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EVALUATION OF CENTRO ASESOR PARA EL DESAROLLO DE RECURSOS HUMANOS DE HONDURAS

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EVALUATION OF

CENTRO ASESOR PARA EL DESARROLLO

DE RECURSOS HUMANOS DE

HONDURAS

(CADERH)

Prepared for USAID/HONDURAS

by

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TABLE OF CONTENTS

		Pages
Resumen Ejecutivo		i-xii
Executive Summary		i-xiii
Methodology		1
Development Impact		3
Evaluation Findings		5
Lessons Learned		40
Conclusions		40
Recommendations		42
Appendix 1	Proposal for the Establishment of an Endowment Fund	A1
Appendix 2	Revised Project Outputs for Project Planning, Monitoring and Evaluations	A2
Appendix 3	Evaluation Participants	A3
Appendix 4	Agencies and Individuals Contacted	A4
Appendix 5	Acronyms and Definitions	A5
Appendix 6	Documents Consulted	A6
Appendix 7	Work Scope	A7
Appendix 8	CADERH's Organizational Structure	A8
Appendix 9	Self Sustainability - Historical Development and Current Status	A9
Appendix 10	List of Staff Positions Needed in 1992	A10

RESUMEN EJECUTIVO

I. PROPOSITO

El doble propósito de esta evaluación fue evaluar el funcionamiento de CADERH durante los primeros 24 meses de haber llevado a cabo la enmienda No. 4 (1987-1992) en sesión:

a) Las necesidades de entrenamiento del sector privado basadas en las actividades contempladas en la enmienda No. 4 y;

b) El sostenimiento propio de la institución, incluyendo la preparación de una propuesta con estrategia de una donación si el equipo evaluador concluía que ésta era necesaria.

El campo de trabajo para esta evaluación incluía:

a) Un análisis técnico de las estrategias de la institución para mejorar la instrucción, el impacto de las actividades en el sector vocacional y afectan la efectividad del costo, retención y porcentajes de colocación de empleos de escuelas vocaciones y técnicas.

b) Un proyecto de diseño de análisis de nuevas actividades en relación a la generación de trabajo e incremento de productividad a través de las necesidades específicas de entrenamiento para la industria y entrenamiento basado en certificación por áreas de trabajo.

c) Un análisis de la institución en relación a las capacidades técnicas, administrativas y gerenciales de CADERH

d) Evaluación de la asistencia técnica dada a CADERH con recomendaciones para mejorar las actividades de CADERH.

e) Evaluación del progreso en base al rendimiento anual del proyecto requeridas en la enmienda No. 4, identificando los factores que han prevenido cumplir con los resultados proyectados y con las recomendaciones con respecto a los resultados y estrategias para realizarlos.

II. METODOLOGIA

Nuestros procedimientos incluyen examinar documentos, hacer entrevistas y observar directamente las actividades y productos de CADERH. Hemos examinado información proveída por CADERH y AID, informes de finanzas, reportes anuales y trimestrales, correcciones de la AID al proyecto, cartas de implementación, liquidaciones presupuestarias y otra correspondencia, evaluaciones internas y externas, y reportes departamentales.

Entrevistamos a miembros de la Junta Directiva y personal clave en CADERH, y a representantes de otras instituciones relacionadas con el proyecto y sus objetivos. Nos reunimos con tres miembros del equipo de asistencia técnica. Se hicieron visitas a 8 de los 10 centros vocacionales y a dos de las industrias donde estudios de evaluación han sido completados. Entrevistamos a los administradores, instructores, estudiantes, representantes y miembros de los comités locales de orientación en los centros; entrevistamos a propietarios y gerentes en las plantas. No nos fué posible evaluar programas de entrenamiento en las plantas, debido a que ningún programa ha sido ejecutado hasta la fecha.

Nuestro trabajo incluyó observación directa de las actividades de CADERH - comités de certificación por áreas de trabajo, módulos CBI y trabajos de taller, exámenes de certificación, actividades SNE, productos del centro de multimedia y análisis específicos de las necesidades de la industria.

III. HISTORIA

Los estudios de USAID/Honduras de 1983 y 1984 se trataron de la necesidad de capacitación de trabajadores para el sector privado y revelaron la falta de criterios en entrenamiento y también bajos niveles costo-efectivos. La falta de trabajadores capacitados fue un factor principal en la limitación de productividad. Un programa de fondos fue aprobado para CADERH para ayudar a la situación de estas actividades piloto. El proyecto original incluía desarrollo de programa, apoyo a INFOP, entrenamiento a gerentes, concientización de la importancia del capacitamiento y reforzar a CADERH como una institución. En 1986 la enmienda III añadió un componente para asistir directamente a los centros vocacionales. En 1987 se añadió la enmienda IV para permitir a CADERH aumentar más el involucramiento del sector privado en actividades de capacitamiento. La enmienda también enfatiza que CADERH consolide las actividades dentro de tres componentes y lograr ser auto-suficiente. La presente evaluación es para determinar la ejecución de acuerdo con la enmienda IV que está a medio camino.

IV. HALLAZGOS PRINCIPALES

Nuestros hallazgos se relacionan a las actividades principales bajo la enmienda No. 4:

1) El primer componente que incluye el desarrollo de material de programa (módulos) y la preparación de sistemas de certificación para áreas selectivas, usando comités asesores y la implementación de planes de estudios de CADERH y certificación en centros de entrenamiento vocacionales.

2) Las actividades del segundo componente abarcan conducir los análisis de las necesidades de entrenamiento específicas de la industria y programas de adiestramiento en las plantas.

3) El componente III se ocupa de producir y distribuir materiales de entrenamiento y multi-media en áreas seleccionadas

Los hallazgos también están categorizados por la magnitud del trabajo, incluyendo el análisis técnico del primer componente, un proyecto de diseño de análisis de las actividades en el segundo y tercer componentes, y análisis institucional de las capacidades técnicas, administrativas y financieras, incluyendo la flexibilidad de la organización y una apreciación de la asistencia técnica dada a CADERH. Hallazgos que conciernen los resultados del proyecto han sido también suministradas.

Análisis Técnico Componente I Centros Vocacionales

1) La estrategia básica y racional para mejorar la instrucción en los centros vocacionales de entrenamiento que sirven en las áreas de pobreza es válida.

2) El proyecto ha tenido un impacto positivo de desarrollo en los centros vocacionales que han recibido asistencia de CADERH.

3) Incrementos en costo de efectividad, mayor retención y mayor proporción de colocación de empleos están asociados con el sistema de CADERH de "instrucción basada en competencia" (CBI).

4) La preparación actual de 2000 trabajadores calificados en los centros vocacionales, es significante considerando el déficit de entrenamiento de los trabajadores en Honduras.

5) CADERH ayuda a los centros vocacionales en otros cursos, los cuales van dirigidos especialmente hacia la mujer, como por ejemplo costura y cosmetología.

6) El objetivo de tener centros con auto-suficiencia financiera hasta un 50% a través de integrar producción con instrucción, es posible con un costo de recuperación del 44%.

7) El actual costo de efectividad de los centros es L0.51 en comparación con otras escuelas hondureñas, cuyos costos varían entre L1.24 a L6.62 la hora.

8) CADERH tiene planes y presupuesto para donaciones de fondos de producción en un centro y tiene cinco propuestas

aguardando la aprobación de la Junta de Directores de CADERH.

Análisis Técnico Componente I Desarrollo de Programa (Módulos)

1) Los módulos CBI han sido desarrollados e implementados en 6 áreas. Los módulos CBI sobresalen en 5 criterios importantes consistentes con el dominio del aprendizaje.

2) El impacto del sistema CBI no ha alcanzado todo su potencial. El sistema es reproducible y aplicable a otras situaciones vocacionales de entrenamiento. El éxito de este sistema con estudiantes de bajo nivel académico en áreas rurales y urbanas, recomendamos su introducción dentro de otras situaciones latinoamericanas donde la juventud de habla hispana quiera adquirir cierto conocimiento en áreas de trabajo a su propia conveniencia de aprendizaje. Cuando decimos que el programa es costo-efectivo significa que una vez que los materiales hayan sido desarrollados e implementados ningunos otros programas en Honduras o en cualquier otra parte pueden igualar el récord de los CBI de CADERH de un 80% de retenimiento, colocación de empleo de 70% y gastos de instrucción por persona por hora de $0.25.

3) CADERH solo ha imprimido suficientes copias de los módulos para satisfacer la presente demanda hasta julio 1989.

4) El sistema CBI ha sido implementado en diez centros y pronto será introducido en cinco centros más.

5) 130 instructores y administradores han sido entrenados en el sistema CBI.

Análisis Técnico Componente I Certificación

1) La certificación de los exámenes está esperando exámenes válidos y prácticos.

2) Exámenes de certificación han sido preparados en seis áreas y exámenes en otras cuatro áreas serán terminados para septiembre 1989. Una norma estandarizada para estos exámenes todavía no ha sido determinada.

3) Los niveles de asistentes y de artesanos son examinados con el mismo instrumento, aunque la Junta de CADERH desea habilidad y exámenes basados en tareas.

4) La respuesta acerca de quien pagará por los exámenes de habilidad y cómo se introducirán en Honduras todavía no ha sido determinada. Si CADERH tiene éxito en diseñar pruebas

de alta calidad y puede demostrar méritos del sistema a los trabajadores y a los patrones por igual y obtener un gasto razonable, entonces las pruebas estimularían cambios en programas para preparar trabajadores, en selección y promoción de procedimientos, el resultado sería en trabajadores mejor capacitados. CADERH es la agencia ideal para introducir dicha certificación porque tiene la imagen de ser una agencia independiente de intereses personales.

5) Los comités del sector privado están funcionando eficazmente aunque existe la necesidad de clarificar los papeles y de diferenciar lo que es esencial en la preparación de los trabajadores.

Análisis de Diseño Componente II Análisis Específico de Entrenamiento en la Industria

1) El componente I está un año atrasado debido al retraso en la asistencia técnica y por restricciones reglamentarias en el fondo de entrenamiento ha hecho que este sistema para entrenamiento en la planta no sea desarrollable.

2) Hasta la fecha, ningún entrenamiento específico en la industria ha sido llevado a cabo.

3) El impacto de las necesidades específicas de valoración de la industria falta por ser evaluado, pero las apreciaciones han revelado cambios necesarios en la industria.

Análisis de Diseño del Componente 2 - Multimedia

En términos de auto-suficiencia, esta división ha sido la más exitosa.

Análisis Institucional

1) Las capacidades técnicas de CADERH son satisfactorias, aunque pueden ser mejoradas en las áreas de exámenes de habilidad y análisis de las necesidades de la industria. El equipo reconoce la capacidad de CADERH en sus experiencia para hacer pruebas y por eso recomendamos la terminación de apoyo técnico en esta área. Creemos, de cualquier manera, que la preocupación de CADERH por mejorar los exámenes tendría más éxito con exámenes de referencia de criterio, por eso estamos mandando guías para la construcción de medidas de referencia de criterio y también métodos de selección de tareas críticas para medidas de ejecución.

2) CADERH tiene un equipo de ejecutivos excelente, aunque

existe siempre la tensión debido a las restricciones del proyecto y las demandas de auto-suficiencia.

3) Acuerdos de trabajo con otras agencias no han sido implementados. Aunque CADERH ha dado dinero y servicios a INFOP, INFOP se ha negado a implementar el Sistema de CBI de CADERH, porque INFOP tal vez tiene su propia forma de trabajar; el problema de conseguir que una agencia pública responda a las necesidades del mercado es una de las razones por lo cual se fundó CADERH. En nuestras recomendaciones hablamos de maneras en que CADERH pueda conseguir más formas de cooperación por parte de INFOP.

4) La capacidad financiera y las entradas actuales demuestran que CADERH puede sobrevivir como institución pero no puede continuar sus actividades de desarrollo de recursos humanos sin un fondo de donación.

Asistencia Técnica

El trabajo de la asistencia técnica ha sido inadecuada principalmente en dos áreas claves; certificación ocupacional y entrenamiento específico de industria.

Resultados

1) Los resultados para el componente I en el desarrollo de trabajos, centros de entrenamiento utilizando los planes de estudio de CADERH y objetivos para incrementar colocación de empleos están por encima de las proyecciones.

2) El rendimiento para el componente II esta retrasado por factores fuera del alcance del control de CADERH. Las apreciaciones de las necesidades específicas en la industria han sido completadas pero no en la cantidad que se había previsto y tampoco se han impartido programas de entrenamiento en las plantas.

3) Resultados para el componente III están por encima de lo proyectado.

4) Algunos de los resultados de los objetivos de la enmienda 4 no son realistas a este momento pero el impacto en el desarrollo del proyecto es sostenible. Hasta diciembre 1989 se va a graduar un grupo pequeño de estudiantes, cuando los primeros estudiantes completen las tareas del CBI como graduados de los centros de entrenamiento.

IV. CONCLUSIONES

CADERH ha desarrollado e implementado un sistema de entrega instruccional en seis áreas. Este sistema puede ser utilizado por AID en programas vocacionales más cortos en otros países de Latinoamérica. Algunos objetivos en la enmienda 4 tienen que ser revisados. Específicamente objetivos relacionados con la certificación deben ser dejados atrás debido a las dificultades la construcción de las pruebas. El número de programas de entrenamiento en plantas deberá ser revisado.

La certificación puede mejorar la calidad de entrenamiento y la habilidad de los trabajadores hondureños, pero el problema de implementar certificación es técnico y político.

Mientras el sector privado ha contribuído al trabajo de CADERH en definir áreas de oficio, competencias, y tareas como también ayudar en los programas en los centros vocacionales, no se ha comprobado todavía su deseo de invertir en entrenamiento en plantas como una medida para mejorar la calidad de los trabajadores y lograr una mayor productividad.

La actual auto-suficiencia de CADERH depende primordialmente de las actividades del centro de multimedia y otras actividades que generan entradas. Los futuros proyectos de ingresos que se esperan del Servicio Nacional de Empleo, certificación y análisis de las necesidades específicas de entrenamiento de la industria no son inmediatas. Sin el uso del fondo de entrenamiento, el ingreso de CADERH no es suficiente y el diseño del proyecto para generación de empleos es dudoso.Sin un fondo de donación, CADERH estará imposibilitado para continuar su trabajo de desarrollo humano en los centros vocacionales sirviendo a los estudiantes con menos posibilidades económicas.

V. RECOMENDACIONES

Centros Vocacionales - (Componente 1)

1) Promover la participación de mujeres en el programa CBI.

2) Buscar una donación para continuar la asistencia en los centros vocacionales que sirven en las poblaciones marginadas y proveer entradas adicionales para ayudar a estos grupos hasta el año 1990. Mientras tanto, continuar con los servicios de los coordinadores y del actual asesor técnico que trabajan con estos centros, expandiendo su trabajo para ayudar en los esfuerzos del CBI con otras instituciones.

3) Continuar la ayuda a los centros vocacionales existentes hasta por los menos por un período de dos años por centro o

hasta que ellos puedan alcanzar sus objetivos, incluyendo producción.

Certificación - (Componente 1)

1) Clarificar el papel del consejero de los comités asesores, limitándolos a aconsejar en habilidades y trabajos.

2) Intensificar los esfuerzos para diferenciar lo realmente esencial de las habilidades y trabajos deseados.

3) Completar los exámenes de certificación en carpintería, soldadura, mecánica de banca, torno, fresadora, planeadora, habilidad secretaria y contabilidad, antes de desarrollar exámenes en otras áreas.

4) En el planeamiento de desarrollo de exámenes futuros, hay que considerar preferiblemente el criterio más que la norma de los referidos exámenes.

5) Revisar el patrón para la ejecución de los exámenes, usando información empírica como también lo que el jefe espera cuando se hagan juicios. La ejecución del trabajo de los trabajadores calificados en las pruebas de competencia deberán considerarse sin perder el sentido de lo que es requerido para obtener un empleo o lo que es necesario para incrementar el estándard de productividad.

6) Debido a las dificultades en el desarrollo de la prueba y de asistencia técnica, CADERH deberá desarrollar sus propios lineamientos para desarrollar las pruebas que serán usadas por los escritores para revisar los exámenes actuales y para preparar nuevos exámenes en otras areas.

7) Continuar usando las pruebas separadas para aquellos que desean certificados como asistentes y otros como maestro de obra.

Desarrollo de Plan de Estudio

1) Con la excepción de los electricistas y mecánica de auto, no desarrollar más trabajos en el desarrollo en planes de estudios hasta que módulos de más importancia sean completados, como ebanistería, soldadura, torno, fresadora, mecánica de banca, planeadora, secretariado y contabilidad.

2) En el desarrollo futuro de programas, los módulos deberán ser diseñados después que la prueba que la prueba de habilidad haya sido aceptada. El examen debe manejar el programa.

3) Intensificar esfuerzos para introducir el sistema CBI, particularmente en escuelas del INFOP.

4) Imprimir copias de los modulos que existan para mantener inventarios reales y asegurar que los centros de entrenamiento tengan acceso a los módulos.

Centro de Empleo

El centro de Empleo debe continuar, pero las cuotas de los clientes deberán ser incrementadas.

Análisis de Necesidades y Entrenamiento - (Componente 2)

1) Debido a atrasos el componente II deberá recibir una prórroga de parte de AID hasta mediados de 1993 sin costo alguno.

2) AID debe usar su influencia financiera para alentar la implementación de acuerdos entre FIDE Y CADERH para estudios sobre las necesidades y programas de ayuda .

3) Incrementar el personal requerido para estudios para análisis de necesidades en la industria.

4) Implicar al Director Ejecutivo en negociaciones con bancos para la administración de programas de préstamo, creando acuerdos con FIDE y FONDEI y activando conecciones con posibles clientes para estudios de necesidades de entrenamiento y programas.

5) Modificar los lineamientos para el componente II del fondo de entrenamiento, considerando las sugerencias que se discuten en detalle en el reporte de esta evaluación.

   a) Permitir la compra de equipo relacionado con entrenamiento

   b) Permitir a los directores de CADERH el uso del préstamo de entrenamiento, siempre y cuando ellos no participen en las decisiones de los prestamos.

   c) Examinar las posibilidades del cambio y de la relación apropiada entre donaciones y prestamos.

Centro de Multi-media - (Componente 3)

1) Completar la instalación del equipo clave en este centro.

2) Completar todas las actividades planeadas incluídas en el período de 1989-90 lo más pronto posible.

Administración

1) La administración de CADERH debe preparar planes para el futuro, especialmente en obtener su auto-suficiencia.

2) Reorganizar los procedimientos de organización de CADERH y el plan físico, teniendo en cuenta que la organización es un grupo y no actividades separadas.

3) Hacer ajustes salariales y de personal, dándole importancia a posibles planes de incentivos.

4) Desarrollar un sistema contable integrado.

5) Mantener los recursos de CAL para su propia sustentación y asegurar a USAID que hay instrucción de alta calidad en inglés para futuros programas de CAPS.

Finanzas

1. Buscar ayuda financiera mediante un fondo de donación para mantener actividades de desarrollo de recursos humanos. (Apéndice 1)

2. Tratar que los administradores manejen otros proyectos y consigan fondos adicionales y determinar otras maneras para mover el fondo de capacitación.

3. Continuar actividades educativas.

4. Desarrollar e implementar un plan de mercadeo para promover los servicios y productos de CADERH.

5. En vista de las tensiones entre los objetivos del proyecto para el impacto del desarrollo de personas y las demandas para la auto-suficiencia, CADERH y USAID deberían resolver este problema rápidamente para que la Junta y el personal de CADERH puedan hacer planes futuros para la institución, y USAID pueda reevaluar las reglas y orientaciones del proyecto.

Asistencia Técnica

Terminar o modificar el servicio y el programa de CSI para asegurar que CADERH decida quien y que se necesita. El ahorro

que se adquiere al terminar el servicio de la asistencia técnica se puede utilizar para las actividades del componente I.

Resultados

1) Completar e implementar los exámenes de módulos y certificación para las 7 áreas más importantes durante el año fiscal.

2) Eliminar la meta de tener 45 programas de entrenamiento, debido a que la meta más importante es el número de trabajadores que deberán ser entrenados. Un solo programa grande puede entrenar mejor a los trabajadores que tener varios programas pequeños.

3) Ajustar metas proyectando el número de trabajadores e instructores certificados a un plan extendido de un año.

4) Revisar proyecciones por años de empleo de una persona sobre la duración del proyecto usando como base el número total de estudiantes graduados y contratados, en vez de años de empleo por persona.

5) Aumentar el número de personas que entran a nivel de principiante en el tiempo del proyecto y reducir el número de personas que están en niveles de avanzar. La proporción entre estos dos debe ser 2.6 =1 para futuros ajustes y evaluaciones.

VI. LECCIONES APRENDIDAS

1) La Enmienda 4 anticipó que un factor clave para la autosuficiencia de CADERH y obtener las metas del Componente 2 sería utilizado para el fondo de préstamos de capacitación. Los reglamentos para el desembolso de este fondo fueron cambiados, impidiendo el movimiento del fondo y el cumplimiento del proyecto. Cuando los cambios en la política son claramente perjudiciales para el éxito del proyecto, ciertos ajustes deberían ser considerados sin cambiar el significado de la política. En esto nos referimos a las dificultades en el uso del fondo de entrenamiento que son atribuídas a cambios en la política.

