10.0		10.0	XXXXX
COMMUNICATIONS	U508	230	64.6		64.6	XXXXX
SECURITY GUARD SERVICES	U509	254				XXXXX
PRINTING	U510	24	.5		.5	XXXXX
RIG/II OPERATIONAL TRAVEL	U511	210				
SITE VISITS	U512	210	135.0		135.0	195.0
INFORMATION MEETINGS	U513	210	2.0		2.0	2.0
TRAINING ATTENDANCE	U514	210	12.0		12.0	3.0
CONFERENCE ATTENDANCE	U515	210	8.0		8.0	5.0
OTHER OPERATIONAL TRAVEL	U516	210				
SUPPLIES AND MATERIALS	U517	26	155.0		155.0	XXXXX
FAAS	U518	257	748.5		748.5	XXXXX
CONSULTING SVCS - CONT.	U519	259				XXXXX
MGT./PROF. SVCS. - CONT.	U520	259	60.0		60.0	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U521	259				XXXXX
ALL OTHER CODE 25	U522	259	245.1		245.1	XXXXX
TOTAL O.E. BUDGET			5781.4		5781.4	XXXXX
RECONCILIATION			2648.0		2648.0	XXXXX
OPERATING ALLOWANCE REQUEST			3133.4		3133.4	XXXXX

OTHER INFORMATION:

Dollar requirement for local currency costs

1,766.2

Exchange rate used (as of May 1, 1983)

L.2.00 for \$1.00

Estimated Wage Increases - FY 1984 to FY 1985

Estimated Price Increases - FY 1984 to FY 1985

USAID/HONDURAS
FY 85 OE Budget Submission

TABLE VIII - OPERATING EXPENSE NARRATIVE

Section A - Management Improvements

During the past two years, the Mission has made a major investment in automation using the WANG VS 80 System. A major objective of this Mission in the coming year is to continue development and enhancement of our automated systems. However, there are still offices in the Mission without adequate access to the computer facilities. Unfortunately, no additional workstations can be added to the system since all 32 ports are in use. We believe that this problem can be overcome by upgrading our VS 80 System to a VS 100 system. The upgrade will also significantly improve the response time for processing information and allow us to process more data. We believe the continual development of automated systems coupled with an upgrade in the hardware will enable us to utilize our staff more effectively and contribute to improved efficiency in the office.

Document flow within the Mission results in bottlenecks which we suspect hamper efficiency and waste manpower. We will be instituting a comprehensive study of this problem with the objective of reducing the overall volume of paperflow and improving response time without degrading internal control. We are hopeful that the computer can be used in developing an adequate document control and tracking system once the initial study of the total problem has been reviewed. Monetary savings are difficult to estimate but the overall benefit to the Mission will be a reduction in the level of frustration in getting things done and more time for project managers to focus on project implementation.

Training is another area that the Mission believes has potential for reducing our costs and improving the efficiency of our operations. Many of our project officers are experts in their technical specialty but are in need of a refresher course in improving their administrative skills. The Mission hopes to have an in-country Project Design and Implementation course given to our staff within the next few months. We are also exploring a course in supervisory skills to offer our Honduran supervisors in an effort to improve the effectiveness of our local staff. Training of our project officers in accessing the accounting data in the MACS system has been suspended until the question of data protection can be resolved. Access to MACS data by our project officers should result in better monitoring of project implementation. The Mission is attempting to get a selection of training programs that have been recorded on videotapes to supplement our other training initiatives. Our total training efforts in the coming year should result in a more knowledgeable and capable staff which will result in an improved operation.

Because of the growth in our operating expense budget to cover the cost of contract staff, the Director has instituted a semi-annual review of all contractors funded from operating expenses to insure that these employees are both needed and contributing to the objectives of the Mission. Division chiefs are required to explain and justify these employees and to focus on other cost effective means of accomplishing the tasks being performed. In addition, the Director requires each Division Chief to set forth objectives for the coming year and then measures performance against these plans. Such reviews keep the Mission lean and cost-effective, and hold down our need for operating expenses.

One area that is consuming large amount of our Operating Expenses Budget is the FAAS charge. The Mission intends to make a review of this area and perform those tasks where we can do the work at a savings.

Section B - Justification for Funding Changes

There are three summary functional levels with changes of 10% or more from FY 83 to FY 84. After FY 84, our budget requirements stabilize and in reality show a small decline from FY 84 to FY 85. The explanations for the increases from FY 83 to FY 84 are as follows:

1. U-300 Contract Personnel - Almost the total increase in this functional level is accounted for by an increase in Foreign National PSC salaries and benefits. The unit count for line 304 shows an increase of 9.6 in FTE of our local PSC contract staff. Over half of the FTE's increase (6.1) is represented by our providing a full 12 months of funding in FY 84 for several employees who started working in FY 83 and two employees who were hired in FY 82 and funded to FY 84. The Mission is budgeting for an increase of 3.5 FTE contractors in FY 84 to cover additional responsibilities required by our action plan. We hope to pick up a medical doctor for our population initiatives, an economic program advisor for overall assistance in planning and two secretaries to cover a recognized shortage in the Mission. As mentioned in the Table VIII narrative, the Director has instituted semi-annual reviews to insure that staffing is kept at an absolute minimum.

2. U-400 - Housing - Two line items account for the increase in this summary level. Line U-404 indicates a substantial increase in the amount of quarters allowances. The Mission is expecting an additional OE PASA employee in FY 83 and two additional IDI's in early FY 84. We have included 12 months of quarters allowance for the Controller in Training position and several other positions that were not fully covered in FY 83. The other major increase is in line 405,

"Residential Furniture and Equipment." The Mission must replace 4 sets of household furniture and equipment which have been repeatedly been deferred in favor of other last minute emergency procurement as well as other needed items. The replacement cycle for household furniture will level off in succeeding years.

3. U-500 - Office Operations - The Mission is budgeting for the purchase of 4 jeep wagoneers which will be a fleet increase and the replacement of two station wagons. Our requirement for supplies and materials has increased principally because of the need for paper for our computer operations. Line item 522 "All Other" increases since a major contract for mechanics and chauffeurs was only funded for approximately half a year in FY 83 instead of the full annual tranche because of a lack of OE budget in FY 83.