2) En el desarrollo de sistemas basados en habilidad, es mejor tener exámenes de habilidad en lugar antes de desarrollar los módulos de instrucción.

3) Una institución que debe ser autosuficiente debe tender a ofrecer servicios a esos que pueden pagar por ellos, en vez de a la población marginada. Si el trabajo con la

población marginada continúa se deberá conseguir fondos apropiados para ello.

4) Consejero técnicos deben estar preparados a adaptarse a la cultura a quienes prestan sus servicios. Deben estar seguros de lo que se necesita, no solo promover lo que tienen que ofrecer y trabajar con los clientes, no solo decirles lo que tienen que hacer.

EXECUTIVE SUMMARY

I. PURPOSE

The two fold purposes of this evaluation were to evaluate CADERH's performance during the first 24 months of implementing project amendment 4 (1987-1992) in meeting:

a) Private sector training needs based on the activities contemplated in amendment No. 4 and :

b) The self sustainability of the institution, including the preparation of an endowment strategy proposal if the evaluation team concluded that an endowment was warranted.

The scope of work for this evaluation included:

a) A technical analysis of the institution's strategies for improving instruction, the impact of activities on the vocational sector and in affecting the cost effectiveness, retention and job placement rates of vocational and technical schools.

b) A project design analysis of new activities in relation to employment generation and increased productivity through industry specific training needs and training based on trade certification.

c) An institutional analysis in regard to the technical, administrative and management capabilities of CADERH.

d) Evaluation of the technical assistance given to CADERH with recommendations to improve CADERH's activities.

e) Evaluation of progress on the basis of annual project outputs called for by amendment No. 4, identifying factors which have prevented the meeting of projected outcomes together with recommendations regarding outcomes and the strategies for attaining them.

II. METHODOLOGY

Our procedures included examining documents, conducting interviews, and direct observation of CADERH activities and its products. We examined information supplied by CADERH and AID, financial statements, quarterly and annual reports, AID amendments to the project, implementation letters, budgetary liquidations and other correspondence, both internal and external evaluations, and departmental reports.

We interviewed Board members and key personnel at CADERH, as well as representatives of other institutions related to the project and its goals. We met with three members of the technical assistance team.

Site visits were made to 8 of the 10 vocational centers and to two of the industries where need assessment studies have been completed. We interviewed administrators, instructors, representative students and members of local advisory committees at the centers; we interviewed owners and managers at the plants. We were unable to evaluate in-plant training programs because none have been conducted to date.

Our work included direct observation of CADERH activities - trade certification committees, CBI modules and workshops, certification tests, SNE activities, multimedia center products and industry specific needs analyses.

III. OVERVIEW

USAID Honduras studies in 1983 and 1984 related to private sector training needs revealed the lack of standards in vocational and technical training and low levels of cost effectiveness. The lack of trained employees was found to be a major factor in limiting productivity. An operational program grant was approved for CADERH to support selective pilot activities with these objectives;

a) Rationalize the vocational training system in Honduras, making it more responsive to private sector needs;

b) Introduce the concept of skill certification standards and competency base materials to Honduras;

c) Increase involvement of the private sector in identifying and resolving worker related training problems;

d) Develop CADERH as the key institution to effect desired change in the training system.

Five components in the original project concerned curriculum development, technical assistance to INFOP, training for local management training organizations, raising the consciousness of the private sector in regards to the importance of training and strengthening CADERH as an institution . In 1986 amendment III added a component providing direct assistance to vocational training centers. In 1987 the project was amended (No. 4) to permit CADERH to further increase private sector involvement in vocational training, and consolidate activities into three core components. Also the amendment emphasized that CADERH must consolidate its activities and create mechanisms for strengthening vocational training while establishing itself as a technical and

financially viable institution, including achievement of goals for self-sufficiency. The present evaluation assesses performance in compliance with amendment IV at midpoint.

IV. MAJOR FINDINGS

Our findings relate to the major activities under amendment 4:

1. Component 1 which is concerned with curriculum materials development (modules) and the preparation of certification systems for selective trade areas using trade advisory committees, and the implementation of CADERH curriculum and certification in vocational training centers.

2. Component II whose activities have to do with conducting both industry specific training needs analyses and in-plant training programs,

3. Component III which is concerned with producing and distributing training and multi-media materials in selected trade areas.

The findings are also categorized by the scope of work, including technical analysis of component I, project design analysis of activities in components II and III and institutional analysis of the technical, administrative, financial capabilities including flexibility of the organization and appraisal of the technical assistance given CADERH. Findings regarding project outcomes are also provided.

Technical Analysis Component I Vocational Centers

1. The basic strategy and rational for improving instruction in the vocational training centers serving poverty areas is valid.

2. The project has had a positive developmental impact upon the vocational centers which have received assistance from CADERH. Increases in cost effectiveness, higher retention and job placement rates are associated with CADERH's competency based instruction (CBI) delivery system.

3. The present preparation of 2000 qualified workers from the vocational centers is significant in light of the Honduran deficit in training.

4. CADERH helps vocational centers with other aspects of curriculum including curriculum primarily for women such as sewing and cosmetology.

5. The goal of having centers at 50% self financing through integrating production with instruction is within sight with 44% cost recuperation.

6. The cost effectiveness of the centers is L0.51 in comparison with other Honduran schools whose costs range from L1.24 to L6.62 per hour. ($1 = L2 at the official exchange rate)

Technical Analyses Component I Curriculum Development (Modules)

1. CBI modules have been developed and implemented in 6 trade areas. These modules excel on 5 important criteria consistent with mastery learning.

2. The impact of the CBI system now in place is evident but it will require several more years to reach its full potential. The system is reproducible and applicable to other vocational training situations in Latin America. On the basis of the success of the CBI System with student of low academic achievement in both in urban and rural areas, we recommend its introduction into other Latin American situations where Spanish speaking youth want to acquire given trade area competencies at their own rate of learning through a sound mix of practice and theory. When we say that the program is cost effective we mean that once the materials have been developed and implemented it is unlikely that other existing programs in Honduras or elsewhere can match CADERH's CBI record of 80% retention rate, job placement of 70%, and per person hours of instruction costs of $0.25.

3. CADERH has only printed enough copies of the CBI modules to meet immediate present demand through July 1989.

4. The CBI system has been implemented in 10 centers and shortly will be introduced in 5 other centers.

5. 130 instructors and administrators have been trained in the CBI system.

Technical Analyses Component I Certification

1. Certification testing awaits valid and practical tests. The present tests are difficult and the standard for performance is arbitrarily high. Certification tests have been prepared in 6 trade areas and tests in four other areas will be finished by September 1989. A defensible standard of performance for these tests has not yet been determined. Initial test results revealed that the certification exams had to be revised . CADERH personnel presented several options to the Board of Directors. The board rejected many

of the ideas offered by the technical assistance team for trade certification and in March of 1989 instructed CADERH personnel to use the following guidelines for certification exams;

a) Prepare practical exams on the basis of product rather than on process.

b) Test on the basis of competencies and tasks.

c) Test on pass/ fail basis with specific tolerances and levels of acceptance for job entry level skill, knowledge and abilities.

In brief, CADERH began taking corrective actions prior to the evaluation, rejecting the inappropriate aspects of testing, which the technical assistance advisors had been promoting. Nearly 130 people have taken earlier versions of CADERH's certification exams and their performance is guiding the improvement of the tests and testing procedures.

3. Until the certification system is in place we won't know if it is acceptable and what its impact upon raising standards of training and employment will be, although we assume it will be considerable. Certification is a process by which a non-governmental agency warrants that an individual has met certain standards to practice. Its purpose is to assure various publics that an individual has mastered a body of knowledge and acquire skills and a specialty. Certification serves as an indicator of special competence. Various informal market sources influence the certification process - referrals, insurance rates, privileges, and the like are often contingent on certification, thereby creating a form of "shadow licensure" that impels persons to become certified. Voluntary certification for entry level positions is growing in the United States. Certification results in higher standards than licensing which aims at minimal requirements for public protection. If CADERH is successful in designing test of high quality, can show the merits of the system to employees and employers alike and attainable at reasonable cost, then competency testing will trigger changes in programs preparing workers, in selection and promotion procedures, and result in more qualified workers. The certification exam will become a mark of special distinction that individuals would voluntarily seek. Employer preferences for certified workers will develop gradually based on perception of worker competence. Certification, like other CADERH products, rests on a market. Demand for certification is uncertain and its development entails risk and capital. The worth of standard cannot be demonstrated in advance of its implementation. The system must stand or fall on its merits, proving its worth to workers, employers and the public. CADERH is an ideal agency

for introducing certification because it is widely perceived as independent from special interests.

4. The private sector advisory committees are functioning effectively although there is a need for the clarification of roles and for more differentiating among competencies and tasks on the basis of criticality.

Design Analyses Component II Industry Specific Training Analysis

The design analysis for industry specific needs analyses appears sound. However, the validity of this new activity for employment generation and balance of payments won't be known until the end of the project.

1. Component II is one year behind because of delays in technical assistance and because policy constraints on the training fund has made this expected vehicle for in-plant training unworkable. Also macroeconomic factors and the delay in establishing the free-trade zones contributed to the delays. CADERH was not at fault.

2. To date no industry specific training has been conducted.

3. The impact of completed industry specific need assessments has yet to be evaluated, but the assessments are revealing needed changes in industry.

Design Analyses Component III Multimedia

In terms of self-financing this division has been the most successful, and the quality of the training materials produced by this division is excellent, comparing favorably with the best of work in the U.S.

Institutional Analyses

1. The technical capabilities of CADERH are satisfactory although they can be improved in areas of competency testing and industry needs analyses. We recognize the strength of CADERH STAFF in testing expertise and for this reason have recommended termination of technical assistance in this area. We believe however that CADERH's concern for competency testing is better met by criterion referenced testing than by normative testing. Hence we suggest that the CADERH staff examine the guidelines for constructing criterion reference measures as proposed by W. James Popham in Educational Evaluation, 1988, as well as the armed services methods for selecting critical tasks for performance measures. Copies of

the guidelines and relevant papers concerning job sample tests and job performance measurement are being sent to CADERH under separate cover.

2. CADERH has an excellent leadership team, although it is not resolved the tension between constraints of the project and demands for self-sufficiency.

3. Working agreements with other agencies have not been implemented because CADERH has not found the key to eliciting full cooperation of the public agencies when they are approached. Although CADERH has given money and services to INFOP, INFOP has been reluctant to implement CADERH's CBI System as designed. We can speculate on the reasons: INFOP may have a dynamic of it own and not wish to abandon already established routines; the problem of getting a public funded agency to be responsive to market needs is one of the reasons for establishing CADERH. Nevertheless, more effort must be made by CADERH to elicit INFOP cooperation. One respondent likened the situation to two peers in a family who require a parent to disengage them from their special interests and join on a common project. In our recommendations we have expanded on ways AID and CADERH might enhance cooperation.

4. CADERH's financial capability and current income shows that it is likely to survive as an institution but that it cannot continue its high human resource development impact activities without an endowment fund.

Technical Assistance

1. The overall performance of the technical assistance contractors has been inadequate in two key areas; trade certification and industry specific training.

Outputs

1. Outputs for component I in curriculum development, training centers using CADERH curriculum and goals for increasing retention and job placement rates are at or above projections. Outputs for the certification of workers and instructors have not been reached because of the factors cited previously.

2. Outputs for component II are behind schedule because of factors beyond CADERH's control. Industry specific needs assessments have been made but not in the quantity predicted and no in-plant training programs have been given.

3. Outputs for component 3 are at or above projections.

4. Some of the output goals of amendment 4 are unrealistic at this point but the overall development impact of the project is tenable. No significant number of graduates will be certified until December 1989 when the first students complete the CBI curriculum as graduates from training centers.

IV. CONCLUSIONS

CADERH has developed and implemented a reproducible instructional delivery system in six trade areas. The system could be used by AID in short-cutting vocational curriculum in other Latin American countries.

Some goals contained in amendment 4 must be revised. Specifically objectives related to certification must be pushed back because of difficulties in test construction. The projected number of in-plant training programs must be revised.

While the private sector has contributed to CADERH's work in defining trade areas, competencies, and tasks as well as assisting programs at vocational centers, it has not yet proven its willingness to invest in in-plant training as a way to improve the quality of workers and achieve greater productivity.

The current self-financing of CADERH rests primarily on the activities of the multimedia center, and other self-initiated income generating activities. The future prospects of income from the national employment service, certification, and industry training specific needs analyses are not immediate. Without disbursing loans from the training fund CADERH's income will be insufficient and employment generation anticipated through industry specific training is not likely to be realized. Without an endowment fund CADERH will be unable to continue human resource development work in the vocational centers serving marginal students.

V. RECOMMENDATIONS

Vocational Centers - (Component 1)

1. Promote existing and additional participation of women in CBI programs. Both programs designed to appeal to women and special recruitment of women and publicity about women who complete traditionally male oriented courses are recommended.

2. Seek an endowment for continuing support of vocational centers serving marginal populations and providing additional income for assisting these groups during 1990. In the meantime

continue services of the coordinators and the current technical advisor working with these centers, expanding their role to serve CBI dissemination efforts with other institutions.

3. Continue supporting the existing vocational centers for a minimum period of two years per center or until they reach their objectives, including production.

Certification - (Component 1)

1. Continue to clarify advisory role of the trade advisory committees limiting them to advise on competencies and tasks.

2. Intensify efforts at differentiating the truly essential from desirable competencies and tasks.

3. Complete high priority certification tests in woodworking, welding, bench mechanics, lathe, milling machine, metal plane operator, secretarial skills and accounting before developing tests in other trade areas. Current work on electricity and automechanics modules may continue because of the different writers available. Job placement and certification exams must be in place by October 1989 to administer tests to November/December graduates in the affiliated centers.

4. In planning future test development consider domain (criterion) referenced rather than the norm referenced tests.

5. Revise standards for test performance using empirical data as well as employer expectations in making judgments. The performance of qualified workers on the competency tests should be considered in making judgments, without losing touch with what is required for obtaining employment or necessary for increasing standards for productivity.

6. Given the difficulties in test development and technical assistance, CADERH should develop its own specific guidelines for test development to be used by writers in revising current exams and preparing new ones in all trade areas.

7. Continue to ensure that separate tests for those wanting certification at assistant level and those seeking certification as craftsmen.

Curriculum Development - (Component 1)

1. With exception of work in electricity and automechanics, undertake no further work in curriculum development until high priority modules are complete; woodworking, welding, lathe, milling machine, metal plane, bench mechanics, secretarial and bookkeeping.

2. In future curriculum development, modules should be designed after the competency test has been validated. The test should drive the curriculum.

3. Intensify efforts to disseminate the CBI system, particularly in INFOP schools.

4. Print copies of available modules for maintaining realistic inventories and assuring that training centers have access to modules as required.

Placement Center

1. SNE should continue but fees should be increased with employer contributions and when certification results are provided with job placement

Needs Analyses and Training - (Component 2)

1. Because of delays component 2 should receive a no cost extension from AID to mid 1993.

2. AID should use its financial leverage to encourage the implementation of agreements between FIDE and CADERH for jointly conducted needs studies and joint loan programs.

3. Increase staff required for needs analyses studies in industry and assure that cost analyses and cost-benefit projections are included in all training needs analyses.

4. Continue to involve the executive director in negotiations with banks for program loan management, establishing agreements with FIDE and FONDEI and developing connections with possible clients for training need studies and programs.

5. Modify guidelines for component II training fund considering the suggestions which are discussed in detail in the full report of this evaluation;

   a) Permit purchasing of equipment related to training

   b) Allow CADERH directors access to the training loan fund in exchange for non-involvement in loan decisions

   c) Address the issues of the exchange rate and the proper ratio between donations and loans.

Multimedia Center - (Component 3)

1. Complete installation of key equipment in multimedia center.

2. Complete other planned activities included in the 1989-90 work plan as soon as possible.

Administration

1. CADERH's management should prepare plans for the future, especially in moving to self sufficiency. CADERH should be encouraged to develop its supplementary income activities as well as increasing income from other sources such as rent, interest and membership contributions.

2. Reorganize CADERH's organizational procedures and physical layout, emphasizing the organization as a whole rather than separate activities, implementing present physical layout plans.

3. Make personnel and salary adjustments, giving attention to possible incentive plans.

4. Develop an integrated accounting system.

5. CAL resources should be maintained by CADERH to enhance self-sustainability and assure USAID that a source of high quality English language instruction is available for future CAPS programs.

Finance

1. Seek long term financial support through an endowment fund proposal that will address human resource development activities. (Appendix 1)

2. Pursue the management of grant funds as well as ways to move the training fund.

3. Continue direct educational activities.

4. Develop and implement a marketing plan for promoting CADERH services and products.

5. In view of the tensions between the project goals for developmental impact and the demands for self-sustainability, CADERH and USAID should resolve the issue quickly so CADERH's board and staff can make plans for the future of the institution, and USAID can reassess the groundrules and orientations for the project.

Technical Assistance

1. Terminate or modify the CSI service and program to assure that CADERH decides who and what is needed. Savings from the technical assistance contract should be used for component I activities.

Outcomes

1. Complete and implement modules and certification tests for the 7 priority trade areas this calendar year.

2. Eliminate the goal for having 45 training programs inasmuch as the proper goal centers on the number of workers to be trained. One large training program can upgrade more workers than many small training programs.

3. Adjust goals projecting numbers of workers and instructors certified to a one year extended schedule.

4. Revise projections for person years of employment over the life of the project by using total number of students graduating and employed as the basis, rather than person years of employment.

5. Revise skills upgrading by increasing job entry level persons over the life of the project and reducing numbers for skill upgrading. The ratio of skill upgrading to entry level training (2.6 = 1) should be used for future adjustments and evaluations.

VI. LESSONS LEARNED

1. Amendment 4 anticipated that a key factor for self-sufficiency of CADERH and attainment of Component 2 goals would be the use of a training loan fund. Guidelines for dispersing this fund were subsequently changed, handicapping movement of the fund and project accomplishments. When policy changes are clearly detrimental to the success of the project, adjustments in the policy should be considered without disturbing the intent of the policy. We refer to difficulties in the use of the training fund that partially are attributed to policy changes.

2. In developing competency based instructional systems, it is best to have validated competency tests in place before developing the self-instructional modules. Competency tests are operational definitions of tasks and competencies. As such they provide an excellent guide for curriculum development, allowing for more valid task analyses, instructional sequencing, modeling, relevant guided practice and independent practice in the curriculum and instructional procedures developed. Without tests as a guide the curriculum

tends to loose its focus and there is a mismatch between desired competencies and the program. When there is alignment among competencies, tests and curriculum, instructional effectiveness is increased.

3. An institution that must become self sustaining will tend to offer services to those who can pay for them rather than to marginal populations, the latter are best served by public and quasi public funding. If current levels of high development impact through the training centers in less privileged sectors are to continue, appropriate sources of funding should be provided.

4. Technical advisors must be prepared to adapt to the culture of those they are serving; be sure they know what is needed, not just promote what they have to offer; and to work with the clients not just tell clients what to do.

METHODOLOGY

Our procedures for collecting the information on which this report is based included examining documents, conducting interviews and direct observations of CADERH at headquarters and in the field. We examined documented information supplied by CADERH, financial statements, quarterly and annual reports, statutes, AID amendments to the CADERH project, AID project implementation letters, budgetary liquidations and other correspondence, curriculum vitae, departmental reports, and project evaluation.

We interviewed key personnel at CADERH and AID, and also representatives of other institutions which collaborate with CADERH or could be collaborators. We met with members of the technical assistance team. We also studied the 1987 AID audit of CADERH, and the recommendations of the Renforth-Apodaca report on self-sufficiency. Our work included direct observation of CADERH activities, and the outputs: CBI modules, certification tests, multimedia products, SNE activities and the like.

Site visits were made to 8 of the 10 vocational centers. Interviews were held with administrators, instructors, representative students and selected members of local advisory committees at these sites. We also visited two industries where industry specific needs analysis have been completed by CADERH staff. Owners of these companies gave their appraisals of the analysis.

We were unable to evaluate in-plant training programs because none have been conducted to date. Neither could we validate the use of certification tests for placement purposes inasmuch as no one has passed the exams, and no significant number of graduates have completed the CBI system. Hence, they are not ready for testing.

<u>Previous internal and external evaluations and their impact on project implementations.</u>

Three evaluation report were studied. The first evaluation reviewed was <u>Evaluation USAID/Honduras CADERH Project</u> by Walter Tucker and John Gloetzner June 1987. This evaluation pinpointed the following:

a) The failure of technical assistance contracted with Central Texas College to assist CADERH in curriculum development and certification. This failure delayed activities and attainment of output goals.

b) The ambiguity in CADERH's identity as an institution and as a project.

c) The need for CADERH to have an asset base in moving from donor dependency to self sufficiency.

d) The need for marketing research which could establish a basis for sale of CADERH services.

Recommendations from the report which have been acted upon include:

a) Improvement in expertise in CBI materials development

b) The use of advisory committees in the selection of instructional tasks consistent with actual trade practice.

Recommendations from the report which CADERH continues to implement:

a) Greater emphasis on the promotion of CADERH in the San Pedro Sula area,which includes training needs analyses, approved training loans and 5 of the 10 centers established in the North Coast area.

b) Closer working relations among CADERH, FIDE, and FEPROEXAH as evidenced by the formation of the component II priorities committee.

Recommendation which has not been acted upon:

- Establishment of an endowment fund which would permit the continuation of the social and economic benefits of the project.

The second evaluation report reviewed was ESTUDIO DE READECUACION DEL CENTRO ASESOR PARA EL DESARROLLO DE RECURSOS HUMANOS DE HONDURAS by Bill Renforth and Eduardo Apodaca, August, 1988.

This report was optimistic in its conclusion that CADERH would be self sufficient. This conclusion was based on assumptions that have not yet been validated, such as the projected income from sales of educational materials and income from the training loan fund.

A key recommendation from the report which is appropriate for today is that CADERH should develop a business and marketing plan, based on customer characteristics, for each activity. Recommendations from the report that have been acted upon include:

a) Development of capabilities in key areas of training needs assessment studies, desk-top publishing, and refinement of product concepts for video.

b) Expediting needs assessment studies

c) Addressing the issue of possible copyright infringement.

The third evaluation was an AID evaluation of CADERH over the first year under amendment 4 as summarized in a memorandum by AID project officer Ned Van Steenwyk. This evaluation concluded that all components were meeting or surpassing goals except component 2 which would require attention. Accordingly, the evaluation recommended a revised implementation calendar for conducting industry needs analyses. The new schedule projected 6 industry specific needs analyses and 3 industry specific training programs by December 1988. This was again pushed back and the training assistance team was replaced.

This third evaluation report acknowledged CADERH's accomplishment in exceeding its counterpart contributions by 156%. Its recommendations for overcoming bottlenecks in training materials development, production and distribution have been acted upon.

The report pointed out that reductions in funding levels and the making of timely disbursements had affected project goals regarding the number of people who will be trained, certified and employed.

Two recommendations in the project are appropriate for today:

a) Quantify the comparative advantages of the CBI system and continue efforts seeking additional sources of funding for utilization of the system in vocational and technical centers.

b) Develop alternative sources of income in striving for self sufficiency.

DEVELOPMENT IMPACT

On one hand the ultimate proof of the validity of the project will be increased productivity of the Honduran labor force, but this result cannot be measured before the end of the project. Job placement of certified workers in selected trade areas could not be measured. Based on existing SNE results with the more informal testing measures now in use there, higher job placement rates for certified workers seems a foregone conclusion. On the other hand, the project has had a developmental impact upon the vocational training centers where it has been implemented.

Increases in cost effectiveness, higher retention and job placement rates, a planned curriculum in place, job relevant instruction, improved facilities, trained instructors and administrators, community advisory councils at work, increased productivity, both for income generation of the centers and student learning; all this and more is clearly visible in the centers.

The present preparation of approximately 2000 qualified workers annually by the vocational centers with the prospect of increasing this number is not an insignificant impact. This is true in light of FIDE, CADERH and OEA studies of Honduran training needs at entry levels which showed an annual training need of 22,000 new workers with training institutions providing training for only 5,000 people in 1986.

The impact of the CBI system now in place in ten schools has not reached its full potential. It should be more widely disseminated. It is reproducible and is applicable to many Honduran and other Latin American vocational settings. We have recommended aggressive efforts to introduce the CBI system into INFOP schools. Also, we believe CADERH could assemble a dissemination and implementation team to help schools in Honduras and Latin America where there is need for cost effective training in the respective trade areas.

Other aspects of the CADERH project have yet to demonstrate their impact. Certification testing awaits valid and practical tests. The intent of the CADERH Board with respect to competency testing has not been met by the technical assistance given. Hence CADERH is independently developing tests that will meet their criteria. Also the political issues of such testing have not been addressed. Only a few industry specific needs assessments have been conducted, but their impact upon productivity won't be known until there are assessments of what follows from the organizational and training recommendations made by the Needs Assessment Team. To date while two industry specific training programs have been approved for financing, no training programs have been conducted. In view of the importance of shaping training policies for Honduras, Component 2 deserves full attention. Without efforts to involve the private sector in training, it is likely that Honduras will follow the classical solution of letting public agencies do the training with the attendant problems of providing relevant training and the loss of touch with the labor market. Within one year CADERH should reveal the value of industry specific needs analyses and within two years it should be clear whether or not in-plant training programs can increase productivity and make Honduras firms competitive. The work of those in Component 2 should go far in breaking new ground - in discovering the incentives for firms to provide optimal levels of training and in overcoming barriers to training such as fears of training workers who may be lost after training. It may be necessary for CADERH to organize firms into collective bodies and share the costs of training. Although it is beyond the responsibility of CADERH, government may find it necessary to revise the existing taxation of employers to support public (INFOP) training so that firms can reduce their taxes proportional to the value of their expenditures on training. In any event, CADERH's work in Component 2 marks a well defined approach to the problem of helping industry make decisions on how to train, to whom, and on what. Funding of this component should not be diverted from

this purpose.

EVALUATION FINDINGS

Technical Analysis

Strategies for improving the quality and relevance of instruction are means to address Honduras' need for trained workers in the private sector and to help small private training centers in their efforts at human development among Honduras' poor. Although these centers are unique in serving students who are unlikely to be accepted in the public supported INFOP schools and the principal technical institutes sponsored by the Ministry of Education, they are economically dependent upon their own financial resources. Their survival is threatened by rising costs and inadequate income.

The basic strategy is to take advantage of what already exists in the small schools and to focus upon the greatest weaknesses in these schools - poorly trained instructors, an inadequate and often irrelevant curriculum, lack of equipment, administrative deficiencies, and no contact with industry with its opportunities for employment and its requirements for employability. Hence the project has developed and implemented a competency based instructional system with major elements - validated competencies testing, self-paced materials (modules), appropriate workshop activities, productivity projects as an alternative source of financing, instructor and administrator training, school and classroom management tools, and local advisory councils.

We believe the rational is valid and that the current impact of activities as they bear upon life in the centers is highly significant. In the subsequent sections we present data to support these generalizations. At the same time, we offer suggestions for improving the execution of the strategies

Use of Private Sector Training Advisory Committees

Currently, there are 7 trade advisory committees; one for each of the trade areas where tests and modules are under development. The process for selecting members for these committees and their procedures for identifying and validating competencies and tasks is as follows:

Representatives in the field recommend those who they believe are most knowledgeable in the field and who can best represent the area in determining requirements for certification and training. Those recommended are invited to serve as members of the respective committees.

We also recommend that the technical director make decisions about test format, number and kinds of items, and other technical matters in development. Trade advisory committees should be available for their contribution to content validation.

Because of previous difficulties with the test construction CADERH should provide written policies and guides for test preparation.

We would be remiss not to acknowledge the thorough and creative work of the staff in attempting to measure competencies. When one considers that it takes ETS in the U.S. a complete year to develop one test, the work at CADERH is ambitious.

Competency Based Instruction

CBI modules of instruction have been developed and implemented in these trade areas: woodworking (2 levels), sheet metal working (welding), bench mechanics, lathe operator, milling machine operator, and metal plane operator. Modules teaching pre-requisites for the latter three occupations are also available. In addition, modules for orientation and the teaching of math have been implemented. Modules in preparation are secretarial, bookkeeping, automobile assistant mechanic, and automobile mechanic, and electricity (residential). The modules in preparation should be finished by October 1989. Many of the modules in welding are being revised and will be available September 1989. This revision was undertaken to incorporate new techniques in the field. Modules are contemplated in industrial maintenance, building maintenance, electrical technician and vegetable production among others.

The number of modules completed within each area ranges from 7 to 59, averaging 30. Much can be said about the quality of the modules. The modules are excellent with respect to form, measurability, integration of instruction with production, individualized instruction, self-testing, degree of teacher education required and appearance). In interviews with instructors we found unanimous opinion that the modules had brought a needed instructional plan to the trade areas. Careful articulation of theory with practice was appreciated. Students valued the independent practice the modules offer and the corrective feedback available. Although, in some instances the reading level was difficult for students, there usually were teachers and peers willing to clarify.

The management system that accompanies the modules is effective. Students waste no time in gaining access to materials and in using the accompanying audio visuals. A system for recording each student's progress is very functional. Students progress through the modules at their own pace. With this system, instructors say that for the first time they are aware of the level of accomplishment of their individual students.

Our recommendation concerning modules centers on priorities in production. First in priority is the completion of the revised modules in welding so they will be ready for continuing students.

Next in priority are secretarial and bookkeeping areas necessary for self sustainability of CADERH and the SNE certification program.

Automobile mechanics programs as well as electricity should follow, until all of these programs are completed, there should be no further work in additional trades. Diversion of personnel and

funds to other areas will interfere with both the quality and delivery of modules useful in preparing candidates and the certification of secretaries and bookkeepers.

We also recommend that in the future, modules be developed after the corresponding certification test is completed. The test should drive the curriculum.

The productive record of the curriculum developers should be acknowledged. Noteworthy is the fact they were able to produce nearly 300 modules in six trade areas, plus orientation modules, plus modules in mathematics - all despite a four month delay while awaiting technical assistance.

The modules and their supporting elements (A/V materials and workshop projects) should be used by a wider population. We recommend greater effort in trying to introduce the CBI system into INFOP classrooms. Also AID should consider using the system with vocational training in other Latin American countries. Although the system was costly to develop, it is reproducible and could be implemented at great savings to others. Further, CADERH should make contact with organizations that might be interested in publishing and in marketing the materials.

We recommend that modules be produced in sufficient quantities to meet distribution needs, maintaining an inventory for supplying existing training centers and anticipated immediate clients. Significant savings can be made when printing in quantity, providing the modules will be distributed.

Vocational Center Aid

Although not a charge in this evaluation, mention must be made of the major contributions of CADERH in affecting facilities and the equipping of workshops at ten vocational centers. This effort made it possible for the centers to offer high levels of technical training in a number of trade areas.

The previously described CBI system has been introduced in 10 centers. Four of the centers have been working with the system (using an early revision of the modules) for over a year; other centers have used the system for 6 months or less.

Approximately 130 instructors and administrators have received training in the system. In addition, CADERH's staff has given extensive follow-up training to instructors. This training included both pedagogical assistance and vocational training in the trade areas. Advice on the use of equipment, the conduct of production activities merely illustrate the range of this technical assistance.

Seven centers have formed local advisory committees. The advisory committee for Centro Municipal is being particularly effective in correcting administrative problems at the site.

In all centers enrollment has increased with the introduction of the project. Indeed, at one center (Loyola) nearly 500 students had to be turned away when the facilities, which can accommodate 300, were filled to capacity. Another center, which before the project enrolled 30, now enrolls 120. In some instances, the centers operate both during the day and might, as well as offering Saturday classes to on-the job workers, who want skill up-grading. San Juan Bosco, for example, has nearly 300 adults in its Saturday classes for workers.

A striking feature of the schools is the high retention rate, an average of 85%. While not all of this accomplishment can be attributed to the project since 4 of the centers are at boarding schools, it is noteworthy that in all instances, retention increases after the instructional system is implemented.

The goals of having 600 persons trained and employed in their fields has been excelled by the centers that have used the curriculum for one year: Cever 22 graduates, Loyola 302, Municipal 801, and El Sembrador with 21, making a total of 1246. It is estimated that 70% of these persons are working in their trade areas, although records on placement are only now being systematically kept by the centers.

It should be noted that CADERH has helped the centers with curriculum and equipment beyond that in the given trade areas. Traditional courses in tailoring, sewing, cosmetology, handicrafts and the like have been improved. The latter courses are important, especially, as avenues of opportunity for women. We note only an occasional woman completing work in the six trade areas where CBI is functioning. Although, we expect the forthcoming modules in secretarial and bookkeeping training to appeal to women, we recommend that CADERH promote female participation in all areas whenever possible. Recruitment of women and publicizing of female role models who finished traditionally male oriented programs are in order.

The goals of having centers reach a 50% self-financing level is within sight with 43.68 percent cost recuperation. However, much of this gain was reached with on site technical assistance from CADERH and subcontracting to centers by CADERH for the production of classroom furniture to be used by the project to assist the centers in developing their productive potential.

The cost effectiveness of the centers with production averages L0.51 based on the number of students and hours of instruction. This is a significant record when one considers that the average cost of instruction per student per hour in Honduras ranges from

1.24 to 6.62 lempiras per hour.* ($1 =L2 at the official exchange rate).

*Vocational Instruction in Honduras. Agency for International Development, Dec. 1984, page 16.

We also recommend that inasmuch as funding for work with the centers will expire May 1990, that money from either the contingency fund or funds that may be available if the contract with Convergent Systems is modified or cancelled, be used to maintain the services of the present coordinators who work with the vocational training centers. These services will give support to the existing centers, especially, to those just beginning to implement the system, and to 5 additional centers. The coordinators also will aid in helping centers increase income through production.

CADERH has nearly Lps. 650,000 available as a production fund. L150,000 from this fund is presently used to give a donation of up to Lps. 10,000 to a center upon approval of a project and its financing. Thus far one center has had its proposal approved and 5 more proposals are to be reviewed this July. The balance of the training funds (L500,000) were to have been loaned to centers for a one year period at 12% interest. Schools have not applied for these loans because of their fears about loss of autonomy and financial liability. Hence, we recommend that CADERH explore alternative ways to administer this fund in the interest of productivity. Study of the feasibility of several centers subcontracting with CADERH for the production of a product is in order, as is study of how cooperative buying by centers can effect economies of scale and provide additional income for CADERH. One proposed alternative for the L500,000 revolving fund is to use it to buy materials for producing tractor parts. This alternative is being discussed between CADERH and the Self-Help Foundation. This would qualify under project implementation rules. On selling the final product, the loan would be repaid to CADERH and thus would become available to CADERH for further future use. This proposal has certain risks, because the product must be produced and sold in a business-like manner. A more careful look is needed before doing this to insure that it is not a last moment attempt to make use of the fund, without being sure that the plan will bring successful results.

Integration of Production Activities with Vocational Instruction

Two types of production activities occur at the centers. One is production of items by students for sale by training centers through integrating production with instruction. This production offers opportunity for students to apply the skills they are learning in meaningful ways. Individualization of products is encouraged. Students reported that such activities gave them a

real sense of the value of what they were learning. "A school that doesn't trick us". Typically several hours are scheduled for a production activities during the day, apart from formal class or workshop sessions.

A second production activity is when centers contract to produce items. We saw production of plows, furniture, parts, and much more. Although much of the contracted production involves instructors and graduates, students in training have the opportunity to observe advanced workers and to participate on aspects of the work where they are qualified. Such production is valuable in providing role models and setting trade aspirations for students.

We were impressed with the concern of administrators and instructors that production does not detract from instruction, but that it enhances the learning process.

Job Placement Service

This placement service , The National Employment Service, SNE, was set up by CADERH in Tegucigalpa using office space in its new building with the idea that it would complement vocational certification providing qualified workers with easier access to employers, and employers with a bank of qualified workers. In the future job searchers who sign up with SNE would take the certification exams. This would be especially relevant in areas like those of secretary, bookkeeper, accountant etc. where SNE has considerable activity. SNE currently uses some more informal testing methods to assess the quality of job applicants.

A second concept was that SNE would not only be self-sufficient economically, but also might contribute to covering CADERH's costs. SNE has a staff of 7 persons. These earn salaries somewhat lower than those of other CADERH personnel, but some of the staff also earn commissions based on the number of placements made. The price of placement is 1/2 of month's salary which is sometimes deducted from the employee's pay over two months and paid by the employer, and sometimes paid by the employee. Collection of these fees is sometimes problematical. For example, since 1987 some 10,000 lempiras in uncollectible fees were written off. Even apart from bad debt expenses, SNE has not yet been able to break even. Currently about 20 to 25 employees are placed monthly resulting in revenues per year of about L80,000, but direct expenses run about 100,000. The SNE coordinator plan for 1989-90 is to double the number of placements. This would enable SNE to break even and even repay to CADERH some of the L116,000 which was advanced to get SNE started, and allow for uncollectible accounts. SNE is supervised by the administrative director of CADERH who also has proposed a change in the policy of commissions on placements, that these will be earned and paid only when accounts are collected.

Doubling the number of placements per year seems unlikely in the short run, but the new policies on collections plus more control could result in a higher collection rate. Another way of encouraging prompt payment, and at the same time increase revenues would be to raise the fee to 60% of month's salary, and offer a 10% discount (effective price 54% of a month's salary) for immediate payment. SNE is close enough to break-even so that adjustments of this type could enable it to achieve break-even or even a profitable level of operation. It is important to retain SNE because of its eventual link to the certification program and CADERH's job placement goals. Moreover, if CADERH itself begins to offer vocational training in secretarial, bookkeeping, and computing areas, the placement service would be a useful complement.

CADERH is considering transferring control over SNE to component I, and the technical director. While this is logical because of the connection of placement with certification, the key variable in SNE's success is good administrative control and business-like management. The administrative director of CADERH may be better equipped to provide this than the technical director although they must work closely together.

Project Design Analysis

The proof of the validity of the new activities under amendment 4 for employment generation and balance of payments won't be known until the end of the project. Activities for industry specific training are behind schedule, with two industry specific needs assessments completed and two more to be finished by August 1989. No industry specific training based on trade certification standards have been completed, because of microeconomic factors, delay in establishing the free-zone, constraints on the use of the training fund, and inadequate performance of the technical assistance team.

In this area 52% of plan start-up expenditures have been used and the training loan funds remains undisbursed. Previous to beginning a training program, a firm may undergo a training need study by CADERH with the help of a specialist who knows the firm's specific business well. The percentage of goals reached in the needs studies and training areas varies between 8 and 33%.

Responsibility for the slow start of this component can be attributed to the previously mentioned microeconomic factors and the changing groundrules for use of the training loan fund.
Two training programs were already contracted as of mid 1988, but a change of the loan fund ground rules along with external factors resulted a delay in implementing both programs. In addition, according to the staff, the incompetency of the technical assistance team during 1988 delayed the start of training needs

studies. Environmental factors have also contributed, in that the free zone industrial parks which were supposed to be available for foreign firms to locate in, and for national firms switching to export production to use, are not yet available.

One conclusion which the component II staff has arrived at is that the needs studies need to look at more than just training. Inadequate equipment, naive management, and improperly planned production facilities are usually found together with lack of worker and supervisor training in domestic firms. Only in the case of foreign firms locating in Honduras would the need be exclusively for training the workers and supervisors, but this direct foreign investment won't materialize until the industrial parks are available. If CADERH is to perform training needs studies now, these must really be overall needs studies of which training is a part. Yet, CADERH's own staff is currently insufficiently experienced to do training needs studies, let alone comprehensive needs studies. The director of the division, an MBA who has some experience in this area, must divide his time between supervising the studies, contracting new studies, and trying to line up training programs. The other three members, and the CSI T.A.s now in use are only capable of working at an assistant's level. Even at that our review of one of the studies CADERH has completed reveals weaknesses in the area of cost analysis, Yet, it is crucial to be able to show the effect of training, plant redesign and management methods changes on unit costs. This study also advocated training the supervisors but not the workers themselves, even though it was obvious from the photos appended to the report that the workers were most careless at least in the area of materials handling. CADERH noted this limitation and requested revision.

The budget for this department needs to provide at least one experienced needs study coordinator, and to train the staff in cost analysis, and more specialist - experts need to be identified. One interesting proposal is that the needs studies be carried out in collaboration with the staff of FIDE (which supports conversion of local firms to export industry). In this way CADERH could specialize more on the training component of industry needs. Unfortunately, although there is verbal intent on both sides, no working agreement for cooperation between FIDE and CADERH has been signed. If the difficulties mentioned above can be overcome, it is still possible for CADERH to achieve 60 training needs studies, but the cause of delays in start-up caused by poor technical assistance, and loan fund dilemmas mean one year at least has to be added to the time horizon for this... 1993 instead of 1992.

The income generated from these needs studies may be lower than projected by amendment 4. The first 5 studies have been offered free, and the next 6 have been offered at L5,000 each. It is unclear how much the price of the studies can be increased, and if they can cover the expected costs per study of L20,000. If the

average price is L5,000, the remaining 55 studies will generate L275,000.

Imported teams will be expensive. Yet 45 training programs are to be conducted during the life of the project. The cost of each program might be $150,000 to $200,000, but the training fund is about 3 Million and repayment can be as long as 5 years. If all of the training fund moves, (FIDE has only moved 50% of their fund in 4 years) and all of the firms contracting training programs need the fund, this means but 15-20 training programs. A more reasonable goal for 1993 (not 1992) might be 10-15 training programs instead of 45. However, it should be noted that the key factor is not the number of training programs but the total number of people trained. Therefore, we recommend that the number of training programs not be a criterion for evaluating the project.