Section C - Trust Funds

The Mission has concluded (after analyzing the advantages and disadvantages) that our current and near-term projected programming should not include any Trust Fund arrangements. Honduras is experiencing severe budget deficits and significant portions of their budget represents counterpart requirements. Local currency generated by our programs should not, in our opinion, be diverted at this time to cover the overhead cost of our Mission to Honduras. We will, however, periodically review the situation here to determine if a trust fund would be advantageous and practical.

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FY 85 OE Budget Submission

TABLE VIIIa - AUTOMATIC DATA PROCESSING NARRATIVE

The Mission's greatest DP effort is by far the Mission Accounting and Control System (MACS). Although MACS is fully implemented, it is constantly being enhanced and we can expect these enhancements to continue. Our DP Section is now, and will be involved in providing systems and programming support to the Controller's Office for supplemental MACS reports and other project requirements.

In addition to MACS, there are a number of locally written systems which were developed for the Controller's Office such as project quarterly reports, voucher control, living quarters allowance, etc. Waiting for automation are: Employer/Employee Life Insurance, contributions, Time and Attendance, Contractor's Payroll and others.

For the MGT Office, the Directory Information Center System is being implemented. Computer supplies, spare parts, equipment and maintenance have all been completed. Document routing control is being tested.

Many project-related surveys have been processed in our computer. Examples are: Small Housing Survey, Urban Regional Survey, Center for Industrial Development, etc. At present two large data sets for the Ministry of Health are being processed: diarrhea control and breast feeding.

It is hoped that the statistical shortcomings of our mini-computer software will be offset by the acquisition of a micro-computer in FY 84. Additional software purchases in FY 85 will give us a powerful analytical and forecasting tool.

Non-USAID systems under development at this time include USIS' distribution and record system (DRS), Consulate's consular activities.

Requests for ADP services within the Mission are becoming more numerous as personnel become aware of the potential at hand. At the present rate of data expansion, our mass-storage capacity will be depleted within an estimated six months from now. We expect to resolve this potential problem with the acquisition of a 300 MB disk drive.

Purchase of a VS 100 computer, hopefully, at the start of FY 84, and installed early in the second quarter of FY 84 will provide the necessary configuration for the tasks at hand.

USAID currently owns the following equipment:

- 1 VS 80 CPU - 512K
- 1 2209V 1600 BPI - 9-track tape drive
- 3 2265VI 75 MB disk drives
- 1 5573 300 LPI band printer
- 1 5574 600 LPI band printer
- 18 2246C combined (DP/WP) workstations
- 3 6581W daisy printers

Non-USAID Equipment attached to our system:

- 4 6581W daisy printers (JAO, GSO, USIS, Consulate)
- 5 2246C combined (DP/WP) workstations (JAO, GSO, USIS, Consulate and EMB/Econ)

TABLE VIII(a)
OBLIGATIONS OF ADP SYSTEMS
(\$000)

	-----Fiscal Year-----		
	1983	1984	1985
A. <u>Capital Investments</u>			
1. Purchase of ADP Equipment		98.0	
2. Purchase of Software			5.0
Subtotal		98.0	5.0
B. <u>Personnel</u>			
1. Compensation, Benefits, Travel	42.0	56.0	58.5
2. Workyears	3.4	4.0	4.0
Subtotal	42.0	56.0	58.5
C. <u>Equipment Rental and Other</u>			
<u>Operating Costs</u>			
1. ADP Equipment (ADPE) Rentals			
2. Supplies and Leased Software	5.0	7.0	8.0
Subtotal	5.0	7.0	8.0
D. <u>Commercial Services</u>			
1. ADP Service Bureau			
2. Systems Analysis and Programming			
3. ADPE Maintenance (If separate from item C.1.)	32.0	36.5	37.0
Subtotal	32.0	36.5	37.0
E. <u>Total Obligations (A-D)</u>	79.0	197.5	108.5
F. <u>Interagency Services</u>			
1. Payments			
2. Offsetting Collections		(25.0)	(30.0)
Subtotal		(25.0)	(30.0)
G. <u>Grand Total (E+F)</u>	79.0	172.5	78.5
Amount included in <u>Mission allowance</u> for existing systems	79.0	74.5	73.0
Amount included in <u>Mission allowance</u> for new/expanded systems		98.0	5.5

USAID/HONDURAS
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TABLE VIIIb - WORD PROCESSING NARRATIVE

Our VS 80 System (USAID, Embassy, USIS and Consulate) has almost 2,000 files on the systems disk, the majority of which are word processing documents. Our computer can no longer accept any additional terminals as all 32 ports are in use. Current estimates indicate that if USAID upgrades to a VS 100 computer, the number of additional terminals required will double during FY 84. This will bring about mass-storage management problems which we hope to handle by employing additional DP personnel and by increased training for WP users. We expect to have the new equipment operational early in the second quarter of FY 84.

The purchase of additional daisy printers plus one or more durable Matrix printer could alleviate maintenance problems currently being experienced with our overburdened daisies.

Trading two present 2246C workstations for archiving workstations could provide full data compatibility with other WANG DIS/WP IBM, HP, etc. equipped missions and embassies. Two TDY employees recently brought a diskette created on a Wang WP5 which was not compatible with our VS 80 and required unnecessary expenditure of staff effort to convert to VS 80 format.

Our current equipment is listed in the DP narrative. All workstations (except operator's) are confined and can be used for DP or WP. All WP data resides on our systems disk.

TABLE VIII(b)
OBLIGATIONS FOR WP SYSTEMS
(\$000)

	<u>Fiscal Year</u>		
	<u>1983</u>	<u>1984</u>	<u>1985</u>
A. Capital Investments in W/P Equipment		15.0	45.0
B. W/P Equipment Rental and Supplies	10.0	13.0	17.0
C. Other W/P Costs (Training)		6.0	
Total	10.0	34.0	62.0
Amount included in <u>Mission allowance</u> for existing systems	10.0	19.0	17.0
Amount included in <u>Mission allowance</u> for new/expanded systems		15.0	45.0

TABLE IX NARRATIVE

The Mission Action Plan highlights seven areas of key concern: Economic Recovery, Effective Family Planning, Agricultural Development and Agrarian Reform, Rural Primary Education, Public Health, Secondary and Tertiary Access Roads and Rural Water.

We believe that our personnel resources are appropriate for the existing country program, the planning period, and the action plan. Our US Direct Hire skills mix consists of an economic and scientific base of ten individuals in Forestry, Agronomy, Human Resources, Medicine/Public Health, Economics and Agricultural Economics. Additionally, the balance of US Direct Hire project development and mission management positions appears adequate to develop and implement the Mission Action Plan.

Our US Direct Hire staff is supplemented by project and operating expense funded PASA's and contractors. This Mission because of staff reductions has increasingly come to rely on personal services contractors (PSCs) for a variety of skills. While not called for in the ABS guidance, any consideration of the skills mix in the Mission must necessarily include the use of Institutional and PSC contractors and their role in the implementation of projects and in the early phases of project design. In our PSC skills mix are engineers, a sociologist, project managers, financial analysts, project design specialists, a private sector specialist, and clerical and administrative personnel. These contract employees are essential for the successful implementation of the Action Plan. Ideally of course, the Mission could effectively use additional direct hire workyear allocations to strengthen it's efforts in health and population, and in the private sector.

Foreign National Direct Hire staff have increasingly been assigned additional programmatic responsibilities including the designation of project officers in Agriculture, Nutrition, Participant Training and Engineering. With the move to a higher percentage of FSNDH employees in the professional and semi professional levels we have utilized contractor personnel for clerical support.

Given our current and anticipated skills mix for USDH, FNDH and other personnel, we believe that the programs, projects and policy dialogue activities outlined in the Action Plan can be achieved. In terms of personnel the Mission is in agreement with and strongly supports the LAC Regional Strategy Statement with its proposed 12% increase in Bureau wide direct hire staff. Such an increase would benefit both Bureau and Mission level programs and projects.

Given this background we hope the attached tables are soon rendered obsolete. The proposed Bureau wide direct hire staff increase would allow us to retain valuable positions and also reduce somewhat our dependency on contractors.

Discussion of the effect of how a 10% reduction in assigned personnel planning levels for the FY's 84-86 (with asterisked tables) would effect the Mission and its programs will be submitted separately.

TABLE IX(a) - WORKFORCE REQUIREMENTS (U.S. DIRECT HIRE)

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
011	Mission Director	1.0	1.0	1.0	1.0
012	Dep. Mission Dir.	1.0	1.0	1.0	1.0
050	Secretary	0.7	1.0	1.0	1.0
850	Reg. Legal Adv.	0.8	0.5	1.0	1.0
032	Management Off.	1.0	1.0	1.0	1.0
931	Contract Officer	0.2	1.0	1.0	1.0
043	Controller	0.7	1.0	1.0	1.0
041	Accnt. Finl. Anlst.	1.0	1.0	1.0	1.0
042	Bud/Acct. Officer	1.8	1.0	1.0	1.0
023	Program Officer	0.9	-	-	-
940	Proj. Dev. Off.	1.0	1.0	0.8	1.0
940	Dep. Proj. Dev. Off.	0.8	0.6	1.0	1.0
940	Asst. Proj. Dev. Off.	1.0	1.0	0.7	1.0
940	Asst. Proj. Dev. Off.	1.0	0.8	0.9	1.0
940	Asst. Proj. Dev. Off.	0.8	0.6	1.0	1.0
021	Program Economist	1.0	1.0	1.0	0.5
020	Program Off. (Econ.)	-	0.5	1.0	1.0
103	Ag. Dev. Officer	1.0	1.0	1.0	0.8
103	Asst. Ag. Dev. Off.	0.8	1.0	1.0	1.0
122	Asst. Rural Dev. Off.	1.0	1.0	1.0	1.0
101	Ag. Economist	0.9	1.0	1.0	0.7
101	Ag. Economist	1.0	1.0	1.0	0.8
103	Asst. Ag. Dev. Off.	1.0	1.0	0.8	1.0
124	Gen. Dev. Officer	1.0	1.0	1.0	0.8
601	Educ. Dev. Officer	1.3	1.0	1.0	1.0
601	Asst. Educ. Dev. Off.	1.0	1.0	-	-
502	Pub. Health Advisor	0.5	1.0	1.0	1.0
501	Hlth. Dvp. Off. (Phys.)	-	1.0	1.0	1.0
124	Gen. Dev. Officer	1.0	1.0	1.0	0.8
121	Project Manager	1.0	1.0	1.0	1.0
753	Environ. Advisor	1.0	1.0	1.0	0.8
251	Gen. Eng. Officer	1.0	1.0	0.7	1.0
251	Gen. Eng. Advisor	1.0	1.0	1.0	0.8
103	Ag. Dev. Off.				1.0
TOTAL		29.2	30.0	29.9	30.0
940	Proj. Dev. (IDI)	-	1.0	0.5	-
103	Ag. Dev. Off. (IDI)	-	0.7	0.8	-
103	Ag. Dev. Off. (IDI)	.5	1.0	.3	
101	Credit Policy Adv. (JCC)	-	0.75	1.0	1.0

TABLE IX(B) - WORKFORCE REQUIREMENTS (F.N. DIRECT HIRE)

SKILL CODE	POSITION TITLE	WORKYEARS			
		FY 83	FY 84	FY 85	FY 86
024	Program Asst.	0.8	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	1.0	1.0	1.0
024	Program Asst.	1.0	-	-	-
040	Voucher Examiner	1.0	1.0	1.0	1.0
040	Accountant	1.0	1.0	1.0	1.0
040	Accnt. Technician	1.0	1.0	1.0	1.0
040	Accountant	1.0	1.0	1.0	1.0
040	Voucher Examiner	1.0	1.0	1.0	1.0
040	Accountant	1.0	1.0	-	-
040	Voucher Examiner	1.0	1.0	1.0	1.0
040	Accountant	1.0	1.0	1.0	1.0
041	Accnt. Fin. Anlst.	1.0	1.0	1.0	1.0
600	Part. Trng. Spcl.	1.0	1.0	1.0	1.0
504	Program Specialist	1.0	1.0	1.0	1.0
251	Gen. Engr.	0.0	1.0	1.0	1.0
930	Proj. Dev. Off.	-	1.0	1.0	1.0
930	Purch. Agent	0.8	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
050	Secretary	1.0	1.0	1.0	1.0
021	Econ. Specialist	0.7	-	-	-
070	Librarian	1.0	1.0	1.0	1.0
070	Chauffer	1.0	1.0	1.0	1.0
070	Translator	1.0	1.0	1.0	1.0
072	C&R Supervisor	1.0	1.0	1.0	1.0
072	Asst. C&R	1.0	1.0	1.0	1.0
930	Proj. Specialist	0.0	-	-	-
TOTAL		29.3	30.0	29.0	29.0