We are recommending changes in the guidelines for using the training fund. Changes are needed because under existing guidelines the fund is not moving. Under Amendment 4 it was anticipated that CADERH's significant source of net income would be from the making of loans from this fund, and that use of the fund would permit industries to conduct in-plant training programs. Neither has occurred. Dialogue has taken place between AID officials and CADERH concerning the ground rules for the training loan fund. AID wants the fund to be at least nominally consistent with its financial market strategy. Thus the fund must be loaned to the client at the market rate of 17% with the dollars repaid in lempiras at the Cetra rate prevailing on the date of the loan, and must be loaned through a commercial bank who guarantees repayment. At the same time, the board of directors of CADERH have been excluded from access to the loan fund because they decide who gets the loans (no insider lending). CADERH retains flexibility to disburse part of the fund in the form of a donation. Current internal policy is to limit this donated portion to 30% of the total fund, in order to get most of it back, and receive interest income, which can finance CADERH activities. However, according to AID officials interviewed the donation percentage can be adjusted by CADERH. The 30% donation should be attractive to firms that want to invest in training. However, it has been pointed out that firms don't really get a 30% donation/only the needs analyses, certification and search for trainers are donated. If anything is left, it can be part of the 30% donation, but much less than 30% of the training loan. Also one wonders how Honduras can compete with Costa Rica and El Salvador if AID provides a 75% to 80% donation of the training and only the remainder in a loan.

We interviewed representatives from two banks to find out their reaction to the loan fund. One conclusion is that the fund is attractive to the bank as a source of funds for the bank's own clients. Thus, the fund will move better if it can be channeled through various banks. Any one bank, only has a limited number and type of business clients. This, however, requires the additional

intermediation of a service bank who can collect from participating banks, who can do a general financial analysis of the prospective client, relieving CADERH of having to hire a financial analyst, who can manage the loan component of the fund for CADERH and reinvestment of service payments (a complex matter because funds are disbursed in dollars, but repaid in lempiras, and because special arrangements must be made so that the fund is not subject to local 35% reserve requirements). If CADERH contracts an international service bank, this will relieve AID's concern about loan fund management. The five year term of the loan would be attractive to banks, whose available funds are mostly for shorter terms loans . Because of the service banks intermediation and perceived risks of training loans, the spread required by bank intermediation might be more than the 5% currently envisioned, so that 17% might only yield 10 or 11% to CADERH.

To move the training loan fund, it must be made attractive both to clients and to the banks that will serve as intermediaries. Members of our team talked to one bank in the list of those who offered to intermediate the loan fund, and to Citibank, to FONDEI and to FIDE. The results of these conversations were positive and instructive. We also spoke with AID officials in the private sector office. Based on our analysis and these conversations, our recommendations will be the following:

The AID groundrules need to be made more flexible without disturbing their intent: as regards insider loans.

1) Loans to firms represented on the board of directors should be permitted, but in exchange the board of directors must remove itself from the decision process. Instead CADERH executives should recommend loans which then require approval of the priorities committees and the intermediating bank.

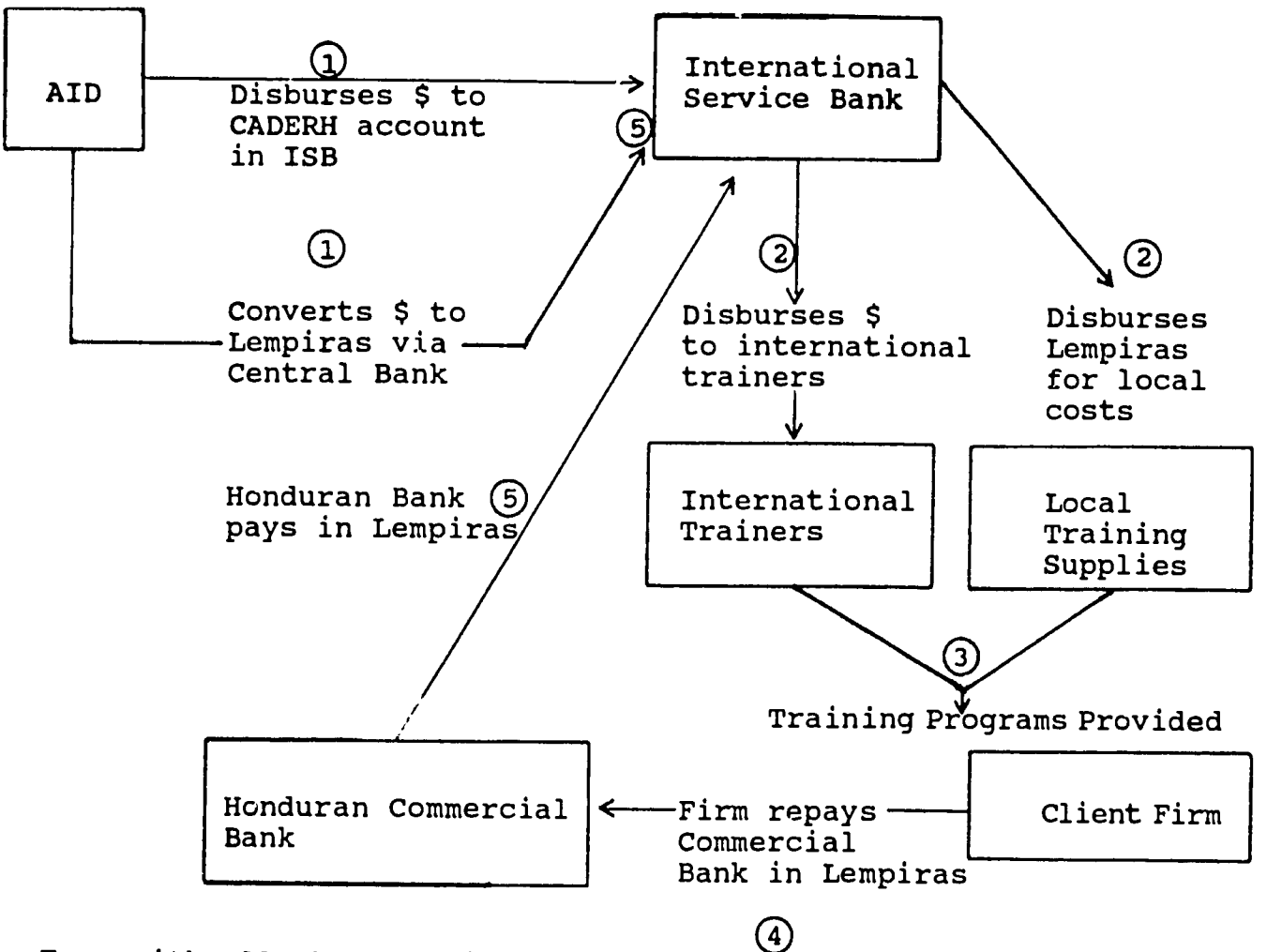
2) Equipment related to training should also be financed from the training fund.

3) AID should consider allowing CADERH to place training loans in U.S. dollars to be repaid at the 2 to 1 official rate for a limited period of time in order to move the fund. Since the Honduran Central Bank will no longer allow dollar loans to be repaid in lempiras, interest rates should be reduced from the 17% current market rate to an international market rate for dollar loans.

Operating through a service bank permits the loan fund to be disbursed through a number of banks who repay to CADERH's account in the service bank. Different clients will have established relationships with different banks, more likely to approve their loans and assume the risk, than a bank which does not know their operation. The credit analysis service will reduce the need for specialized expertise on priority and loan committees of CADERH.

A diagram of how an international service bank (e.g.: Citibank) might operate the training loan fund appears below:

Operation of Training Loan-Fund



Even with all these positive possibilities, moving the loans fund and getting in plant training programs going will be a difficult task requiring dynamic activity on the part of key CADERH personnel. The executive director must directly involve himself in key negotiations, to establish agreements with Citibank (or an equivalent institution) letting them program loan management, creating the necessary committee, establishing agreements with FIDE and FONDEI. Developing connections with specialists in many industrial areas, and highly reportable training firms, and finally locating clients for training needs studies and training programs will involve this time as well as that of the division.

Needs analysis will often reveal the need for major investments in equipment, plant redesign and the like along with training where the training program will not make sense without the other changes.

An alternative, is to work with other agencies such as FIDE and FONDEI, developing joint packages where CADERH provides funding for the training component. We also recommend that the training fund policy be modified to permit purchasing equipment related to training.

Institutional Analysis

Technical Capability

The institutional capacity to conduct the programs necessary for fomenting vocational training in Honduras has been developed at CADERH in terms of facilities and in terms of the professional level of the personnel. However, there is a need for more networking in the vocational education area, more contacts with experts who can help, especially in view of the poor performance of conventional technical assistance contractors in the key areas of training needs analyses and certification. Technical competency in criterion referenced testing and industrial needs assessment should also be strengthened. Earlier we mentioned the inexperience of CADERH's staff to do training needs studies, yet were commended termination of technical assistance for this component. Clarification is warranted. The present director is prepared to do the required studies although his assistants have had little experience. Nevertheless all members of the needs assessment team are acquiring the necessary experience as they complete the initial four studies. Our concern was that the director might have too much to do in view of his responsibility for marketing this service and the number of studies anticipated. Hence we recommended the appointment of at least one experienced needs study coordinator but did not recommend the continuance of technical assistance except for procurement of technical expertise in the industry and trade areas where the studies are conducted. We also referred to a need for improving the studies by making cost-benefit analyses.

In our subsequent discussions with the director of this division we learned of his competencies for doing such analyses and of his plans for instructing his assistants. The difficulty of doing such analyses in the context of the Honduran environment where records of profits and expenses are often masked by managers for tax and other reasons is known. However CADERH has prepared instructions for doing a training needs and cost-benefit analysis that circumvents this difficulty and at the same time provides an excellent way to demonstrate the economic returns from training. In a document "Análisis de Necesidades de Capacitación/Implementación en Industrias" CADERH describes how to determine the critical aspects affecting productivity as related to job performance and then how to establish the value of a) present performance in each critical area, measuring such factors as productivity, wastage, and items rejected, and b) desired performance in each critical area using the same criteria. An estimation of the value of the investment required in order to

reach the desired levels of performance is made and a cost-benefit analysis is conducted based upon the expected increased productivity and the costs of the training investment, including direct and indirect costs. These costs analyses procedures appear legitimate and appropriate for the environmental context and the goal of improving production. It permits translation of training program effects into dollar estimates of the value of the effects. However it is not always easy to translate non-monetary costs into dollar amounts. Subjectivity will be involved and the results of the analysis should be regarded as only one factor in making decisions about training.

In addition, the document calls for assessing the effects of training by assessing performance on tests that measure desire levels of performance, and the awarding of performance contracts to the providers of training whereby payments for the service are dependent upon results. Proposals for awarding training are based on present and desire levels of performance. Payments depend upon standards reached and the number of persons at present and desired levels, materials, technologies and equipment used and recommended. Such contracting is consistent with CADERH's accountability thrust and increases the likelihood that training will match specific training needs.

Administrative Capability

CADERH's institutional development reveals strengths in that there is now a well developed administrative capability, also good physical facilities and some experienced and well qualified staff. At the same time, doors are open for cooperation with other key institutions such as INFOP, Ministry of Education, FIDE, and FONDEI. Weaknesses exist, however, in the ability to locate and employ needed consultants and technical assistance, in the smallness of the membership base, in the fact that working agreements with important potential cooperators such as FIDE are not implemented through no fault of CADERH and lack of an efficient internal information system,(accounting information system) and finally in organizational flexibility because the need to generate income is becoming the driving force in decision-making, and policy decisions for development are been subordinated to profit. In contrast, AID major institutional strength of CADERH is that it has had the flexibility to target specific developmental concerns which would not normally be addressed. If CADERH loses its flexibility, it loses its effectiveness as an institution for human resource development. The need for vision, timely decision-making and teamwork between divisions of the enterprise is recognized.

Financial Capability

The transition to self-sufficiency will be difficult because CADERH lacks the independent planning and decision making necessary for

a self-sufficient organization because of the nature of the grant agreement with USAID. In addition, vocational training is inherently not an economically profitable activity. Businesses have not yet invested in training. Although the cash counterparts generated last year exceeded projections and the excess was carried over to the current year, and total income is exceeding projections, cash contributions are about L200.00 less than expected from amendment 4 income generated sources.

Table 1 below shows the institutions cost and resource use:

COST AND RESOURCE USE

NAME OF PROJECT GOAL	1992-3 GOAL	MIDTERM GOAL	MIDTERM RESULTS	RESULTS AS % of MT GOAL
FULL TIME PERSONNEL	16	30	53	177
ANNUAL OPERATING COST	682	1429	1832(1987)	*128 (139)
AVERAGE ASSISTANCE PER ABC	300	300	326	109

Sources: AM4, AID-L, DR. * in-() includes 'other expenses'

% OF OP. BUDGET USED (EXCEPT FUNDS TO BE LOANED OR DONATED)

All numbers in Lempiras with dollars converted at 2 to 1

	PROJECT BUDGET	BUDGET TO 1989	ACTUAL TO 1989	% of to 89 budg. used	left in AID BUDGET
COMPONENT IA	3407.2	2614.7	2856.6	109	890.3
COMPONENT IB	2350	1694.5	1999.3	118	360.5
COMPONENT II	3874.6	2591	1349.8	52	2076.2
COMPONENT IIIA	2556.8	1500.4	927.8	62	1188.5
ADMINISTRATION	2881.9	1681.4	2049.4	122	256.3
CONTINGENCY	1838.2	749.5	240.4	32	710
SUBTOTAL	16909	10832	9423	87	5482*
ALL TECHNICAL ASSISTANCE	3734.2	3212.1	2781.0	87	1251.4
VOC CTR FACILITY/EQUIP	4500	3079.0	4013.2	130	486.8
CADERH	2771.4	863.8	593.9	69	2178*

While counterpart cash generated over the past two years has exceeded overall projections, there has been a short fall in income generation this year. Most of the shortfall can be attributed to the fact that the training need studies and training loan fund interest did not materialize. Also there was less membership revenue.

CAL revenues have been an important component and educational activities in the area of language training, secretarial, computer etc. could be a significant part of the future self-sufficiency plan. It is also important for both AID and CADERH to maintain the CAL system intact for future english language training, and it is recommended that the CAL resources be maintained by CADERH for enhancing self-sustainability and assuring that USAID will have a source of high quality english language instruction for future CAPS programs.

At the same time as revenue generation from component II is about half of the level expected, CADERH's operating costs are 28% or 39% in excess of projected levels, and 42 personnel is 12 in excess (not counting SNE staff). Costs in the administrative division, are at this point 22% above those budgeted. The administrative division presents a profile similar to that of component 1, higher costs than expected and less output or goal achievement.

At the same time inflation, according to AID and Embassy reports is 10 to 15% per year. This means, that costs per staff member, and related operation costs have risen, perhaps at 10% per year. For these reasons, the annual operating cost goal of L682,000 per year in 1992 is unrealistic. Three staff currently work on activities related to INFOP, and these are marked for eventual termination, but to be effective, CADERH should continue to give time and economic resources to INFOP . Given the size of CADERH's building and the scope of its planned operations, including the continued technical and supervisory support of the vocational training centers, which this evaluation team is recommending, it is difficult to see a staff level much below 35. In real terms, measured in lempiras of 1989 it is difficult to foresee an operating budget of less than 7 % of current levels, or about 1.4 million lempiras if our recommendations for the use of an endowment fund are followed. In lempiras of 1992 this would come out to about 9.86 million after taking into account inflation. Allowing for depreciation recovery and reserves this implies a total budget of around 2 million lempiras per year at that time. This estimate is conservative, because some of the workload at CADERH is borne by 2 technical advisors and the AID technical coordinator. It is not clear that all this workload could be absorbed by the regular staff. Ideally staffing will be comprised of our recommended Component 2 personnel, and continuation of coordinators for the vocational centers under endowment funding. Should no further fundings for the vocational be received after 1990, the employment of coordinators will ceased and there will be less need for

curriculum developers.

A way of cutting personnel, though not costs, in the short run would be to turn the curriculum writing staff into contract workers paid on an output basis. This would remove uncertainties for them about when employment ends (which hampers productivity). This incentive plan together with a similar partial plan for employees in component II has recently been approved by AID in Honduras. For a number of key positions it might be possible to offer bonuses for productivity instead of simple inflation and experience increases.

We assume that operating cost will be reduced to 70% of current levels in real terms. However because of inflation and depreciation charges, costs end up higher in nominal terms. As indicated in Appendix 9, calculations for the yield of the training loan fund are difficult. Based on the experience of FIDE, 50% movement of the fund might be a reasonable expectation for 1992-93. Assuming the loan portion of the fund has a dollar value of 2 million, and assuming the mechanisms outlined in this report (where the base fund remains in dollars earning 8% and is used as a guarantee for funds which circulate in Honduras) the dollar interest yield would be 8%, $80,000.00 or L320,000.00. Also CADERH must continue to manage grant funds in order to break even as an organization. If 30% overhead is charged, then two million 1992-93 Lempiras per year will have to be channeled through CADERH, implying grants per years including overhead of $650,000.00. This might be reduced somewhat if CADERH is able to generate consulting activity, of if 100% of the training loan fund is moved instead of 50%. A preliminary estimate of revenues and sources is as follows:

Sales of Educational Materials Multi-media	L300,000.00
Certification Testing (4,000 at L25)	L100,000.00
Training Needs Studies (24 at L10,000)	L240,000.00
Endowment Fund Interest	L320,000.00
Training Loan Fund Interest (50% moved)	L320,000.00
Overhead on Grant Management (30%)	L600,000.00
Miscellaneous Income	L 50,000.00
National Employment Service	L 50,000.00
Direct Educational Activities (English, secretarial, computing)	L150,000.00
TOTAL	L2,130,000.00

Table 1 below indicates the evaluation teams view of activities which should be able to recover their cost, program activities which in the future will reach cost recovery, and activities which are not expected to generate income and should be supported by endowment funding.

Table 1

Activities That Are Self-Sustainable Versus Human Development Activities that Should Received External Support

Income Generators Now

Direct Educational Activities
Facilities Rental
Multi-media Services

Potential Income Generators That Should Recover Their Costs by 1992

Certification Testing
Training Needs Studies
National Employment Service
In-Plant Training

Human Development Activities That Require Endowment Funding

Vocational Center Support for CBI materials and supervision

An endowment strategy proposal, appendix 1, has been presented based on CADERH's current financial capability. This endowment should be pursued by CADERH and AID, but exclusive reliance should not be placed on it to solve the financial future. The other major source of income must come through the component II training loans. The endowment fund is a matching fund. Its size depends on the ability of CADERH and it board to raise funds within the Honduran business community.

<u>Organizational Flexibility</u>

The fact that CADERH has grown quickly over the past two years, and has moved into and adapted a new building while wrestling with the disparate goals of moving towards self-sufficiency and at the same time executing an AID project must also be taken into account in evaluating administration and organizational flexibility. With reference to flexibility and planning for the future, it has been difficult for CADERH because they have been trying to be responsive to two competing demands - self-sufficiency and attainment of

project goals. The latter has imposed constraints on their flexibility and the former has presented the unresolved problem of how far CADERH can go in its efforts at self-sufficiency without losing its identity as an organization whose mission is that of increasing productivity in the workplace. Currently there is a mixture of a short run task orientation and medium-term self-sustainability which prevents the institution from defining its future. Furthermore, although the key personnel are well qualified there is a weakness in certification and industry training needs. In the case of certification, strong goals directed leadership is needed to get the certification exams out and revise them in the light of pilot results so that they are usable instruments. In the case of component II, the staff needs to be augmented as described above, and the executive director has to play a stronger role in getting this component off the ground.

Teamwork among division chiefs should be stressed as they engage in group planning activities . Each seems confined to his assigned territory and office space. We have recommended implementation of a physical layout plan aim at integrating CADERH's activities and enhancing working relationships, for example, between those developing curriculum and those preparing tests. In the months ahead Component 2 activities will take greater importance. Hence there is need for involving the technical director and others in the work of this component. Multi-media, curriculum development and competency testing may be related to activities of needs analyses and training programs.

Marketing and Promotion

Throughout this report emphasis has been given to the need for marketing CADERH's services and products. We have noted (a) the Executive Director's active role in determining what it would take to persuade private firms to accept training loans. (b) the search for clients by the Director in charge of specific needs analyses, (c) the positive effects of an incentive plan for SNE personnel based on the number of placements, (d) the multi-media's division marketing of photocopying, production of audiovisual materials, and other desk-top publishing services (This division of funds 9% of its costs from such activity while giving major attention to printing, binding and distributing CBI material, in support of Component 1). Further CADERH has shown ability to market training language and is contemplating marketing of other direct educational programs in the areas of computer, secretarial, and bookkeeping areas.

The high initial development costs of CBI materials and the low incomes of CADERH's clients for these materials in the vocational training center make it unlikely that these products will generate income. However, CADERH should explore marketability (sales) of these materials to commercial publishers and make contact with public and philanthropic agencies involved in improving vocational

education in other Latin America settings with the idea of marketing both the curriculum materials and the successful instructional delivery system employed.

Also a marketing strategy should be designed for implementing competency testing. At present, CADERH seems bent on initiating the testing system through SNE activity and vocational center certification. Other possibilities should be entertained: contracting with individual employers and heads of governmental agencies for certifying workers and applicants and contracting with industrial and trade associations for certification of future members. It is important to find out whether or not certification in a marketable service.