TABLE IX(c) - JOINT CAREER CORPS

FY 1984

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>JOINT CAREER CORPS</u>	<u>64.1</u>		<u>64.1</u>	<u>XXXXX</u>
BASIC PAY	41.7		41.7	1.0
DIFFERENTIAL PAY	6.2		6.2	XXXXX
EDUCATION ALLOWANCES	4.0		4.0	2.0
RETIREMENT	2.9		2.9	XXXXX
LIVING ALLOWANCES				XXXXX
OTHER SALARIES/BENEFITS	1.0		1.0	XXXXX
POST ASSIGNMENT - TRAVEL	1.5		1.5	1.0
POST ASSIGNMENT - FREIGHT	6.0		6.0	1.0
HOME LEAVE - TRAVEL				
HOME LEAVE - FREIGHT				
EDUCATION TRAVEL				
R AND R TRAVEL				
ALL OTHER CODE 215 TRAVEL	.8		.8	1.0
<u>HOUSING</u>	<u>32.9</u>		<u>32.9</u>	<u>XXXXX</u>
RENT				
UTILITIES				XXXXX
RENOVATION AND MAINT.				XXXXX
QUARTERS ALLOWANCE	12.9		12.9	1.0
PURCHASES RES. FURN/EQUIP.	16.0		16.0	XXXXX
TRANS./FREIGHT - CODE 311	4.0		4.0	XXXXX
SECURITY GUARD SERVICES				XXXXX
<u>OFFICE OPERATIONS</u>	<u>6.8</u>		<u>6.8</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP	2.0		2.0	XXXXX
VEHICLES				XXXXX
OTHER EQUIPMENT				XXXXX
TRANSPORTATION/FREIGHT	.8		.8	XXXXX
SITE VISITS	4.0		4.0	10.0
INFORMATION MEETINGS				
TRAINING ATTENDANCE				
CONFERENCE ATTENDANCE				
OTHER OPERATIONAL TRAVEL				
SUPPLIES AND MATERIALS				XXXXX
ALL OTHER COSTS				XXXXX
TOTAL O.E. BUDGET	103.8		103.8	XXXXX

TABLE IX(c) - JOINT CAREER CORPS

FY 1985

ORGANIZATION USAID/HONDURAS

<u>EXPENSE CATEGORY</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>JOINT CAREER CORPS</u>	59.8		59.8	XXXXX
BASIC PAY - FS 2/3	43.0		43.0	1.0
DIFFERENTIAL PAY	6.4		6.4	XXXXX
EDUCATION ALLOWANCES	4.0		4.0	2.0
RETIREMENT	3.1		3.1	XXXXX
LIVING ALLOWANCES	1.0		1.0	XXXXX
OTHER SALARIES/BENEFITS				XXXXX
POST ASSIGNMENT - TRAVEL				
POST ASSIGNMENT - FREIGHT				
HOME LEAVE - TRAVEL				
HOME LEAVE - FREIGHT				
EDUCATION TRAVEL				
R AND R TRAVEL	1.5		1.5	2.0
ALL OTHER CODE 215 TRAVEL	.8		.8	1.0
<u>HOUSING</u>	12.9		12.9	XXXXX
RENT				
UTILITIES				XXXXX
RENOVATION AND MAINT.				XXXXX
QUARTERS ALLOWANCE	12.9		12.9	
PURCHASES RES. FURN/EQUIP.				XXXXX
TRANS./FREIGHT - CODE 311				XXXXX
SECURITY GUARD SERVICES				XXXXX
<u>OFFICE OPERATIONS</u>	5.5		5.5	XXXXX
OFFICE FURN./EQUIP				XXXXX
VEHICLES				XXXXX
OTHER EQUIPMENT				XXXXX
TRANSPORTATION/FREIGHT				XXXXX
SITE VISITS	4.0		4.0	10.0
INFORMATION MEETINGS				
TRAINING ATTENDANCE				
CONFERENCE ATTENDANCE	1.5		1.5	1.0
OTHER OPERATIONAL TRAVEL				
SUPPLIES AND MATERIALS				XXXXX
ALL OTHER COSTS				XXXXX
TOTAL O.E. BUDGET	78.2		78.2	XXXXX

PL 480 - NARRATIVE

A. Current PL 480 Programs

A \$5.0 million Title I/III Agreement was signed with the GOH on June 11, 1982. This agreement was amended on August 30, 1982 which provided an additional \$2.0 million in Title I. The Agreements call for the importation of approximately 41,000 M.T. of wheat. Proceeds from the sale of the wheat to millers are to be used for a Food for Development (FFD) program in the Agricultural Sector under the Title I/III format. The specific FFD program components will be: 1. Assist in the reorganization of public agricultural institutions; 2. Help improve personnel policies and salary levels in key agricultural sector institutions for recruitment and retention of qualified human resources; 3. Provide greater support for agricultural diversification and the export of non-traditional crops by the private sector; 4. Support the development of a viable farmer cooperative system; 5. Support the development of a small irrigation program and; 6. Continue support of a program of integrated farmer training efforts.

A \$3.8 million Title I Agreement was signed with the GOH on May 22, 1981. Approximately 20,290 M.T. of wheat were imported with Agreement funds. Proceeds from the sale of wheat to millers are being used in 15 specific self help activities under four broad categories in the agricultural sector as follows: 1. Provide counterpart assistance to 9 ongoing projects under Agricultural Sector II program; 2. Provide other counterpart assistance to 3 other ongoing sector development projects: a) Natural Resources Management, b) Small Farmer Technologies and, c) Provide agricultural credit support for the



B. PL 480 Title I/III Request

The Mission has requested the PL 480 Title I/III Agreements be approved for funding at the \$5.0 million per year level in FY 1983 and for \$8.0 million in FY 1984. These proposals have been agreed to in principal by the interagency group in Washington, subject to funding availability and further review in subsequent years. The following factors were considered important in support of the Mission's proposals.

1. Honduras has all but stopped wheat production due to agronomic and climatic factors, thus practically all wheat must be imported to meet a rapidly increasing domestic demand.