The Renforth-Apodaca Study recommended that marketing be the responsibility of individual activity center, "those who make it, sell it" rather than the responsibility of a separate marketing department. We agree in part with this recommendation, but believe there is a need for an overall marketing plan. The various products and services are not independent. For example, the marketing of the training loans bears on the conduct of need analyses studies, training programs, certification, and possibly on the use of CBI materials and multi-media services. Similarly, the placement service relates to competency testing, CBI instruction, specific training programs and perhaps industry specific needs analyses and in-plant training. CADERH should develop a plan so that prospective clients can see the broad array of services and their relationships. The marketing plan also helps as a guide to management making goals and strategies concrete. The plan can be use as a formative evaluation tool to readjust program goals as needed.

The plan should be based on market research (identifying the need for given services as products as well as recognizing the competition); the specification of intended clients and their characteristics; the study of cost and pricing analyses; and the assignment of individual responsibility for carrying out the plan, including consideration of the effect of marketing responsibilities upon present work load.

Central to the plan is provision for participation in networks likely to draw upon or refer others to CADERH services - public agencies (FIDE and FONDEI), direct contacts with firms interested in increasing markets and productivity, such as those working with GEMAH and those firms contemplating locating in the special economic zones. Of course, CADERH's principal contact with the private sector and its needs is its own Board of Directors and contributing members. In the future, CADERH should be part of the movement to joint ventures in which foreign firms use local materials and labor in processing goods for export. This is so, not only for the marketing of CADERH's services, but because these firms are most likely to be pace setters for the advancement of

CADERH's interests in quality control, accountability, and productivity within Honduras. In one sense, CADERH's principal service is introducing up-to-date technology and training in Honduras. Joint ventures may be a key bridge to this purpose.

In our discussions with various persons regarding the attitude of the private sector about the importance of in-plant training, we found many contradictions. Earlier surveys among private sector leaders revealed highly perceived needs for training. Yet, both CADERH and FIDE have experienced difficulty in moving training loans.

Many cultural and historical factors are attributed to the lethargy in training - the smallness of the local market in a nation of 3 million, the prevalence of small family neighborhood businesses, the traditional dominance by a few large exporting firms, and the high unemployment rate. Such factors reduce the pressure to compete and lessen the desire to take advantage of every means at meeting competition, including an improved work force. Other factors that mitigate against training are the managers' fears of losing more highly trained workers to their competitors and the need to pay higher salaries after training.

Attainment of CADERH's goals will require addressing these concerns: showing how training can indeed minimize costs and maximize profits, how money spent on needs analyses and training will yield pecuniary results, and helping managers give more attention to long-run economic results. Indeed, the emphasis on short-run economic results has a dire effect upon training.

CADERH should consider both how joint venture firms can share their experience in training, including the quality of materials and determining whether or not these firms will serve as catalysts for other industries in moving them toward greater productivity and improved training.

If its marketing is to be successful, CADERH must break away from its focus upon project output goals and give more attention to larger developments in the economy of Honduras and the special ways CADERH can contribute. Self sustainability of CADERH will depend on the ability to link services and products to larger economic and social developments.

CADERH's expertise in curriculum development, competency testing, multimedia, needs assessment, preparation of instructors and specialized training may be channeled in new directions in serving the private sector. CADERH's future activities should be viewed from the perspective of potential users in the marketplace.

On a cautionary note, we have observed CADERH's spontaneity in considering a range of activities - production ventures with vocational centers, the opening of a technical and educational

bookstore, the rental of facilities for meetings. However, we believe that such activities should only be undertaken after establishing a definite market and the financial benefits and costs as well as considering the impact of the activity upon CADERH's broad goals of private sector productivity and human development.

Technical Assistance

Convergent Systems International has provided the following. The degree of satisfaction with the particular service indicated is based on interviews with those receiving the services.

	Very Satisfied	Satisfied	Not Satisfied
Component I			
1. Develop a CBI Training Course		X	
2. Prepared a video tape and used in training instructors			X
3. Develop a checklist for materials ensuring they meet standards			X
4. Matched materials to criteria on checklist			X
5. Trained instructors in training centers	X		
6. Develop a checklist for evaluations of centers		X	
7. Assisted staff in developing strategies for identifying competencies and tasks			X
8. Provided on the job training for 15 persons in CBI curr. dev.		X	
9. Develop strategies to ensure that curriculum development and updating are economically self sustaining			X
10. Assisted in developing validating certifications exams			X

11. Developed and implemented mechanism and materials for student selection			X
12. Assured that training conforms to CBI standards		X	
13. Assisted in developing and validating exams			X
14. Developed requisites for training centers			X
Component II 1. Trained 10 people for conducting in-plant training needs analysis			X
2. Implemented and subcontracted 8 sources for technical expertise	X		
3. Developed strategies for conducting and marketing needs analysis studies		X	
4. Conducted in-plant and training needs assessment			X
Component III 1. Ensured cost effective local production, and trained people on maintenance			X
2. Trained persons in the production of materials			X

3. Developed a marketing strategy for multi-media			X
4. Identified sources of materials that can be adapted	X		
5. Assured that all CBI and multimedia materials are available when scheduled for centers			X
6. Advised the project on A/V equipment resource center furniture to be produced locally			X
7. Trained personnel for establishing learning centers		X	

Areas in which technical assistance is incomplete deal with certification test development and validation, strategies for marketing training needs analysis, conducting training for meeting training needs, increasing productivity of trainees by 15% or more, developing competency exams for trainees, evaluating training, monitoring training needs analysis and contracted training, evaluating training provided showing increases in productivity and training personnel, and how to measure productivity from training, and on developing a market strategy for the multimedia center.

The overall performance of the technical assistance contractors has been inadequate in the view of CADERH staff. This could be because of inadequate logistics, and the hiring of some technical advisors who do not speak spanish or are unable to relate to Honduran cultures, or because they were not qualified for the assistance they were to provide, or finally, because they were unable to work well with CADERH personnel. In any case, CSI may not at this point be cost effective. Suppose $300,000 can be saved by immediate cancellation. A calculation needs to be made of how much it will cost to independently hire technical assistant identified by CADERH to replace CSI's service. Technical assistance appears to be only needed in Component II and possibly component III at this point. We note that most industry specific needs analysis are likely to be in either furniture or apparel industries where local expertise

is likely to become available. In the meantime, the technical staff is capable of soliciting appropriate training teams in these areas.

We question the help CSI is providing in the development of certifying exams. It appears the CSI has confused the purposes of certification. Certification is to ensure that workers have pre-specified competencies and knowledge, not to reject workers on the basis of their relative standing in some normed population. For CADERH's purpose, it is enough to know that test-takers can perform to criteria. It is neither necessary or desirable that responses to test items discriminate along a normative curve.

Project Outputs

Table 2 below shows the progress of the project on the basis of specific annual output called for in amendment 4.

TABLE II

OUTPUTS FOR PROJECT 1987-88 AND 1988-89
(The top figure is the realized figure,
the figure below is the projected figure)

Component and Output	Year 1 87-88	Year 2 88-89	Not Cumulative
Component I			
Curriculum materials and certification systems developed for new trade areas	3 2	3 2	
Number of instructors certified	0 15	0 20	
Training Centers using CADERH curricula and participating in the certification system	8 5	2 5	
Retention rate increased to	82 60%	85 65%	
Job placement rates increased to	65 60%	70 65%	
Persons who receive job entry level training, certified and employed	-	600 * 500	

Persons who receive skill upgrading training, certified and 15% increased productivity	-	300 * 700

* Not certified

Component II-a

Industry specific training needs analysis conducted	0 6	3 * 12
Industry specific training programs contracted	0 3	1 9
Persons receiving skill upgrading training with increased productivity of at least 15%	0 -	0 1,000
Persons receiving job entry level trained, certified and employed	0 0	0 800

Component III-a

Training and multimedia materials produced and distributed for trade areas	3 4	3 4
Audio-visual training units	300 100	260 300
Participant training manuals	4,000 4,000	22,871 10,000
Instructors trained to use CBI materials and equipment	20 25	65 50
Self-financing of components	71% 0	75% 25%
Income generated (L000)	31,000 0	89,000 -
Membership income (L000)	12,375 30,000	17,000 37,500

Job placement income	84,534 30,000	79,876 42,000
Counterpart hours of service by CADERH members and Board of Directors	580 576	530 576
Cash Counterparts - Actual - Projected	 169.1 169.1	 429.9 475.4

* 3 others in progress

In-Kind Counterparts		
Other Counterpart		
- Actual	4,636.8	31.3 *
- Projected	461.6	1,068.6
Private Sector Counterpart		
- Actual	41.10	360.4
- Projected	650.0	1,000.0
Total In-Kind Counterpart		
- Actual	4,636.8	391.7
- Projected	1,111.6	2,068.0
Total counterpart generated		
- Actual	4,805.9	614.6
- Projected	1,280.7	2,544.0

* This counterpart will increase this year as 5 new vocational centers make their contribution.

As seen in Table II goal accomplishment in component I-A varies from 0% in the certification area to over 100% accomplishment in other areas. Spending on the other hand has been 109% of levels originally programmed through April 1989.

Earlier evaluations in 1986 and 1987 found that CADERH was meeting project goals at that time. Tests and CBI materials were set to be developed in 4 new trade areas. The explanation is that materials and tests in theses areas were revised and expanded subsequently. CADERH was dissatisfied with the earlier module test and versions and removed the Central Texas College assistance team, replacing them with the Convergent System Contract. At the same time, the trade areas were redefined and the number of modular instruction units were greatly expanded, reaching a level of 117 at one time for industrial mechanics. More recent policy has established a limit of about 50 CBI modules for trade area, and has divided industrial mechanics into several sub-areas with a total of 93 modular units.

Since 1988 the main external problem noted by CADERH staff has been the Convergent Systems technical assistance team, which has not been effective in guiding the staff for successful results in certification and training needs analyses. Since this is the second assistance team to fail, the problem for CADERH appears to be that there is no readily made group of experts to lead the development of certification tests and instructional materials. CADERH staff have learned much by working with the TA teams, but now must develop materials themselves which amendment 4 envisioned

would be available through the TA teams. This accounts for some of the delay in development, and also the extra costs incurred to date.

Some of the targets set by amendment 4 are unrealistic at this point. In general, AID and CADERH should be satisfied if they can get effective tests working in about 6 trade areas by the end of the year. Impact effects on productivity may not be readily measurable by 1992, in all cases. Productivity is the joint result of many factors of production working together. It may be difficult and costly, especially in Honduras, to gather data of sufficient quality for an econometric analysis which could separate and identify the impact of these factors in a statistically significant way for component I, and we recommend that this criteria be deleted from the evaluation criteria for this component. Job placement effects could be measured, and preliminary indications from SNE indicate that certified workers will experience significantly higher placement rates. Original goals in the area of CBI materials still seem achievable. The problem for CADERH is to change its modus-operandi so as to achieve them.

Most significant is a certain indecisiveness in bringing test and CBI material development to a conclusion. Second in importance is that the productivity of the trade advisory committees and writers has been lower than anticipated. CADERH expanded its activity and employment in component I-A with the idea of finishing the fourteen trade areas ahead of schedule, but the strategy appears to have failed. Now there is less money left in the budget that originally envisioned and more work remaining. We believe part of the delay in achieving certification tests is due to the attempt to adapt U.S. based norm referenced tests instead of criterion referenced tests.

Component 1-b Vocational Training Centers was carried over into amendment 4 from amendment 3 to be funded through early 1990. Where the original statutes of CADERH envisioned working mainly with the private sector businessmen, and INFOP , amendment 3 provided funding for building and equipment modernization of private vocational centers scattered throughout Honduras. The argument was that these had the potential for a more cost effective contribution to upgrading Honduran labor force skills, and yet receive very little in the way of grant funding. In accord with the amendment 3 plan, 15 centers were to be expanded and re-equipped. They were also to be affiliated into the CBI instructional system, and given technical assistance. Finally, they would have access to revolving loan funds for purchasing materials for their productive activities.

With less than 1 year left in funding for this component 10 centers have been enlisted and assisted. Five others will be assisted during 1989. The cost of assisting each center has been 9% above

budget, somewhat less than what is needed for the remaining 5 centers is left in the budget. These will be assisted with equipment, but not with building and facilities expansion. About L 1.25 million remains for their assistance, however, some of that has already been committed to the first 10 centers. A substantial portion of this is in the form of tools and other equipment which has already been purchased by CADERH. Thus we might expect an average assistance level of L200,000 per center. It is too early to effectively measure job placement effects, but retention rates in the 10 centers are already above the project target and self financing is approaching its target level. Because of the absence of a usable certification test and not having any significant number of graduates who have passed through the CBI system and prepare for the certification exam until November/December of 1989, the goal of certifying 500 by this time is unmet, but approximately 600 non CBI and non certified graduates have obtained employment, exceeding graduate and employment projections. Although progress in getting setters to affiliate with the project has been on or above targets it is unlikely that the 1992 goal of having 25 affiliations will be reached without support from endowment funds. The vocational centers are responsible for most of the non-cash counterpart contribution to the project because of their lending their facilities, and donated time.

The staff believes that it can continue introducing certain CBI curriculum materials in secretarial and bookkeeping areas in 10 additional vocational centers by 1992. These centers also will be part of the certification system.

We have recommended closer ties with INFOP. If CBI can be introduced into INFOP classrooms and industrial training programs, INFOP's high instructional costs could be reduced.

Component II, Vocational Training in Industry, contains two activities. The smaller consists of institutional strengthening of INFOP and a national training needs survey. The larger consists of training programs to be carried out in and for firms which operate in Honduras now, or which are planning to locate productive facilities in the free zone industrial parks, Performance in working with INFOP is satisfactory although somewhat behind schedule, but has a lower priority in the minds of CADERH staff at the moment. This analysis will focus entirely on the larger activity, although the importance of continuing and even expanding the relationship with INFOP, and of analyzing and interpreting results of the national survey should not be forgotten by CADERH.

In training needs analyses and industry specific training only 52% of start-up operating expenditures have been used, and the training loan fund remains entirely undisbursed. The percentage of goals reached in the needs studies and training program area varies between 8 and 33%

In a previous section of this report, we attributed the slow start of component II to the year spent by in redefining the ground rules for use of the training fund, external factors, and inexperienced training needs staff, and an incompetent technical assistant team during 1988. The delay in establishing industrial free zone parks was also a contributing factor.

We also pointed out how needs analyses studies must take on a broader function than merely defining training needs. In order to improve performance in this component, there must be expanded budget and staffing and more attention to cost analysis in making the studies, and identification of specialist-expert. The proposal to collaborate with FIDE in carrying out needs analysis studies should be considered. The problem of getting high quality training teams also must be faced. Without knowing the costs of each training program, the evaluation team cannot say that the goal of 45 completed training programs by 1993 is realistic.

Component II should be given maximum attention by CADERH, including direct involvement of the executive director in securing clients for needs studies and training.

Component III, multimedia and training materials handles printing, binding and distribution of CBI materials photocopying, production of audiovisual materials, and other desk-top publishing activities. In terms of goal achievement it has been the most successful reaching a level of 61% self-financing, almost double what was planned and distributing 1.65 times as many CBI instructional manuals as planned. Only in the area of instructors trained in use of multimedia equipment does the division fall short of the mark. A qualifying point is that a large proportion of divisional revenues come from photocopying services provided to other divisions of CADERH, and from the sale of modules which are funded by project funds from component I-b. If deprived of these sources multimedia would currently only fund 9% of its costs. This latter measure is misleading, however, because services provided to vocational training centers and other divisions of CADERH consume most of multimedia's time. If this time were free, it is likely that the same equipment could be profitably used providing services to other clients. Curiously, multimedia has used less of its budget than planned at this point in time, and this may be correlated with the fact that it is behind in its own development because a substantial portion of its equipment has not yet been installed.

The installation of air conditioning equipment and wiring are being completed in this area so that the audio-visual studio can be set up. Once this is in place, and when module production tapers off in 1991 this division will be able to earn substantial income from filming and videotaping activities but the developmental impact of these activities may be limited because of the anticipated client base. The multimedia division seems to operate effectively with

considerable teamwork. Its main limitation is the inability to install the rest of its equipment and reorganize its work area. When this is done, the training of instructors in the use of multimedia will also be facilitated.

Person Years of Employment

The evaluation criteria in the amendment paper do not project person years of employment which the project is to realize. However, other USAID reporting and evaluation mechanisms include this criteria.

Because of delays in some areas (component II in particular and delays in ESF disbursements during 1987 and 1988), and the fact that the first significant group of students from the training centers working with CADERH will not graduate until the end of 1989, it will not be possible to meet the overall projection of generating 15,000 person years of employment over the life of the project 1987-1992.

Further, the method of calculating person years of employment places greater weight on persons who are employed in the initial years of a project. For example, if 1,000 students graduated and obtained employment during the initial year of amendment 4's five year period (1987) these 1,000 person years of employment could also be recounted for each subsequent year for a total of 5,000 person years of employment over the life of the project (1987-1992).

This, however, is not a realistic assumption because the majority of the training centers' programs are 18 to 24 months in length and the certification and employment of graduates cannot be accomplished until the training program is completed. Moreover, the building, remodeling and equipping of training centers requires a minimum of 1 year before the CBI training program can even begin.

This means, there is a 30 to 36 month delay before the first significant groups of students can graduate from the training centers, become certified and begin seeking employment. This will only begin at the end of 1989, after which the initial 5 training centers will continue to provide graduates and new employees. Similarly, the training centers which were built and equipped during 1988 will begin to provide graduates in 1990; and the centers assisted during 1989 will not provide certified graduates until 1991. The initial project design did not contemplate macroeconomic pressures which caused USAID to reduce disbursements to CADERH during 1987 and 1988 which limited the number of training centers which could be assisted during these years; and cause a delay in integrating additional training centers into the CBI certification network. These centers will not be providing graduates for certification and employment until 1992.

Thus it is recommended that the total number of students enrolled in centers be monitored for projecting the final number of graduates and employment generated for future years and that these figures be used for project reporting and evaluation; and projections for certified graduates and employment generation be revised accordingly (see appendix II). These changes do not affect the overall benefits which will be received from the project. Current enrollments and retention rates suggests there should be little difficulty in meeting the project's overall employment goals in subsequent years if certification exams and job placement mechanisms are in place by late 1989 and component II's industry specific training programs are implemented.

Skill Upgrading

Projections for skill upgrading training for Component I are not realistic at this point because the training centers are not accustomed to providing this type of training. While many of the centers will offer training in this mode over the longer-term, the existing training centers of the project could not expect to generate more than 500 graduates per year in skill upgrading training . Hence, the projections for 3,500 skill upgrading trainees on page 1 of appendix 3 of the amendment paper should be reduced to 2,000.

This will not affect the economic returns on training investments from the project if we increase the projection for job entry level trainees from a total of 2,500 to 3,070. The rational for this adjustment is summarized below.

1) The economic analysis of amendment No. 4 notes that the rates of return for either job entry level or skill upgrading training are about the same and the difference in rates of return is of no statistical significance. Consequently, adjustments can be made for increasing the number of job entry level trainees while reducing the number of skill upgrading trainees.

2) The training centers in the CADERH project are more accustomed to providing job entry level training and it is not expected that they will begin training large numbers of people in skill upgrading until later in the project. Job entry level trainees are exceeding the amendment's projections and total enrollments will increase as additional training centers begin using the project's training resources over the remaining 3 years of the project. CADERH should have little difficulty in meeting the recommended goals of increasing job entry level graduates to 3,070 and reducing skill upgrading trainees to 2,000 for component I over the life of the project. If further adjustments are required for reporting or evaluation purposes, the project should be allowed to modify output

goals for entry level and skill upgrading training graduates using the ratio of 2.6 skill upgrading graduates = 1 job entry level graduate.

In other indicators of outputs membership income has declined. The problem of frequent collecting from so many individuals has caused CADERH to reconsider the nature of this activity. The possibility of tying membership to a contribution in generating counterpart funds for a possible endowment is discussed in the proposal for an endowment strategy, Appendix I.

Although job placement income shows a decline, this may be due to inability to implement certification testing of secretaries and bookkeepers as planned. The continued high levels of counterpart hours of service indicates strong support of the private sector for the project.

See Appendix II for a summary of recommendations for adjusting project evaluation criteria.

LESSONS LEARNED

1. In developing competency based instructional systems it is best to have validated competency tests in place before developing the self instructional modules that are to prepare students for the competency. The tests should drive the curriculum if alignment is to be achieved.

2. An institution that is expected to be self-sustaining tends to offer services to those who can pay for them, rather than attending to the developmental needs of marginal populations. CADERH has gone a long way in using AID funding to enhance the productivity of the poor while seeking innovative ways to become self-financing. However, without external assistance from public and quasi-public funding, business concerns will dominate over human resource development interests.

3. Technical advisors who are not prepared to adapt to the language and culture of those to be served will be unlikely to be successful. It is important that they be sure they understand what is wanted and needed and not presume that what they have to offer is consistent with the need. The offering of normed tests when the project requires criterion referenced tests is a case in point. Further, those assistants who work "hands on" together with those they are helping rather than merely suggesting what should be done are most effective.

4. Changing the rules and regulations for conducting a project

in progress may be necessary. We refer to disbursement delays for component I and redefinitions of the guidelines for using the component II training fund. When the changes are clearly detrimental to the success of a valid project further adjustments should be entertained. It should be possible to adjust the rules without disturbing their intent and permit an important activity to continue, something like the law of marginal antisepsis - whatever is done in the interest of one value should at least be harmless to another value.

CONCLUSIONS

1. CADERH has developed and implemented a reproducible instructional delivery system in six trade areas. The system includes the use of trade advisory committees, a program for instructor training, self-paced instructional modules which link theory and practice, testing and a comprehensive monitoring procedure with the assistance of CADERH coordinators. This system could be used by AID in short cutting vocational curriculum development in other Latin American countries. However, without public or quasi public funding in subsidizing the use and maintenance of this system in vocational training programs in poverty regions, it may not endure.

2. Some goals contained in amendment 4 must be revised. Objectives related to the certification program must be pushed back in light of difficulties in test construction. The focus of the project is upon training persons more than developing numbers of training programs. Hence the number of training programs is not central for evaluation and the number of programs should be determined on the basis of costs and funds available.

3. AID should adapt its groundrules for the training fund without disturbing their intent. Rules should be relaxed to allow directors of CADERH (there are 16) access to the loan fund but in exchange the Board of Directors should not be involved in loan decisions. Instead, they should assure that proposals meet project criteria and then send them to the priority committee and commercial banks for approval. An international service bank (eg Citibank) should be contracted for global management of training loan funds. In the body of this report is a diagram of how this ISB would operate the fund. Its services would include collections of funds for CADERH and their reconversion to dollars (if desired) from commercial banks who actually intermediate the loans, reinvesting them advantageously.

4. It remains to be seen whether or not certification testing can improve the quality of training and the competencies of

Honduran workers. The problem is not only a technical one of test construction, but a political issue involving acceptance and use of the tests, including finding a way to pay for them. However, its seems reasonable that a certified employee should be more productive than one who cannot be certified in the area.

5. While the private sector has contributed to CADERH's work in defining trade areas, in identifying competencies and tasks, and in assisting programs at the vocational centers, it has not yet proven its willingness to invest in in-plant training for skill up-grading and increased productivity.

6. The current income of CADERH from amendment 4 activities rests primarily on the multimedia center. The future prospects from the National Employment Service, certification, and industry specific needs analysis are not certain. The likelihood of selling sufficient quantities of instructional materials to provide a significant source of income above cost recovery is unknown. Without the use of the training fund CADERH's income is insufficient to carry out activities called for by the project design. Further without an endowment it is unlikely that further human development work will continue in the vocational centers among less privileged students.

RECOMMENDATIONS

What follows is a summary of our recommendations. Justification for each appears in the corresponding section of the evaluation findings.

TECHNICAL ANALYSIS

Advisory Committees

1. Acknowledge contributions of individual participants.

2. Assure that the Advisory Committees are limited to an advisory role on competencies and tasks.

3. Intensify efforts at differentiating the truly essential from desirable competencies and tasks.

Certification Testing

1. Complete tests in woodworking, bench mechanics, lathe, milling machine, metal plane, welding, electricity, auto mechanics, bookkeeping and secretarial areas before developing tests in other trade areas.

2. In planning future test development consider domain (criterion) referenced tests which will be locally developed rather than norm referenced tests as previously recommended by external technical advisors.

3. Revise standards for test performance, using empirical data collected from qualified workers as well as employer expectations in making judgements, without losing touch with what is required for obtaining employment and increasing productivity.

4. Given the difficulties in test development and technical assistance in this area, CADERH should develop its own specific guidelines for test development to be used by CADERH's writers in revising current exams and preparing new ones for other trade areas.

5. Insure that separate tests for those wanting certification at assistant levels and those wanting to qualify as craftsmen.

6. Job placement and certification exams must be in place by October 1989 for graduates of CADERH affiliated training centers and the secretarial and bookkeeping areas.

Competency Based Instruction

1. Undertake no further modular development until work on woodworking, welding, lathe, metal plane, milling machine, bench mechanics, secretarial, bookkeeping, auto mechanics and electricity modules are completed.

2. Future development of modules should follow the certification test. The tests should drive the curriculum.

3. Intensify efforts to disseminate the CBI system, considering INFOP other AID projects in Latin America, and commercial publishers.

4. Print modules to meet distribution needs, assuring that training centers have access to modules as scheduled, and optimizing cost effectiveness.

Vocational Center Aid

1. Promote participation of women in CB instructional programs.

2. Strive for endowment support for the centers (appendix 1).

3. Continue the services of coordinators, using either contingency funds or funds from cancellation of the technical assistance contract.

4. Continue supporting existing vocational centers for two years per center or until they reach their objectives including production.

Integration of Production and Vocational Institution

Explore alternative ways to move the production fund in centers, including subcontracting and cooperative buying with CADERH.

Job Placement System

Continue SNE but fees to clients including employers, should be increased as certification becomes available so SNE can support its direct cost.

Project Design Analysis - Needs Analyses and Training

1) Because of delays in start-up, component II of the project should receive a no cost extension from AID to mid 1993.

2) AID should use its financial leverage to encourage a working agreement between FIDE and CADERH for jointly conducted needs studies for export firms and joint loan programs.

Industry Specific Training Needs Analyses

1. Increase staff for conducting need analyses studies.

2. Train project staff in making costs analyses and cost benefit projections.

3. With the focus upon production and training needs include assessment of organization and equipment as they bear on production.

Contracting Industry specific training

1. Ensure the availability of high quality training teams.

2. Continue to involve the executive director in negotiations with banks for program loan management and establishing agreements with FIDE and FONDEI, developing connections with specialists in industrial areas and training firms and locating clients for training needs studies and training programs.

3. Consider specific suggestions for moving the training loan fund. (Insider loans, equipment loans, official exchange rate and possible changes in donation/loan ratios).

Training Materials Bank

1. Maintain only materials to meet distribution needs of vocational centers and other clients.

2. Complete installation of key equipment in multimedia centers so this division can increase its income and educational materials producing ability.

3. Complete activities schedule in 1989/90 workplan as soon as possible.

Institutional Analysis

Technical Capability

1. Increase needs analyses personnel and provide assistants with training in cost analysis and cost benefit projections.

2. Familiarize staff with CR testing in contrast with NR testing.

Administrative Capability

1. CADERH's management should continue to develop their own plans for the future, especially in the move towards self-sufficiency.

2. Implement, physical layout, design changes, emphasizing the organization as a whole and integration of activities.

3. Develop an integrated accounting system.

Finance

1. Seek long term financial support through an endowment assistance fund proposal that will address human resource development activities (Appendix 1).

2. Pursue the management of grant funds as well as ways to move the training fund.

3. Continue direct educational activities. CAL resources should be maintained by CADERH to enhance self-

sustainability and assure USAID that a source of high quality English language instruction is available for future CAPS programs.

4. Develop and implement a marketing plan for promoting CADERH's services and products.

5. In view of the tension between the project goals for developmental impact and the demands for self-sustainability, CADERH and USAID should resolve the issue quickly so CADERH's board and staff can make plans for the future of their institution, and AID can reassess the groundrules and orientations for the project.

Organizational Flexibility

1. Develop an integrated accounting system which produces necessary and separate reports and budget versus actual expenditures, reconciling cash basis liquidations for AID with accrual financial statements and relating sources and uses of funds. CADERH should contract a consultant to develop a computerized information system capable of producing timely reports on program accomplishments, costs, and budget items, as well as financial statements on a consistent basis.

2. Make personnel and salary adjustments taking into account inflation with emphasis on incentives for increase productivity.

Technical Assistance

1. Terminate CSI or modify the contract and program the funds to serving human development activity (Component I).

Project Outputs

1. Complete and implement modules and certification tests for 6 major trade areas during this project fiscal year.

2. Put the emphasis upon the goal for the number of workers to be trained rather than upon the number of training programs.

3. Adjust goals projecting number of workers and instructors certified to a one-year extended schedule.

4. Revise projections for person years of employment over the life of the project using the actual total number of students graduating and employed, rather than person

APPENDIX 1

PROPOSAL

FOR THE ESTABLISHMENT OF

AN ENDOWMENT FUND

PREPARED FOR USAID/HONDURAS

BY

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I. PROPOSAL

The Advisory Council for Human Resource Development (CADERH) was established in 1984 through an Operational Program Grant (OPG, 522-02-57) by USAID to address private sector training needs. The project has been subsequently extended through a number of amendments. Evaluations conducted in June, 1987 and July, 1989 called attention to the pressing need to put CADERH on a firmer financial footing. CADERH is an examplar institution, and it performs strategically important training services which have the potential to contribute significantly to economic development in Honduras. Development, however, takes time, and CADERH needs the opportunity to mature as an institution. The Endowment Assistance Fund will directly support CADERH's efforts to consolidate its activities and to develop the mechanisms which will strengthen and maintain its training services.

The Proposed Endownment Fund

The proposed Endowment Assistance Fund will provide CADERH with a stable source of long-term financial support, will provide CADERH with the institutional flexibility required to address development priorities, and will stabilize the operational capacity of CADERH while complementary income generating activities are fully developed and implemented.

Program Factors

A) GOVERNMENT OF HONDURAS NATIONAL DEVELOPMENT PRIORITIES

The project objectives of CADERH are consistent with the priorities of the Government of Honduras, which specifically call for the creation of employment oportunities and increased exports. The 1987/1990 National Development Plan of the Government of Honduras established five basic development objectives:

- Maintain continued economic growth;
- Achieve financial equilibrium;
- Generate employment;
- Satisfy basic population needs for food, health, housing and education; and
- Intergrate regional development.

The project suports these development objectives in at least four ways:

1) The generation of productive employment which will, in turn lead to a wider sharing of economic benefits.

2) The promotion of export earnings which will lead to short-term economic stabilization.

3) The enhancement of individual opportunity.

4) The improvement and extension of the vocational training system, which increases the productivity of both human resources and institutional forms.

B) SUMMARY OF CADERH'S CURRENT ACTIVITIES AND GOALS

CADERH's work in competency-based curriculum development and trade certification provides a solid base for the expansion of quality training programs. Individual opportunity is enhanced through training. By 1993 the target is to train and upgrade over 15,000 individuals.

The instructional efficiency of training programs will be improved by reducing dropouts rates to 20% annually and increasing job placement levels of trainees to 80%. These will result in a 100% increase over the current training capacity of participating training centers as demonstrated by reductions in participant costs for each hour of instruction.

By 1992 up to sixty industry-specific training needs analyses and a minimum of twenty industry-specific training programs should be conducted with the use of the training fund.

A minimum of 300 in-plant instructors will receive instruction in the use of multi-media, competency-based instructional materials and equipment. A low cost source for the rental of multi-media training equipment and multi-media, individualized and small group training materials will be avaible through the Training Materials Bank.

In-plant, industry-specific training needs analyses will assist employers in identifying training priorities and selecting viable training options. Training is particularly essential to those industries contemplating expanding production into areas with export potential.

At least 5,000 employees will be trained and certified, with a minimum increase in productivity of 15%.

Six Trade Advisory Committees have been formed in San Pedro Sula and Tegucigalpa to define training needs and the levels of competence required by the private sector.

C) USAID'S ALTERNATIVES FOR INVESTMENTS

USAID's Private Sector Strategy Report (Breen, Friday and Muller, 1989) stresses the importance of developing Honduras' human resource base. The report concluded that one of the major constraints to expanding employment and increasing exports is the low productivity of Honduran workers. The report notes that "as Honduras looks to its future as a world competitor, it is imperative that resources are spent where needed. One of the most important areas in which to invest is unquestionably in its human resources. Without a trained and productive labor force, Honduras will never be competitive in the world economy." (p. 26).

Moreover, the report observes that "the annual need for trained industrial personnel at job entry levels is around 22,000 while the country's current training capacity can handle approximately 5,000 people. The figures with regard to skills upgrading are also dismal. Of 30,000 workers now employed in industry needing skills upgrading, the vocational and technical system can provide training for only 22,500. Compounding the problem is the fact that the quality provided by existing institutions is poor (Breen, Friday and Muller, 1989, p. 21).

The CADERH project is a key component of the Mission's development strategy to create permanent employment. It is estimated that approximately 7,000 people will obtain jobs over the next five years. Moreover, short term skills upgrading courses will reach 7,000 people, resulting in production increases of a minimum of 15%.

Training provided under the project will improve worker productivity, increase and improve production quality and, in turn, increase the prospects for significant export expansion over the long-run. Project supported training will assure quality and cost-effective production and will be keyed mostly to export-oriented industries, thereby linking increased production and industry efficiency to increased exports.

II. PROJECT DESCRIPTION

A) BACKGROUND

In 1983 and 1984 USAID/Honduras conducted four major studies relating to private sector training needs. These studies noted the lack of standards in vocational and technical training and low levels of cost effectiveness. Major problems included high dropout and low job placement rates, poor communication between employers and training institutions, inadequatly identified training needs, and the lack of mechansims for assuring that private sector training requirements can be met. The studies also noted that the lack of trained employees was one of the major factors limiting private sector productivity.

An Operational Program Grant (OPG, 522-0257) was approved to support CADERH in selected pilot activities for improving the quality and relevance of work related education and training. The initial project agreement was signed on July 26, 1984, with initial funding of $ 975,000 and L 1,124,850 Project objectives for this experimental activity included the following:

1) Initiate the rationalization of the vocational training system in Honduras, making it more responsive to private sector needs.

2) Introduce the concept of Skills Certification Standards and competency-based training materials to Honduras.

3) Further involve the private sector in the identification and resolution of worker-related training problems.

4) Develop CADERH as the key institution to effect the desired changes in the training system.

There were five components in the original project:

Component I - Curriculum development and trade certification.

Component II - Technical assistance to INFOP.

Component III - Training for local management training organizations.

Component IV - The initiation of a consciousness-raising campaign.

Component V - Strengthening CADERH as an institution.

In 1986 additional funding was added through amendment No. 3, and a new component was added.

Component VI - The Vocational Education Productivity project for providing direct assistance to vocational centers.

B) **CURRENT STATUS**

In 1987 the project was again amended (No. 4) in order to enable CADERH to further increase private sector involvement in vocational, technical and managerial training. Under the 1987 amendment the CADERH project was consolidated into three core components, each with several major activities.

Component I is designed to expand the trade certification and competency-based instruction system in order to improve the quality and relevance of training for meeting private sector needs and priorities. Support was continued for assistance to vocational training institutions serving students from less privileged sectors of society. In order for training institutions to effectively implement the competency-based instructional system, periodic assistance is necessary. Many of these institutions lacked quality instructional materials, had a weak institutional capacity and lacked private sector ties.

The trade certification system incorporated private volunteer trade advisory committees composed of employers, highly skilled workers, and vocational training instructors. The committees defined the general standards for a trade, which, in turn, were developed into sets of more specific performance objectives and assessment items. The certification exams are being prepared and administered under the direction of CADERH. The certification process will be used for screening potential employees, evaluating existing employees on an in-plant basis, and to certify the competence of graduates of training institutions.

The performance standards developed for the certification system serve as the standard for preparing competency- based instructional materials. This assures that plans of study are in harmony with certification standards. It also serves to promote individualized competency-based instructional strategies for increasing the impact and cost-effectiveness of institutional and in-plant training. Presently CADERH is developing competency- based instructional materials in 14 trade areas. The private sector and 10 training centers are now involved in the program for training instructors to use CBI strategies and materials.

Component II was designed to focus specifically on private sector training. There is an urgent need for training in numerous export-oriented indsutries, including apparel, food products and agro-industries. Industry-specific training needs analyses are provided on an in-plant basis for identifying the explicit training

requirements of individual industries and for determining the impact of training on employment generation, quality and productivity. A rapid response to training needs of new investors is also provided. Under this component of the project a $ 3.0 million fund was established for conducting training. The fund is a flexible mechanism designed to provide assistance on a loan, matching grant or other subsidized basis, depending on the needs of the individual firm. Emphasis is on securing private sector payment for the greater portion of the training. Criteria which delineates who will be eligible to receive a (partial) subsidy are determined by the multi institutional Priorities Committee and commercial banks which disburse and guarantee the repayment of loans.

Component III was designed to address the long-term need for quality training materials. The Training Materials Bank disseminates training materials developed by the project. It serves as a clearing house and source of training materials for both in-plant training and training centers, and helps to institutionalize the activities of Components I and II. Thus it is assured that the products of these components receive optimal distribution while at the same time a low cost source of multi-media training materials and equipment is provided. The Bank also draws on a number of international sources for obtaining, adapting and reproducing low-cost, multi-media training materials for use by Honduran firms and organizations. The Bank is managed as a cost recovering component of the project, under the surpervision of CADERH.

Amendment No. 4 emphasized that "CADERH must consolidate its beginning efforts/activities to create mechanisms that will firmly strengthen the vocational training system in Honduras, while simultaneously establishing itself as a technically and financially viable institution.." CADERH was to become self- sufficient by the end of the project in 1992.

CADERH is expected to generate income through its activities. Amendment No. 4 identified the following goals for self-generated income by 1992.

Activity	Income in Lps Projected for 1992
a) Membership	73.3
b) Trade Certification	30.1
c) Training materials	110.4
d) Training needs study	200.0
e) Employment Service Center	115.2
f) Training Fund Interest	150.0
TOTAL	Lps. 679.0

Following is a discusion of the current status of the potential income generating sources:

a) **Membership**

Income in fiscal year 1988-1989 was L 7,550.00 and it is expected that this figure will remain approximately the same in future years. One time contributions to raise counterpart funds will replace membership fees and membership fee income for CADERH's counterpart contribution should be deleted from the outputs and income under amendment No. 4.

b) **Trade Certification and CBI Materials**

No immediate income is anticipated from these sources since users of the products are mainly poor individuals and institutions. Modest income can be expected from year 1990 on when the testing and certification program is in place. It is highly likely that some industries will also request this service. Board memebers expressed their desire for certified workers and placement office personnel reported request for certified secretaries and bookkeepers.

The planned rate of L 25.00 plus materials costs now charged users may not cover the full costs of the service. A full cost recovery policy should be applied in future years when the system is completed while assuring that pricing policies do not place the system out of reach of Honduran workers and vocational training graduates.

c) **Training Needs Studies and Industrial Training**

The implementation of component II has been delayed for more than a year. Even though no income has yet been generated, the potential to generate funds is substantial, and along with the training fund, these activities may represent the most promising source of future income.

Presently, three studies have been conducted and two training programs are in the intitial stages.

d) **Employment Service Center**

This Center was intended to complement and support CADERH'S other activities for makiing use of the Certification System to place people in gainful employment. As of this date, the Employment Service Center (SNP) has accumulated an overall loss to CADERH. Reduction of personnel and expenses are contemplated until certification exams will be available for 1989 vocational training centers graduates.

The Employment Service Center has the potential to become a source of income. In the near-term, the objective is to break even.

e) **Vocational Education Productivity Project**

This Component (I-b) needs to be either subsidized by income from the endowment or financed by USAID through new funding.

f) **Training Fund**

While two loans have been negotiated and approved no loans have been disbursed to the industrial community. The major reason for the delay is that the Industrial Park Project is behind schedule by at least one year.

The first buildings are expected to be available January 1990.

The potential users of this fund are industrial and commercial firms with the following characterisatics:

a) labor intensive
b) anticipate competing in foreign markets
c) need to improve the quality of products
d) Need to become cost-efficient
e) Low quality worker skills are determined to be a major problem

g) **Multimedia**

Currently most of the production capacity of the multimedia department is used to produce CBI materials. It is anticipated that this situation will continue for at least another year, limiting the amount of income that can be generated through other activities.

Income from non-USAID sources for the year 1989-1990 is estimated to be L 30,700.00 and for 1990-1992 L 126,000.00. For subsequent years it is expeceed that income from mulit-media services will cover operating expenses.

h) **Other Sources of Income**

CADERH who has contracts and agreements which are generating income from USAID related institutions or projects (i.e. CAL, AID-RTAC II and Rural Prototypes). However, these activitiies are not always conducted on a full cost-recovery basis.

C) **PROBLEMS AND ACCOMPLISHMENTS**

Thoughout the course of the project, a number of development and implementation difficulties have been encountered. These have caused delays in achieving some project targets. Some of the problems involved delays in disbursements of funding and changing

policies for implementing project activities. Others require the need to gain acceptance among competing organizations, involved the inability of a technical assistance contractors to perform in a timely fashion, or were due to significant personnel turnover. In addition, it is obvious that some of the targets of the project are overly ambitious. This is particularly true of Component I. The development of quality instructional materials is a time-consuming, complex procedure even in the United States and other more developed countries and production levels are difficult to estimate. Component II has experienced delays because anticipated industrial expansion is behind schedule and because of recent disincentives built into the loan program. Nevertheless, through sustained effort many of these problems have been overcome. CADERH has made significant progress in a broad range of activities designed to meet its mandate and the project goal of improving the quality and relevance of vocational, technical and managerial training through increased private sector involvement.