2. Wheat consumption has been growing at between 9 and 10 percent per year, and will require approximately 105,000 M.T. in 1983 and 114,000 M.T. by 1984. This represents a significant demand on Honduras' balance of payments.

3. Bulk grain storage capacity has increased to approximately 115,000 M.T. in the country (excluding on-farm storage), and port handling capacity has increased to about 1,200 M.T. per day.

4. PL 480 Title I/III financing will make an important contribution to Honduras' difficult macroeconomic situation. The recent balance of payments deterioration has been caused by declining export earnings as a result of soft prices for Honduras' exports (especially for coffee), capital flight and a sharp decline of capital inflows. In 1982 export earnings remained depressed. Real growth in Honduras' Gross Domestic Product was estimated at near minus 1 percent in 1981. Slow economic growth has prevented the GOH from increasing its budget to meet the needs of an aggressive agricultural development program. With the PL 480 financing of wheat, foreign exchange losses will be offset by an equivalent amount, while the GOH budget available for the rural sector will increase a like amount.

5. The GOH projected budget deficit for 1983 is \$227 million. Since a significant portion of the GOH agricultural sector budget represents counterpart requirements, the level of commitment to agricultural development causes a large drain on scarce resources, and PL 480 financing will be helpful in agricultural sector improvement programs.

The proposed extension of the PL 480 Title I/III Agreement for FY 1984 will be a continuation of the Food for Development activities ongoing from the FY 1982 and FY 1983 Agreements. These are programmed in detail in Annex B of the 1982 Agreement as to funding and time frames for completion. The general objectives of the seven activities to be funded are as follows:

1. Carry out an institutional reorganization of the public agricultural institutions in order to increase the technical and administrative efficiency of planning and implementation of sector development efforts.

2. Improve the personnel policies and salary levels of key sector institutions in order to improve the recruitment of qualified human resources, retain personnel hired, and adequately staff key development programs.

3. Provide greater support for promoting export of non-traditional crops by the private sector.

4. Support the development of an administratively viable farmer cooperative system in Honduras which can facilitate the effective delivery of resources in a cost effective manner.

5. Support the development of a small farmer irrigation program.

6. Continue to support the integration of farmer training efforts through the Interinstitutional Training Committee.

C. P.L. 480 Title II Request

Malnutrition is a serious problem in Honduras; approximately 80% of the population is at risk of malnutrition as a result of low income levels. The groups most seriously affected are infants and children under the age of 14, 75% of whom suffer some degree of malnutrition. The principal nutritional problems in Honduras are protein and caloric malnutrition (PCM), and vitamin, iodine, and iron deficiencies caused by dietary inadequacies or the presence of gastro-intestinal infections and infestations which prevent the proper absorption of food and exacerbate the already serious health problems of the country. The prevailing poor health conditions linked with malnutrition produce a high incidence of contagious diseases to which resistance is very low. The resulting infant mortality rate of 87/1000 live births testifies to the seriousness of the problem.

P.L. 480 Title II commodities are supplied to selected groups in rural and marginal urban areas where the incidence of serious malnutrition is highest and the risk of permanent damage is greatest, i.e., among primary school children and pregnant or lactating mothers and their infants. Since economic growth in general and domestic production of traditional food stuffs have not kept pace with population growth over recent years, and since agricultural production and health improvement efforts still require time for their impact to be fully felt, there is a growing need for P.L. 480 commodities in the near term.

The Mission's strategy is two-fold, increasing food production and health coverage, and addressing both humanitarian and GOH development concerns. The strategy is based, inter alia, on the recognition that the scarcity of adequately trained human resources for development is the single most serious and pervasive problem in all sectors and that malnutrition is a root cause of this deficit. The Mission is working with the GOH on a comprehensive agricultural sector program which will effect systemic changes in the sector, thereby increasing incomes in the small farmer target group, and stimulating production for domestic consumption. The current GOH policy is to attain full self-sufficiency in most basic grains (except wheat), fruits, vegetables, and oilseeds. This policy is being addressed with programs which involve production of these commodities on small farms, cooperatives, and agrarian reform settlements since these families form the bulk of the nutritionally at risk population in rural areas. At the same time a comprehensive health sector program is working to improve the efficiency and effectiveness of the health system.

D. Program Objectives

The Government of Honduras is attempting to address the malnutrition problem through comprehensive programs to improve nutrition planning; food production; food marketing, distribution and storage systems; and through efforts to improve public health, water supply and environmental sanitation services.

CARE-Honduras obtained an FY 1982 Outreach Grant to be used for warehouse construction; commodity management; vehicle acquisition; operation and repair; per diem for field travel; personnel training and nutrition surveillance materials. CRS has requested approval for a three year Outreach Grant. Resources under these two grants would impact on the following: inefficient distribution, inadequate monitoring and supervision, inadequate storage facilities at distribution points, lack of utensils in food preparation facilities, and lack of coordination of supplementary feeding programs.

These grants are intended to combine with increased levels of Title II supplemental feeding programs to contribute to the goal of reducing the level of malnutrition of beneficiaries. The beneficiary levels of supplementary feeding programs would be increased as effectiveness, efficiency and development impact of these feeding programs are improved. The importation of P.L. 480 Title II commodities under the program will not cause a disincentive to local production.

In addition, USAID/H is considering a major new Title II request for dairy products for sale to commercial dairies. Generations would be used to support livestock and agricultural development. It is not possible at this time to quantify the amount of this request, however, pending completion of studies now underway the Mission will provide Washington with more detailed information.

Control levels for FY's 84 thru 86 are so low that we would not be able to maintain our Title II VolAg program at current levels, let alone expand it meet the levels requested during the planning period (FY's 86-87). Therefore, the dollar totals in Table XIII do not reflect the control levels.

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 Title I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1983		Estimated FY 1984		Projected FY 1985	
	Agreement \$ MT	Shipments \$ MT	Agreement \$ MT	Shipments \$ MT	Agreement \$ MT	Shipments \$ MT
Title I						
Wheat	10 68	10 68	11 64	11 64	12 69	12 69
TOTAL						
						Carry into FY 1985
Of which						
Title III						
Wheat	5 34	5 34	5 14	5 14	5 34	
TOTAL						

- COMMENTS:
1. N/A
 2. All FY82 Title III wheat must be in port of embarkation no later than Sept. 30, 1982.
 3. See P.L. 480 narrative.
 4. Mission proposes that there be no changes in terms and conditions.
 5. None.

FY 1985 ANNUAL BUDGET SUBMISSION
TABLE XII

Country/Office Honduras
PL 480 Title I/III
Supply and Distribution
(000 Metric Ton)

<u>STOCK SITUATION</u>	FY 1983	FY 1984	Estimated FY 1985
Commodity - <u>Wheat</u>			
Beginning Stocks		17	11
Productions	0	0	0
Imports			
Concessional	43	64	69
Non-Concessional	46	25	30
Consumption		95	100
Ending Stocks	12	11	10

Commodity - _____
Beginning Stocks
Production
Imports
 Concessional
 Non-Concessional
Consumption
Ending Stocks

Commodity - _____
Beginning Stocks
Production
Imports
 Concessional
 Non-Concessional
Consumption
Ending Stocks

Comment: 2.- See P.L. 480 Narrative

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country: HONDURAS

Sponsor's Name: CHAE

FY: 1985

A. Maternal and Child Health..... Total Recipients: 105,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>105,000</u>	<u>Wheat Soy Blend</u>	<u>1,143.1</u>	<u>355.3</u>
<u>105,000</u>	<u>N.F.D.M.</u>	<u>1,143.1</u>	<u>773.6</u>
<u>105,000</u>	<u>Rice</u>	<u>1,714.6</u>	<u>714.4</u>
<u>105,000</u>	<u>A.P. Flour</u>	<u>1,143.1</u>	<u>375.5</u>
<u>105,000</u>	<u>Oil</u>	<u>571.5</u>	<u>517.9</u>
<u>Total MCH</u>		<u>5,715.4</u>	<u>2,736.7</u>

B. School Feeding..... Total Recipients: 350,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>350,000</u>	<u>Wheat Soy Blend</u>	<u>3,175.2</u>	<u>987</u>
<u>350,000</u>	<u>N.F.D.M.</u>	<u>1,270.1</u>	<u>859.6</u>
<u>Total School Feeding</u>		<u>4,445.3</u>	<u>1,846.6</u>

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country: HONDURAS

Sponsor's Name: CARE

FY: 1986

A. Maternal and Child Health..... Total Recipients: 116,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>116,000</u>	<u>Wheat Soy Blend</u>	<u>1,262.8</u>	<u>392.5</u>
<u>116,000</u>	<u>N.F.D.M.</u>	<u>1,262.8</u>	<u>854.7</u>
<u>116,000</u>	<u>Rice</u>	<u>1,894.2</u>	<u>789.3</u>
<u>116,000</u>	<u>A.P. Flour</u>	<u>1,262.8</u>	<u>414.8</u>
<u>116,000</u>	<u>Oil</u>	<u>631.4</u>	<u>572.1</u>
<u>Total MCH</u>		<u>6,314</u>	<u>3,023.4</u>

B. School Feeding..... Total Recipients: 400,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>400,000</u>	<u>Wheat Soy Blend</u>	<u>3,628.8</u>	<u>1,128</u>
<u>400,000</u>	<u>N.F.D.M.</u>	<u>1,451.5</u>	<u>982.4</u>
<u>Total School Feeding</u>		<u>5,080.3</u>	<u>2,110.4</u>

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country: HONDURAS

Sponsor's Name: CARE

FY: 1987

A. Maternal and Child Health.....Total Recipients: 130,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>130,000</u>	<u>Wheat Soy Blend</u>	<u>1,415.2</u>	<u>439.9</u>
<u>130,000</u>	<u>N.F.D.M.</u>	<u>1,415.2</u>	<u>957.8</u>
<u>130,300</u>	<u>Rice</u>	<u>2,122.8</u>	<u>884.5</u>
<u>130,000</u>	<u>A.P. Flour</u>	<u>1,415.2</u>	<u>464.9</u>
<u>130,000</u>	<u>Oil</u>	<u>707.6</u>	<u>641.2</u>
<u>Total MCH</u>		<u>7,076</u>	<u>3,388.3</u>

B. School Feeding.....Total Recipients: 450,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>450,000</u>	<u>Wheat Soy Blend</u>	<u>4,032.4</u>	<u>1,269</u>
<u>450,000</u>	<u>N.F.D.M.</u>	<u>1,032.9</u>	<u>1,105.2</u>
<u>Total School Feeding</u>		<u>5,715.3</u>	<u>2,374.2</u>

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country: HONDURAS

Sponsor's Name: CARE

FY: 1988

A. Maternal and Child Health.....Total Recipients: 140,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>140,000</u>	<u>Wheat Soy Blend</u>	<u>1,524.1</u>	<u>473.8</u>
<u>140,000</u>	<u>N.F.D.M.</u>	<u>1,524.1</u>	<u>1,031.5</u>
<u>140,000</u>	<u>Rice</u>	<u>2,286.1</u>	<u>952.6</u>
<u>140,000</u>	<u>A.P. Flour</u>	<u>1,524.1</u>	<u>500.6</u>
<u>140,000</u>	<u>Oil</u>	<u>762</u>	<u>690.5</u>
<u>Total MCH</u>		<u>7,620.4</u>	<u>3,649</u>

B. School Feeding.....Total Recipients: 500,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
		<u>KGS</u>	<u>Dollars</u>
<u>500,000</u>	<u>Wheat Soy Blend</u>	<u>4,536</u>	<u>1,410</u>
<u>500,000</u>	<u>N.F.D.M.</u>	<u>1,814.4</u>	<u>1,228</u>
<u>Total School Feeding</u>		<u>6,350.4</u>	<u>2,638</u>

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country: HONDURAS

Sponsor's Name: CRRE

FY: 1989

A. Maternal and Child Health.....Total Recipients: 155,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>155,000</u>	<u>Wheat Soy Blend</u>	<u>1,687.4</u>	<u>521.1</u>
<u>155,000</u>	<u>N.F.D.M.</u>	<u>1,687.4</u>	<u>1,134.7</u>
<u>155,000</u>	<u>Rice</u>	<u>2,531.1</u>	<u>1,047.8</u>
<u>155,000</u>	<u>A.P. Flour</u>	<u>1,687.4</u>	<u>550.7</u>
<u>155,000</u>	<u>Oil</u>	<u>844</u>	<u>759.5</u>
Total MCH		<u>8,437.3</u>	<u>4,013.8</u>

B. School Feeding.....Total Recipients: 550,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>550,000</u>	<u>Wheat Soy Blend</u>	<u>4,989.6</u>	<u>1,551</u>
<u>550,000</u>	<u>N.F.D.M.</u>	<u>1,995.8</u>	<u>1,350.8</u>
Total School Feeding		<u>6,985.4</u>	<u>2,901.8</u>

CARE Operational Plan and Mission Review

1. Background

CARE, with close cooperation from the Ministries of Education and Health, continued to improve its distribution system and field supervision activities during FY 1982. CARE also developed a computerized delivery/order system for both the Maternal Child Health (MCH) and the School Feeding (SF) Programs. CARE now is in a better position to determine the desirable level of beneficiaries and food requirements in both the MCH and SF programs.