The importance of the work of CADERH is underscored by a comment from USAID's Private Sector Strategy report:

"CADERH is a relatively new organization.... Nevertheless, CADERH has already had an impressive impact on both the public and private sectors. On the one hand, the organization has suceeded in developing positive ties with INFOP and the Ministry of Education. On the other, it enjoys close ties with the private sector. CADERH has involved the private sector through its trade advisory committee and as a result, is making vocational education responsive to the needs of the private sector. CADERH has raised the consciousness of entrepreneurs and has suceeded in convincing growing numbers of business people or the value of training, and has been able to develop an understanding or the link between a more skilled workforce and increased productivity." (Breen, Friday and Muller, 1989, p. 22).

The following are major accomplishments of the Project to date (July 1989):

Significant strides have been made in developing competency-based instructional materials and the establishment of certification standards and exams.

CBI modules have been developed and implemented in the following trade areas: woodworking (2 levels), sheet metal working, bench mechanics, lathe operators, milling machine operators, and metal plane operators. Modules covering pre-requisites for the latter three trade areas are also available. In addition, modules for orientation and the teaching of math have been implemented. Modules in preparation are secretarial, bookkeeping, automechanics (helper and mechanic) and electricity.

Certification tests have been prepared in the areas of woodworking

(assistant and cabinet maker levels), industrial mechanics and welding. Tests in the areas of bookkeeping and secretarial are scheduled for completion by September 1989. Tests for automechanics (helpers and mechanics), industrial maintenance, and electricity are in the early stage of development.

Increases in cost effectiveness and higher retention and job placement rates are associated with the competency-based instructuional delivery system. CBI modules have been developed and implemented in 6 trade areas. The CBI system has been implemented in 10 centers and shortly will be introduced in 5 other centers. One hundred and thirty instructors and administrators have been trained in the CBI system

The goal of having centers at a 50% self financing level is within sight with a current 44% cost recuperation rate. The cost effectiveness of centers is demonstrated by participant hour of instruction costs of L0.51, in comparison with other Honduran schools whose costs range from L 1.24 to L 6.62 per participant hour of instruction (the official exchange rate is $1 = L2), and about $3 to $4 in the United States.

In summary outputs for Component I are meeting or exceeding project goals, except for certification component II is still in its early stages of implementation and outputs for Component 3 are above projections.

CADERH has been successful in increasing awareness of the value of training in the business community.

CADERH has pioneered the use of Industrial Advisory Committees in Honduras.

The present preparation of 2000 qualified workers from the vocational centers is significant in light of the Honduran deficit in training.

CADERH has begun a positive relationship with FIDE, FEPROEXAH, GEMAH, INCAE, INFOP and the Ministry of Education. Cooperative agro-industrial training projects are being discussed in shrimp, plantain, vegetables, apparel, wood and foundry products. With FIDE, a good relationship has been developed.

D) **NEED TO BECOME SELF-SUPPORTING**

The most comprehensive difficulty encountered has been the ambiguous status of CADERH. It has responsibilities and fuctions of an institutuion. Yet CADERH is funded as a project. The long-term viability of CADERH requires that it secure a self- sustaining financial base which will enable it to carry out its institutional functions. Presently, the form as well as substance of its activities are defined by project requirements. The 1987 USAID

evaluation report of CADERH noted that:

"This confusion of the interinstitutional relationship would be unimportant if USAID's involvement were merely intended to develop materials for CBI. However, CADERH is envisioned by USAID as not only a means of materials development but also as a permanent training broker, a role which requires that CADERH view potential customers as primary clients. Unfortunately, what is proposed by a USAID technical office is often unintentionally thwarted by financial or other oversight offices. The mechanics of certain procedures within USAID are applied for convenience of control, and not in view of their impact of the programmatic outcome." (Tucker and Gloetzner, p.9).

One of the major objectives of the project is for CADERH to become self-supporting by 1992, the project termination date. To this end, USAID's support will decrease during each of the remaining years of the project. While CADERH will survive as an institution, CADERAH's income generating activities cannot be expected to compensate for this income reduction, or in the long-term, form a viable financial base for continuing its highest impact development activities . High initial development costs and the long time required to develop and market materials suggests that the income producing potential of this activity will be marginal, especially when considering the limited market size and the low incomes of CADERH's clients. The loan fund is susceptible to delay and economic fluctuation, and the potential income that can be generated through other services is limited. While these sources of income will be important in the future, they will not form a reliable base to maintain the developmental impact of CADERH'S operations. The long-term viability of CADERH as a development institution, and not just surviving, requires that realistic provisions be made to achieve the objective of self-support while continuing to provide development impact. The alternative is to severely weaken the ability of CADERH to sustain its activities and to cast doubt on its survival as an institution which can make a significant contribution to Honduran human resource of development.

In order for CADERH to effectively carry out its mission it needs an independent source of income. Presently the income generating capacity of its activities is uncerrtain, but even if this potential proves to be considerable, the income generated should not constitute the major source of support. The need to generate income is already becoming the driving force in decision making, and policy decisions for development will be subordinated to profit. In time, the activities of CADERH will be highly influenced by the amount of income that can be generated. The major institutional strength of CADERH is that it has the flexibility to target specific development concerns which would not normally be addressed. If CADERH loses this flexibility, it loses it effectiveness as an institution for facilitating change.

E) THE ESTABLISHMENT OF THE ENDOWMENT ASSISTANCE FUND

This proposal supports the establishment of an endowment fund as a means of assuring the future of CADERH. The first priority is to finance Component I costs. The activities to be completed under Component I are at the heart of the strategy to make training more responsive to private sector needs and employment generation goals of the Government of Honduras. In addition, these activities have income generating potential for the vocational training system, which needs to be fully realized. The second priority will be to support basic overhead costs, including price inflation and/or devaluation. A portion of the income will be maintained in the endowment as recapitalization. A portion will be used for re-investment in the training fund if this investment proves to be secure.

This form of complementary funding is important because it will provide a critical level of core support while at the same time retain the incentives for CADERH to maintain its high level of developmental services. Income generation will be important, but it will not dominate decision-making. Presently there are simply too many unknown factors in future income-generating activities to rely on those activities as the major, if not sole, source of support, even if this is desirable. In the near future it will become clear as to whether or not CADERH's training loan service will generate substantial levels of income .

F) PROJECT OUTLINE

1. The objectives of the project are:

(a) To establish and maintain an endowment fund which will provide CADERH with a stable source of long-term financial support.

(b) To provide CADERH with the institutional flexibility required to address development priorities which have a positive direct impact on training quality, employment, income generation and economic expansion.

(c) To stabilize the operational capacity of CADERH while complementary income generating activities are fully developed and implemented.

2. Size of the Endowment

The proposed endowment fund is L 11.0 million, drawn from Government of Honduras ESF funds. These funds will be used to purchase Government bonds. The endowment fund will be managed by CADERH's Board of Directors.

3. Counterpart Funds

Matching funds of L 1.1 million from sources other than the U.S. Government.

4. **Project Output**

a) At 10% interest rate the fund will generate 1.21 Million a year beginning May, 1990. Endowment and counterpart funds will provide complete financing to CADERH for fiscal year 1990-1991 and future years.

b) Income from the endowment will be used to finance Component I and to assure CADERH's self-sustainability as an institution which can provide continuing impact on the human resource development needs of Honduras.

G) **DETAILS OF THE PROPOSED ENDOWMENT ASSISTANCE FUND**

1) **Legal Framework**

The basic agreement establishing the terms and conditions of the proposed endowment will be through a "Memorandum of Understanding" between the Government of Honduras, USAID and CADERH.

The "Memorandum of Agreement" format is a simple and convenient format which has been used in agreements in the past. A similar agreement to the one proposed here was signed recently with la Escuela Agricola Panamericana for an endowment of L30 Million.

The funding from the endowment will come from ESF funds.

2) **Funding of the Endowment**

The total amount of funds for the CADERH endowment is L10 Million.
Once the Memorandum of Understanding is signed, the Board of Directors of CADERH and the Central Bank will negotiate a portfolio of Government bonds, to be purchased from the endowment, yielding the maximum possible return.

Matching funds in a 10 to 1 ratio will be raised by CADERH prior to the use of income from the endowment The funds will be raised in one installment.

3) **Management of the Endowment**

CADERH's endowment will be managed by the Board of Directors who will be responsible for keeping the endowment fund intact, and ensuring that it is invested

under the following norms:

a) The endowment capital will be invested in General Revenue Bonds of the Central Bank of Honduras, unless otherwise negotiated with the Government of Honduras.

b) CADERH will be entitled to use the income from the investment but CADERH cannot use the capital except for purposes of improving the yield through further reinvestment.

c) During the term of the memorandum of understanding, reinvestment of the Honduran capital into securities other than Government bonds will be done only after consultation with the Government of Honduras in order to insure that the proposed reinvestment is consistent with the Government's Economic Stabilization and Recovery Program.

d) When reinvestment is made, the following investment objectives should be optimized:

   1) The investment should yield the maximum possible return.

   2) The investment should have sufficient liquidity to ensure availability of funds when needed to meet the program objectives of the endowment.

   3) The investment should be sufficiently secured to avoid reduction in the endowment capital.

   As soon as possible after signing the "Memorandum of Understanding" the Board of Directors of CADERH will make arrangements with a private bank or other suitable depository institution to hold the endowment's portfolio in custody and to receive and disburse that income to CADERH in accordance with to the Memorandum of Understanding.

   The private bank will be selected by CADERH's Board of Directors on a competitive basis after consultation with the Government of Honduras. The depository institution will serve in a custodial capacity, acting pursuant to instructions from CADERH's Board of Directors.

4) <u>Matching Requirement</u>

As a condition precedent to the use of interest income

from the endowment, CADERH must certify to USAID that CADERH has been able to match the installment of L1.1 Million with contributions in cash, loans or contracts (account receivables) from sources other than the U.S. Government.

5) **Priority Uses of Endowment Income**

a) First priority use of income from the endowment will be given to financing Component I project costs. This is to finance supervision of the productivity project in vocational centers including maintenance of the CBI system, certification and related materials produced by component III which are directly relevant to the CBI system and continuing assistance by adding one or two additional training centers to CADERH's network of training centers each year.

b) Second priority will be given to cover CADERH'S core expenses and operating costs.

c) A portion of the income may be maintained in the endowment as recapitalization.

d) A portion may be used for re-investment in the training fund if this is a secure enough investment.

e) Remaining funds should be used as a reserve to account for more than expected inflation or devaluation

6) **Other Miscellaneous Provisions**

a) dissolution
b) reports
c) audits (both, AID and external)
d) notices between parties

The endowment will be irrevocable and for an indefinite term.

The Memorandum of Understanding will be prepared in both English and Spanish.

H) ENDOWMENT COUNTERPART

General counterpart funds and membership guidelines are issues to be handled directly by the Board of Directors. The mission and purpose of CADERH should be further discussed by the Board of Directors and USAID Officials.

When advisable, a consultant will be used to direct or moderate such discussions. The Board of Directors has the major responsibility to prepare discussion documents, assisted by the administration of CADERH.

The preparation of discussion documents should be guided by the following considerations:

1) CADERH's mission and purpose

2) Role and interests of private sector individuals and institutions in CADERH

3) CADERH'S continued self sufficiency

4) Ownership and membership

Regarding membership, consideration should be given to having different classifications of membership.

1) Active Members - Defined as an individual institution or firm that pays an annual fee (Rather than a monthly fee which is expensive to collect).

2) Honorary member - individual who has supported CADERH in achieving its objectives.

3) Stockholding member - individual firm or institution which has invested in CADERH to raise counterpart funds The required amount is L15,000 for individuals and L30,000 for institutions and firms.

4) Advisory committee member - individual, firm or institution giving time equivalent to, at least, monthly cash contributions of active members at the rate of L37.50 per person hour.

   Ten individuals at L15,000 each, plus thirty firms and institutions at L30,000 each, would raise the necessary counterpart funds (L1,050.000)

   Each L15,000 contribution will give the right to ownership and to one vote in the election of the Board of Directors and the approval of CADERH'S annual budget and work plan.

   Active members will be given the right to vote in the general assembly based on one vote per L300.00 annual fee, but only in regard to issues established by CADERH's Board of Directors.

Other privileges will be given to members according to their category of support to CADERH, including discounts in the costs of services provided by CADERH, subscriptions to monthly journals with relevant information to the business community, and other benefits within the scope of CADERH's activities.

III) FINANCIAL ANALYSIS

A) GENERAL ASSUMPTIONS:

1) CADERH's Board of Directors and Administration are interested in continuing the implementation of the USAID fund development projects, as was originally intended when CADERH was founded in 1983-1984. Managing the training and productivity components of these projects has become a strength of CADERH.

   There is a conciousness at top management levels that CADERH must direct its efforts to develop a professional organization to compete (in quality of services and cost efficiency) for the administration of USAID Human Resources and Private Sector projects. At the same time, CADERH is prepared to implement other activities, programs and services that are profit centers and contribute to supporting fixed costs.

2) Component I is not expected in the short and medium run, to generate any income. "Clientele" for this component are mostly poor people and institutions assisted through Private Voluntary Organizations. But this is the very area where CADERH is demonstrating it's highest level of development impact with excellent results.

   Some future income can be expected through the certification services and the sale of CBI modules to industry. However, because of the uncertainty of this source of income and its small contribution to CADERH's economic self-sustainability even under the best of conditions makes it a negligible source for the purpose of this proposal.

   Other income, such as sales of products manufactured in vocational centers, must be re-invested in the centers as previously accorded with the training centers, as they are in need of financial support.

   Operating costs are projected from CADERH's budget for 1989-90 based on a minimum personnel structure requires to maintain the CBI and certification system and to assist vocational centers.

   Component II is currently the highest potential source of income, through the $3.0 million training

fund of which up to $2.1 miilion could be disbursed in loans providing approximately L500,000 annually in income at 12% interest rates. However, this is not a proven income source and a marketing strategy should be designed and implemented to generate income from this source. Similarly, this income source could only provide a portion of the income which CADERH will require for continuing to have an impact on the nation's human resource development needs.

It is projected that by the end of fiscal year 1989-90 three complete industry analyses and training projects will be under way.

Estimated revenues from 1989-90, as a result of the above will be L539,640 with direct costs of L484,400 in addition to technical assistance costs.

From fiscal years 1990 and on, projections are based on the accomplishment of project goals in terms of the number of the training needs studies to be completed (60). The number of industrial firms to be assisted will be approximately 20.

It is projected that the training fund will be sufficient to train Honduran instructors from industry, and/or INFOP who will be project counterparts.

Component III will gradually have the capacity to become selfsufficient from year 1991-92 on. All other projects, like CAL, RTC II, Rural Prototypes, SNE are anticipated to be self-sufficient starting fiscal year 1989/1990. Otherwise they will be terminated. On pages 25 and 26 of this report we explained the importance of SNE in conducting certification testing and in providing CBI instructional materials to those applicants who need upgrading. SNE is anticipated to be a vehicle for introducing certification to both employers and candidates for work. Should it no be possible for SNE to be self-sufficient by 1992, it would be necessary to support certification and remediation functions in some other way. A succesful certification program will strengthen SNE.

In the projections for this proposal, all administrative and general operating expenses are charged to component I because component I is a continuing component.

B) INFLATION FACTORS

Inflation factors will negatively affect net income in the sense that while interest rates from training and endowment funds are estimated to remain the same throughout the analyzed period, expenses are projected to experience a 15% rate of inflation.

This inflation rate figure was taken from an USAID/EPA document, "Analisis de Precios al Consumidor....", Dec. 1988, in which inflation rates for year 1961 to 1988 are analyzed. During that period of time, inflation rates went from as low as 1.4 in 1963 to as high as 48.51 in 1980 for non-controlled consumer products. During the past five years, starting 1984, inflation rates are reported to be 6.21, 8.00, 10.92, 14.22 and 16.90 respectively.

The inflation rate reported by the Central Bank for consumer products in 1988 was 2.75% (Boletín estadístico, May 1988, Page 89).

Consumer products indexes are applicable to CADERH's expenses, since most of them are payroll expenses.

C) FINANCIAL PROJECTIONS

CHART 1. CASH FLOW

CHART 2. INCOME STATEMENT

CHART-I

CADERH
PROJECTED CASH FLOW STATEMENT
ENDOWMENT PROPOSAL

(000'S LEMPIRAS. FISCAL YEAR MAY 1ST. - APRIL 30)

CONCEPT	YEAR 1 89/90	YEAR 2 90/91	YEAR 3 91/92	YEAR 4 92/93	YEAR 5 93/94	YEAR 6 94/95
INCOME						
COMPONENT I						
A)Cert & CBI Matls.	-	-	-	-	-	-
B)VEPP	-	-	-	-	-	-
TOTAL COMPONENT I						
COMPONENT II						
A)INDUSTRY TRAINING						
1)TRAINING NEEDS				429.81	494.28	568.43
2)SPECIFIC TRAINING						
B)TRAINING FUND						
1)INTEREST		64.76	354.37	509.95	421.36	289.81
2)PRINCIPAL		134.91	738.26	1,096.11	1,096.11	961.19
TOTAL COMPONENT II						
COMPONENT III	30.70	126.00	345.40	397.21	456.79	525.31
TOTAL GROSS INCOME	30.70	325.67	1,438.03	2,433.08	2,468.54	2,344.74
EXPENSES						
COMPONENT I	$ 242.80					
A)CERT. & CBI MATLS	407.70	180.38	207.44	238.55	274.36	315.49
B)VEPP	$ 87.50					
	1,312.30	204.75	235.46	270.78	311.40	358.11
TOTAL COMPONENT I	$ 330.30					
	1,720.00					
COMPONENT II						
A)INDUSTRY TRAINING						
1)TRAINING NEEDS	$ 234.00	$ 234.00				
	325.00	325.00	373.75	429.81	494 28	568.43
2)SPECIFIC TRAINING	$ 246.60	$1,109.70	$ 321.20			
	164.40	739.80	367.95 *			
TOTAL COMPONENT II	$ 480.60	$1,343.70	$ 321.20			
	489.40	1,064.80	741.70			
COMPONENT III	$ 499.90					
	243.75	300.35	345.40	397.21	456.79	525.31
ADMIN. & MARKETING	307.13	307.13	353.19	406.17	467.10	537.16
OPERATING EXPENSES	996.36	436.10	501.52	576.74	663.25	762.74
OTHER EXPENSES (EQUIP. REPLACEMENT)	114.81	114.81	114.81	114.81	114.81	
TOTAL OPERATING COSTS	$ 1,310.80 *					
	3,871.45 *	1,543.52	1,757.82	2,434.07	2,781.99	3,182.05
NET INCOME WITHOUT ENDOWMENT	30.70	(1,217.85)	(319.79)	(0.99)	(313.45)	(837.31)
INCOME FROM L11.0 MILLION ENDOWMENT(10% INTEREST RATE)		1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
INCOME FROM COUNTER-PART FUNDS		110.00	110.00	110.00	110.00	110.00
NET INCOME WITH ENDOWMENT FUND		(7.85)	890.21	1,209.01	896.55	372.69
ACCUMULATED INCOME		(7.85)	882.36	2,091.37	2,987.92	3,360.61

*FINANCED FROM EXISTING AID FUNDS

CADERH
PROJECTED INCOME STATEMENT
ENDOWMENT PROPOSAL
('000 LPS - FISCAL YEAR MAY 1ST. - APRIL 30)

ITEM	YEAR 1 89/90	YEAR 2 90/91	YEAR 3 91/92	YEAR 4 92/93	YEAR 5 93/94	YEAR 6 94/95
INCOME						
COMPONENT II						
A) INDUSTRY TRAINING						
1)TRAINING NEEDS	30.00	120.00	240.00	429.81	494.28	568.43
2)SPECIFIC TRAINING	509.64	2,293.38	1,191.38	-	-	-
B) TRAINING FUND						
1) INTEREST	64.76	354.37	509.95	421.36	289.81	
TOTAL COMPONENT II	539.64	2,478.14	1,785.75	939.76	915.64	868.24
COMPONENT III	30.70	126.00	345.40	397.21	456.79	525.31
OTHER PROJECTS						
A) CAL	250.00	250.00	287.50	330.63	380.22	437.25
B) RIAC II	18.00	18.00	20.70	23.81	27.38	31.48
C) SNE	23.11	23.11	26.58	30.56	35.15	40.42
D) RURAL ECONOMIES	76.38	76.38	87.84	101.01	116.16	133.59
TOTAL OTHER PROJECTS	367.49	367.49	422.62	486.01	558.91	642.74
MEMBERSHIP & COUNTERPART	7.00	7.00	8.05	9.26	10.65	12.24
AID GRANTS	6,621.75 *	3,752.20 **	1,384.10 **	-	-	-
OTHER SOURCES	-	110.00	110.00	110.00	110.00	110.00
ENDOWMENT INCOME	-	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
TOTAL REVENUES	7,566.58	7,740.83	5,155.92	3,042.24	3,151.99	3,248.53
EXPENSES						
COMPONENT I						
A)CERT. 7 CBI MTLS	$ 242.80					

TOTAL COMPONENT I		$ 330.30				
	1,720.00	385.13	442.90	509.33	585.76	673.60
COMPONENT II						
A) INDUSTRY TRAINING						
1) TRAINING NEEDS		$ 234.00	$ 234.00		-	
	325.00	325.00	373.75	429.81	494.28	568.43
2) SPECIFIC TRAININ	$ 246.60	$ 1,109.70	$ 321.20	-	-	-
		164.40		739.80	367.95	
B) INFOP REFORMS	$ 6.60	-	-	-	-	-
		115.50				
TOTAL COMPONENT II		$ 487.20	$ 1,343.70		$ 321.20	
	604.90	1,064.80	741.70	429.81	494.28	568.43
COMPONENT III		$ 499.90				
	243.75	300.35	345.40	397.21	456.79	525.31
OTHER PROJECTS						
A) OAL	250.00	250.18	287.50	330.63	380.22	437.25
B) RTAC II	18.00	18.00	20.70	23.81	27.38	31.48
C) SNE	23.11	23.11	26.58	30.56	35.15	40.42
D) RURAL BROADCASTS	76.38	76.38	87.84	101.01	116.16	133.59
TOTAL OTHER PROJECTS	367.49	367.49	422.62	486.01	558.91	642.74
ADMINISTRATION & MARKETING	307.13	307.13	353.19	406.17	467.10	537.16
GENERAL OPERATING EXPENSES	1,111.17	530.91	616.33	681.55	778.06	877.55
OTHER EXPENSES	-	-	-	-	-	-
TOTAL EXPENSES		$ 1,317.40	$ 1,343.70		$ 321.20	
	4,354.44	2,975.81	2,922.14	2,920.08	3,340.90	
TOTAL EXPENSES (IBS)	6,989.24	5,663.21	3,564.54	2,920.08	3,340.90	
NET INCOME	577.34	2,077.62	1,591.38	(122.16)	(188.91)	(576.26)
ACCUMULATED INCOME	577.34	2,654.96	4,246.34	4,124.18	3,935.27	3,359.01

* FROM CASH FLOW

** FROM TRAINING FUND

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

CHART I - CASH FLOW

1) Year 1989/90 is financed by existing AID funds

2) Other activities are considered to be self-financed from 1990/91 and do not affect cash flow

3) Deficit for the first year is L1,217.85 without the endowment. This suggests a need for this amount.