CARE supplementary feeding programs are intended to help to overcome the PCM deficiency among children and mothers. In FY 1984 CARE's MCH program will provide children between 67%-100% of their protein requirements and between 36%-65% of their caloric requirements. For women they will provide between 33%-37% of their protein requirements and 24%-26% of their caloric requirements.

a. School Feeding

The Mission supports CARE's proposal to raise the number of recipients to 300,000 in the school feeding program during FY 1984, permitting approximately 45% of all enrolled primary school children to participate in the program.

The Nutrition Planning and Analysis System (SAPLAN) of Honduras' National Planning Council estimates that 80% to 85% of children under seven years are malnourished. Many of these children are now entering school. Ministry of Education supervisors have been working with CARE officials in joint field inspections. These visits have not only improved programs at the school level, but also have served to increase the MOE's knowledge of the program for better planning at the national level. The Ministry of Education has had severe problems in receiving milk from the EEC. During calendar year 1982 EEC milk arrived late, it was then utilized for other purposes. This problem has been resolved by securing P.L. 480 Title II milk for the SF Program on a multiyear basis. The projected recipient levels for FY 1985 and the outyears are as follows:

FY 1985	350,000
FY 1986	400,000
FY 1987	450,000
FY 1988	500,000
FY 1989	550,000

b. Maternal Child Health

As a result of increased cooperation between CARE, the GOH's National Welfare Board and the Ministry of Health in improving the operation of the MCH program, a recipient level of 87,000 was reached in FY 1982.

The MCH program has the highest priority since it aids the highest risk group. Increased numbers of children can be reached with food donations in target and highest priority groups, the need for increases in approved recipient levels will continue to grow, as follows:

FY 1985	105,000
FY 1986	116,000
FY 1987	130,000
FY 1988	140,000
FY 1989	155,000

c. Other Child Feeding

Title II assistance under this category is reaching 6,500 beneficiaries. CARE will maintain this number of beneficiaries because the number of children with 2nd and 3rd degree malnutrition within the approved rehabilitation centers will be kept at this level. Projected recipient levels are as follows:

FY 1985	6,500*
FY 1986	6,500*
FY 1987	6,500*
FY 1988	6,500*
FY 1989	6,500*

*These levels are included under the MCH program; thus, they are not additive.

2. Management - P.L. 480 Title II Programs - CARE-Honduras

a. Staff

A CARE staff of two international, and twenty-six Honduran members work on Title II projects. The CARE offices are located in Tegucigalpa, San Pedro Sula, and Puerto Cortes.

b. Commodity Accountability and Control

The FY 1984 ABS (June 1982) remains current in its presentation of the operational plan.

c. In Country Storage

CARE warehouses in San Pedro Sula and Tegucigalpa have been experiencing some physical deterioration. CARE has obtained an Outreach Grant which provides funds for constructing two new central warehouses to improve the storage needs of this program at San Pedro Sula and Tegucigalpa.

TABLE VIII

480 TITLE II

I. Country HONDURAS 1985

Sponsor's Name Catholic Relief Services

A. Internal and Child Health..... Total Recipients 47,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 39,000	NFDM	510	215
Mothers 8,000	Bulgar	255	131
	CSM	255	119
	Veg Oil	255	746
Total NCH 47,000		1,274	1,211
B. School Feeding.....		Total Recipients	

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
C. Child Child Feeding.....		Total Recipients <u>4,200</u>	

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 4,200	NFDM	46	19
	Rice	23	12
	CSM	23	11
Total Other Child Feeding	Veg Oil	23	25
		115	67
D. Food for Work.....		Total Recipients <u>28,125</u>	

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Workers 4,687	Bulgar	766.0	394
Depends. 23,438	CSM	614.3	287
	Veg Oil	107.6	315
Total Food for Work			
28,125		1,487.9	996
E. Other (Specify).....		Total Recipients	

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Total Other			

II.

FY 1986 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country HONDURAS 1986

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 47,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>Children 39,000</u>	<u>NFDM</u>	<u>510</u>	<u>215</u>
<u>Mothers 8,000</u>	<u>Bulgar</u>	<u>255</u>	<u>131</u>
	<u>CSM</u>	<u>255</u>	<u>119</u>
<u>Total MCH</u>	<u>Veg Oil</u>	<u>255</u>	<u>746</u>

B. School Feeding.....1,275 Total Recipients 1,211

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

C. Other Child Feeding.....Total Recipients 4,200

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>Children 4,200</u>	<u>NFDM</u>	<u>46</u>	<u>19</u>
	<u>Rice</u>	<u>23</u>	<u>12</u>
	<u>CSM</u>	<u>23</u>	<u>11</u>
<u>Total Other Child Feeding</u>	<u>Veg Oil</u>	<u>23</u>	<u>25</u>

D. Food for Work.....115.0 67 Total Recipients 35,156

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>Workers 5,859</u>	<u>Bulgar</u>	<u>957.5</u>	<u>492</u>
<u>Depends. 29,297</u>	<u>CSM</u>	<u>767.8</u>	<u>358</u>
<u>Total Food for Work</u>	<u>Veg Oil</u>	<u>134.3</u>	<u>393</u>

E. Other (Specify).....1,859.6 1,243 Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
<u>Total Other</u>	_____	_____	_____

II. Sponsor's Name _____

1987 ANNUAL BUDGET SUBMISSION

TABLE VIII

PL 480 TITLE II

I. Country HONDURAS 1987

Sponsor's Name Catholic Relief Services

A. Internal and Child Health.....Total Recipients 47,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 39,000	NFDM	510	215
Mothers 8,000	Bulgar	255	131
	CSM	255	119
Total NF	Veg Oil	255	746
		1,275	1,211

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

C. Other Child Feeding.....Total Recipients 4,200

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 4,200	NFDM	46	19
	Rice	23	12
	CSM	23	11
Total Other Child Feeding	Veg Oil	23	25
		115.0	67

D. Food for Work.....Total Recipients 42,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Workers 7,000	Bulgar	950	487
Depends 35,000	CSM	950	444
Total Food for Work	Veg Oil	133	147
		2,033	1,078

E. Other (Specify).....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other		_____	_____

II. Sponsor's Name _____

FY 1985 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country HONDURAS 1988

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 47,000

No. of Recipients by Commodity		Name of Commodity	(Thousands)	
			KGS	Dollars
Children	39,000	NFDM	510	215
Mothers	8,000	Bulgar	255	131
		CSM	255	119
Total MCH		Veg Oil	255	746
			1,275	1,211

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity		Name of Commodity	(Thousands)	
			KGS	Dollars

C. Other Child Feeding.....Total Recipients 4,200

No. of Recipients by Commodity		Name of Commodity	(Thousands)	
			KGS	Dollars
Children	4,200	NFDM	46	19
		Rice	23	12
		CSM	23	11
Total Other Child Feeding		Veg Oil	23	25
			115	67

D. Food for Work.....Total Recipients 42,000

No. of Recipients by Commodity		Name of Commodity	(Thousands)	
			KGS	Dollars
Workers	7,000	Bulgar	950	487
Depends.	35,000	CSM	950	444
		Veg Oil	133	147
Total Food for Work			2,033	1,078

E. Other (specify).....Total Recipients _____

No. of Recipients by Commodity		Name of Commodity	(Thousands)	
			KGS	Dollars
Total Other				

II. Sponsor's Name _____

FY 1989 ANNUAL BUDGET SUBMISSION

TABLE VIII

PL 480 TITLE II

I. Country HONDURAS 1989

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 47,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 39,000	NFDM	510	215
Mothers 8,000	Bulgar	255	131
	CSM	255	119
Total MCH	Veg Oil	255	746
		1,275	1,211

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

C. Other Child Feeding.....Total Recipients 4,200

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Children 4,200	NFDM	46	19
	Rice	23	12
	CSM	23	11
Total Other Child Feeding	Veg Oil	23	25
		115	67

D. Food for Work.....Total Recipients 42,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
Workers 7,000	Bulgar	950	487
Depends. 35,000	CSM	950	444
	Veg Oil	133	147
Total Food for Work		2,033	1,078

E. Other (Specify).....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
_____	_____	_____	_____
Total Other		_____	_____

II. Sponsor's Name _____

CRS Operational Plan and Mission Review

1. Background

CRS/Caritas in Honduras have for years been trying to reach a level of 55,000 beneficiaries. This small percentage of the country's poor is not an overly ambitious target, yet the program has been reaching only about 30% to 50% of the approved level in recent years. The principal reason is that CRS/Caritas have severely limited funds for the transportation of commodities and the hiring of managerial and supervisory personnel.

Since a Ministry of Health's promise to increase the yearly subsidy to CARITAS from \$50,000 to \$136,000 for CRS/Caritas operations has not materialized (this \$50,000 level has remained constant since 1967), CRS has made a request to A.I.D. for an Outreach Grant in the amount of \$190,000. These funds would be used to increase budgets for field inspection and transportation. However, the grant would be only a temporary solution, i.e. when the grant is disbursed CRS/Caritas would again be short of funds and the program could collapse. For that reason the Mission has not recommended approval of the grant. CRS/Caritas is now reviewing the original proposal, e.g. including a nutritional education element, regional storage facilities and other activities such as supervision, management and monitoring of its feeding programs. However, Mission approval of the grant remains dependant on CRS/Caritas arranging a continuing source of funds for the recurring costs of a program of a significant size.

In the event that A.I.D. does not approve the CRS/Caritas Outreach Grant and given the GOH's current austerity program which does not bode well for an increased GOH contribution to Caritas, the Mission believes that the CRS/Caritas program approval level should be reduced by 50% beginning in FY 1984, and recommends that CARE/Honduras be permitted to increase its program by the amount the CRS/Caritas program is reduced. If CRS/Caritas are not able to provide the resources to run the program adequately by 1984, consideration will be given by the Mission to program termination.

2. Program Implementation - Recipient Category

a. Maternal Child Health

The Mission has approved 16,200 beneficiaries in the MCH category for FY 1984, assuming adequate financial resources are available to Caritas. The CRS/MCH program operates through housewives clubs associated with Caritas. Because of the magnitude of the malnutrition problem and if CRS/Caritas are able to obtain additional funding for this purpose, this program ideally would increase as follows:

FY 1985	47,000
FY 1986	47,000
FY 1987	47,000
FY 1988	47,000
FY 1989	47,000

b. Food for Work

The fundamental objectives of the Food for Work program are to improve family nutrition and to promote rural community development through cooperative action. Projects are developed and executed with the assistance of 60 Caritas part-time promoters who make end-use checks and verify project results. The number of beneficiaries has been reduced from 18,000 in 1982 to 9,000 in 1983 due to the lack of funds to cover inland transportation. For this reason, CRS has proposed stabilizing this component in FY 1984 at 9,000 beneficiaries. This level would remain unchanged (as proposed by CRS) unless additional sources of recurring costs are arranged for FY 1986 and beyond:

FY 1985	9,000
FY 1986	28,125
FY 1987	28,125
FY 1988	28,125
FY 1989	28,125

3. Management - P.L. 480 Title II Program - CRS/Honduras

a. Staff

The CRS staff is comprised of two U.S. and five Honduran employees. Caritas de Honduras has a total of 25 employees and 90 volunteers who work on the program on a part-time basis.

b. In-Country Storage

CRS/Caritas have adequate national level storage capacity in San Pedro Sula and Tegucigalpa.

c. Commodity Accountability and Control

CRS accountability and control of commodities is weak because of its financial problems. Accountability and control is weakest at the field level since Caritas, not CRS, is in charge and the national Caritas has great difficulty controlling the administration of the program by the several dioceses. These problems were made very clear to CRS in its latest internal audit. CRS has not yet cleared the recommendations that appear in the audit report.