4) Component II is financed with AID existing fund. For the rest of the years it is self-financed. Only currently available funds are considered in cash flow projections.

5) The endowment counterpart will not be touched during the considered period. Only interest rates are considered as income.

CHART II - INCOME STATEMENT

1) The income statement shows the profit or loss during the fiscal year.

2) Income from loans is entered each year as account receivables

3) Other projects like CAL, SNE, and rural prototypes are self-financed. Income and expenses for these projects were taken from CADERH's projections.

APPENDIX II

REVISED PROJECT OUTPUTS FOR PROJECT PLANNING, MONITORING AND EVALUATIONS

The evaluation recommended several adjustments in annual project outputs. These adjustments are summarized below by Component and for the totals expected at the end of the project. It is suggested that the monitoring of project progress, annual project evaluations and workplans be developed on the basis of these planned outputs and evaluation criteria.

Component I:

1. Certification exams developed for trade areas were modified and separated from the previously combined objective for curriculum development for facilitating the completion of all currently programmed exams during 1989-90 to assure that exams are prepared before beginning curriculum development efforts as recommended in the evaluation (no change in total anticipated over the life of the project). The revision and adjustment of exams was also programmed for 90-92.

2. Curriculum materials developed for trade areas were modified to show a total of 14 trade areas rather than just the 10 new trade areas in the original objective (no change in total anticipated over the life of the project). The revision and adjustment of curricula was also programed for 90-92.

3. The certification of instructors was modified for reprogramming the certification of instructors from 1988-92 (no change in total).

4. Training centers using CBI materials and trade certification were reprogrammed for five additional centers each year (no change in total). (Note: if CADERH does not receive the endowment recommended by the evaluation this output should be reconsidered).

5-6. Retention and job placement rates (no change).

7. Persons who receive job entry level training and obtain employment were increased from 2,500 to 3,070 to compensate for a reduction in skill upgrading training, using the ratio of 2.6 skill upgrading trainees = 1 job entry level trainee as recommended by the evaluation, and based on the original economic anaylis in the Amendment Paper.

Also, certification was deleted from this objective because CADERH is assisting training centers in a number of trade areas where CBI materials and certification exams will not be developed. Hence, while these graduates and new employees should be counted towards the employment generation goal of the project, they will not all be certified graduates.

8. Persons receiving skill upgrading training were reduced from 3,500 to 2,000 as recommended in the evaluation, using the 2.6 = 1 ratio. Certification was deleted from the objective for the same reason explained above for criterion no. 7. Also the 15% productivity increase was deleted as recommended by the evaluation because of the difficulty in measuring this increase with individuals who are employed in different businesses and the additional costs required for providing this follow-up on each trainee.

9. This is a new objective for this Component and SNE for the number of persons certified annually for both job entry level training and skill upgrading.

10. Counterpart hours of trade advisory committees (no change).

11. Income generated (no change).

12. Other counterpart contribution (no change).

Component I:

COMPONENT I OUTPUTS	PROJECT YEARS 1 87-88	2 88-89	3 89-90	4 90-91	5 91-92	TOTAL
1.a. Certification Exams Developed for Trade Areas:	3	3	8	-	-	14*
1.b. Revise and Adjust Certification exams:	-	-	-	7	7	14
2.a. Curriculum Materials Developed for Trade Areas:	3	3	4	4	-	14*
2.b. Revise and Adjust Curriculum Materials:	-	-	-	7	7	14

*CRITICAL OBJECTIVES

(Component I continued)

COMPONENT I OUTPUTS	PROJECT YEARS 1 87-88	2 88-89	3 89-90	4 90-91	5 91-92	TOTAL
3. Number of Instructors Certified:	-	20	25	30	25	100*
4. Training Centers Using CBI and Certification:	5	5	5	5	5	25
5. Retention Rates Increased to:	60%	65%	70%	75%	80%	80%*
6. Job Placement Rates Increased to:	60%	65%	70%	75%	80%	80%*
7. Persons who Receive Job Entry Level Training and Obtain Employment:	-	600	750	800	920	3,070*
8. Persons who Receive Skill Up-Grading Training:	-	400	450	500	650	2,000*
9. Persons Certified	-	-	400	600	800	2,000*
10. Counterpart Hours of Service by Trade Advisory Committees:	2,304	2,304	2,304	2,304	2,304	11,520
11. Income Generated (L 000):	-	21.5	27.2	28.7	30.1	107.5*
12. Other Counterpart Contribution (L 000):	390	995	1,452	2,069	2,288	7,194

*CRITICAL OBJECTIVES

Component II:

1. Industry specific training needs analyses were reduced from 60 to 45 because it is impossible to estimate how many analyses will be required for generating training programs, which in turn will allow the component and project to meet the primary objectives of training, productivity increases, income and employment generation.

2. Training programs were reduced from 45 to 20 for the same reason noted for objective no. 1. Training loans which have been approved to date suggest that the larger training programs will reduce the overall number of programs required for meeting the component's employment generation and training goals. It should also be noted that criteria 1 and 2 for component II are not critical evaluation criteria and should only be used more for planning and project monitoring purposes. Evaluations should concentrate on criteria nos. 3, 4, and 6 which are the primary objectives for this component.

3. Persons trained in skill upgrading were reprogrammed over the remaining three years of Amendment No. 4 (no change in the total).

4. Persons trained in job entry level training were reprogrammed over the remaining three years of Amendment No. 4 (no change in the total).

5. Counterpart hours from the Priorities Committee were reduced from 576 annually to 288 annually based on the component's experience with the committee. However, the total counterpart for the project is not affected by this change.

6. Income generated was reprogrammed over the remaining three years of Amendment No. 4 (no change in the total).

7. Other counterpart was reprogrammed over the remaining three years of Amendment No. 4 (no change in the total).

8. Additional Note for Component II: If the evaluation's recommendation to provide a no cost extension for this component for one year (1992-93) is followed; AID and CADERH should reprogram the evaluation criteria for this component accordingly.

Component II:

COMPONENT II OUTPUTS	PROJECT YEARS 1 87-88	2 88-89	3 89-90	4 90-91	5 91-92	TOTAL
1. Industry Specific Training Needs Analyses Conducted:	-	3	15	15	12	45
2. Industry Specific Training Programs Contracted:	-	-	6	7	7	20
3. Persons Trained and Certified in Skill Upgrading with 15% Productivity Increase:	-	-	1,500	2,000	1,500	5,000*
4. Persons Trained and Certified and Employed from Job Entry Level Training:	-	-	1,200	1,200	1,600	4,000*
5. Counterpart Hours by Priority Committee:	288	288	288	288	288	1,440
6. Income Generated (L 000):	-	-	81	150	250	481*
7. Other Counterpart (L 000):	-	-	1,000	1,500	1,605	4,105

*CRITICAL OBJECTIVES

Component III:

1. Training and multimedia materials produced for trade areas were reprogrammed in harmony with changes in Component I outputs and evaluation criteria. Certification exams produced and distributed for trade areas was added as an additional objective.

2. Audio visual training units produced (no change).

3. Training modules produced increased because the project strategy with CBI modules does not require instructor's manuals; the 5,000 instructors manuals were added to the total number of training modules to be produced. (Note: further printing of modules will require an international licitation for using the $120,000 revolving printing fund. An alternative to be considered is the possibility of setting up CADERH's own printing facility using this same revolving fund).

4. Instructors trained to use CBI materials and equipment (no change).

5. Library and bookstore organization, and the income generated by the latter, are project goals but were not previously included as evaluation criteria. (Note: The library and book store should be established during this calendar year with the physical reorganization of the CADERH building).

6. Self-financing of the component was moved up one year based on the current income trends of the component.

7. Income generated (no change).

Component III:

COMPONENT III OUTPUTS	PROJECT YEARS 1 87-88	2 88-89	3 89-90	4 90-91	5 91-92	TOTAL
1.a. Training and Multimedia Materials Produced and Distributed for Trade Areas:	3	3	4	4	-	14*
1.b. Certification Exams Produced and Distributed for Trade Areas:	3	3	8	-	-	14*
2. Audio-Visual Training Units Produced:	100	300	800	400	400	2,000
3. Training Modules Produced:	4,500	11,000	13,200	13,200	13,100	55,000
4. Instructors Trained to use CBI Materials and Equipment:	25	50	75	75	75	300
5.a. Technical Library Established:	-	-	X			
5.b. Bookstore Established	-	-	X			
5.c Bookstore Generating Net Income:	-	-	XXXXXXXXXXXXXXXXXXXXXX			
6. Self-Financing of Component:	-	50%	75%	100%	100%	100%*
7. Income Generated (L 000):	-	150	200	200	200	750*

*CRITICAL OBJECTIVES

Other Indicators and Outputs:

Membership income was dropped as an indicator because of the evaluation's recommendation to change current membership strategies and apply income from this area for the counterpart for a possible endowment. This change does not affect the total income to be generated or the counterpart requirement for the project. If the endowment does not materialize, then income from membership should be applied to the project counterpart.

1. SNE income projections were unrealistic and the goal for this unit should be full cost recovery first, and then income generation. Fortunately, CADERH has developed several alternative sources of income which were not contemplated by Amendment No. 4. This provides some flexibility for reducing the SNE income projections.

However, if cost recovery for SNE cannot be realized during 89-90, CADERH should terminate this unit. Similarly, Net income generation by SNE will depend on the private sector's willingness to pay for certification services. This is not a proven source of income and it may be necessary to revise these net income projections based on the next two years performance in this area. However, changes in this area do not affect total income to be generated by CADERH under Amendment No. 4 or the counterpart requirement for the project.

2. Total income which comes from a variety of sources, many of which were not anticipated in the original Amendment income projections (CAL, RTAC-II, and other sources) was separated from the cash counterpart projection to show differences between income and the cash counterpart which have been evident over the past two years. (Note: income for years one and two under Amendment No. 4 exceeded total counterpart).

3. Total cash counterpart received a small adjustment for the 2nd and 3rd years of the amendment based on the AID approved budgets for 1988-89 and 1989-90 (no change in the total).

4. Counterpart hours of CADERH members (no change).

5. Full-time project personnel changed to reflect current and projected employee trends.

6. Basic operational costs as estimated in Amendment No. 4 were changed slightly to reflect current projections. These costs are an estimate of what will be required for CADERH to

survive as an institution and continue to have at least some degree of impact on human resource development when A.I.D. funding ends. However, both the evaluation and CADERH recognize that this impact will be limited without additional sources of income or an endowment.

7. Self-financing changed slighty to reflect current projections of income and basic operational costs.

8. Total counterpart modified slightly by year with contributions rounded off (no change in the total).

OTHER OUTPUTS AND INDICATORS:

OTHER INDICATORS AND OUTPUTS	PROJECT YEARS 1 87-88	2 88-89	3 89-90	4 90-91	5 91-92	TOTAL
1.a. SNE Economically Self-Sustainable:	-	-	X			*
1.b. SNE Net Income Generation (L 000):	-	-	-	10	15	25*
1.c. Persons Certified:	-	-	400	600	800	2,000*
2. Total Income (L 000):	169	422	620	650	676.3	2,537.3*
3. Total Cash Cash Counterpart (L 000):	169	422	620	650	676.3	2,537.3*
4. Counterpart Hours of Service by CADERH Members and Board:	576	576	576	576	576	2,880
5. Full-Time Project Personnel:	30	50	50	45	45	30
*6. Basic Operational Costs (L 000):	550	575	625	650	675	675
7. Self-Financing of Basic Operational Costs:	26%	73%	99%	99%	100%	100%*
8. Total Counterpart (L 000):	1,280	2,529	3,105	3,788	3,390.9	14,092.9*

*CRITICAL OBJECTIVES

APPENDIX 3

EVALUATION PARTICIPANTS

Dr. Dennis R. Herschback, Associate Professor, Department of Industrial, Technological and Occupational Education, University of Maryland.

Dr. Herschback is a specialist in vocational educational education with extensive experience in private sector training and international vocational education. He is the author of numerous publications treating vocational training for developing countries and the linkage between skills training and employer need.

In the present evaluation, he focused on human resources development under Amendment 4 and the need for an endowment proposal.

Dr. Robert S. Milbrath, Associate Professor, Institute for International Business Analysis, The University of Texas.

Professor Milbrath is an expert on macroeconomics and managerial accounting. His research deals with capital accumulation, production and cooperative type work organizations. He is currently Chief of Party to an Ecuadorian Graduate Management Project (USAID) in Guyaquil, Ecuador.

Dr. Milbrath's primary role in the present evaluation was to address the question of self sufficiency and to conduct the institutional analysis of CADERH. He did, however, involve himself in all aspects of the study.

Dr. John D. McNeil, Professor of Curriculum and Instruction, University of California Los Angeles.

Professor McNeil is known for his work in curriculum development and evaluation of instructional systems and materials. He has had considerable experience in the design of training programs in schools and programs in schools and industry.

In the present evaluation, he served as Chief of Party, giving major attention to activities related to certification, vocational centers, and industry specific needs analyses.

Lic. Enrique Paredes T. has a wide background in Central American business and industry (both public and private) with expertise in quality control, productivity, and industrial research and development. Lic. Paredes was the local consultant for the present evaluation, responsible for determining if there was a need for an endowment and the major contributor to the proposal for the endowment after determining that a valid need existed.

APPENDIX 4

AGENCIES AND INDIVIDUALS CONTACTED (PARTIAL LIST)

AID

Henry Reynolds
Nadine Dutcher
Margaret Kromhout
Carmen Zanbrana
Ned Van Steenwyk

BANHATE

Carlos Canizares

Banco De Honduras

Norma Vidia Sovand
Dennis Fernandez

CADERH

Ricardo Castillo
Armando Medina
Washington Risso
Roy Arandireta
Julian Polar
German Pineda
Karla Verrbet
Juan Galvez
Pablo Aguilar

CADERH Board of Directors

Rafael Trocero
Leonel Bendeck
Andres V. Artilles
Zacaria Bendeck
Dario H. Montes

CCT (Central Carribean Transport)

Lisandro Frobbel

Convergent Systems

W. C. Knapp
Jose Cardenas

Ficenso

Jennie Ataca

FIDE

Aaren Medina
Julio Ustauce

FONDEI

Douglas Triaya

INFOP

ARMANDO CASTRO SIERRA

Ministry of Finance

Cesar Carranza

Aidea Sos Tela

Dolores Madrid

Apupran

Professor Rigoberto Lauza

Central Sula

Sr. Eddy Blackburn

Cever

Perito N. Urbina

Emao

Sr. Pedro Carahuati

Intello

Jaime O'Leary

San Juan Bosco

Padre Guerrino Giacomel

Santa Maria

Lic. Carlos Gonzales

APPENDIX 5

ACRONYMS

CADERH	Centro Asesor para el Desarrollo de los Recursos Humanos
CAL	Centro Americano de Lingüística
CAPS	Central American Peace Scholarships
CBI	Competency Based Instruction
CCI	Centro Caribeño de Importación
CR	Criterion Referenced
CSI	Converter Systems International
CTC	Central Texas College
ETS	Educational Testing Service
FEPROEXAH	Federación de Productores y Exportadores Agrícolas Hondureños
FIDE	Fundación para la Investigación y el Desarrollo Empresarial
FONDEI	Fondo Hondureño Nacional de Desarrollo Industrial
GEMAH	Gerentes y Empresarios Asociados de Honduras
INCAE	Instituto Centro Americano de Administradores Empresariales
INFOP	Instituto Nacional de Formación Profesional
ISB	International Service Bank
NR	Norm Referenced
OEA	Organización de Estados Americanos
SNE	Servicio Nacional de Empleos

APPENDIX 6

DOCUMENTS CONSULTED

Estatutos Del CADERH
INFOP 16 Oct. 1985

Correspondence File: re: Inside Lending Guidance and CADERH
23 Jan. 1989

Investigaccion de Necesidades De Formacion Profesional En Honduras
INFOP December 1988

Evaluation USAID/Honduras CADERH Project
Walker Tucker and John Gloetzner, 30 June 1987

Contracto Convergent System
10 Nov. 1987

Direccion Ejecutivio Enmienda #4
1989

Direccion Ejectivo Convenio Original de AID con CADERH
1989

USAID Honduras Private Sector Strategy: Assessment and Recommendations
J. Richard Breen, et al., March 1989

Informe Trimestrals (8)
CADERH 1985-1989

Informe Semestrals (2)
CADERH 1986-1987

Formulacion de Metas
CADERH May 1989 - April 1990

Proyecto de Productividad en la Educacion Vocacional
CADERH 15 Apr. 1985

Estudio de Readecuacion Del Centro Asesor Para El Desarollo de Recursos Humanos De Honduras
Bill Renforth and Eduardo Apodaca, 10 August 1988

History of CADERH - AID Relations 1984-1989
undated

History of CADERH - AID Relations August 1988 - July 1989

Instruccion Vocacional En Honduras Capacitacion Industrial, Artasanial y de Computacion
CADERH/AID December 1984

Financial Market Development. AID Policy Paper
August 1988

Evaluaccion de Necesidades Para Incrementar la Productividad de la Produccion de Puertas en Dida
CADERH June 1989

AID Evaluation Summary
Ned Van Steenwyk 22 July 1988

Pricing Policy: CBI Modules
Eduardo Apodaca 12 May 1989

General Background and Possible Terms for the CADERH Endowment
Ned Van Steenwyk and Margaret Kromhoul Memo 11 April 1989

Advisory Council on Human Resources Development 522-0257
Amendment 3
AID February 27, 1985
Informar Financiero
AID 1989

Financial Statements 1988/1989

Budget 1989/1990

Quarter Financial Statement Jan/April 1989

Reglamento (training loan)

National Development Plan

AID/Honduras Private Sector Strategy

Endowment Proposal Escuela Agricola Pan Americana

Financial Market Development AID

Boletin Estadistico, Banco Central de Honduras 1986-1988

Sistema Empresarial de Informaccion, Price Waterhouse

Project Amendment No. 4 1987-1992. July 1987

APPENDIX 7

WORK PLAN

ENDOWMENT

ACTIVITY	SOURCE	COMPLETION DATE
1-Overview of CADERH	Project paper #522-0257 Annual report 87-88 Last audits by AID and external ammendments 3 & 4 evaluation studies a) Tucker & Gloetzner b) Renforth Interviews at CADERH	June 23
2-Reaction to GOH Development Objectives	National Dev. Plan 1987 - 1990 Interviews GOH Officials.	June - July 6
3-Reaction to AID Development Objectives	US/AID HR & private Sector Stratery Interviews AID/Honduras Mission Officials	June - July 6
4-Determine contributions to an endowment (counter Part Funds	INFOP & Ministries of finance/labor & education, board of Directors, Representative firms, IDB	June - July 7
5-Projections of CADERH'S income sources (potential)	CADERH'S Chiefs of department, directors, ammendment 4, budget, interviews.	June - July 7
6-Projection of financial needs	Financial statements 1984 - 1989 ammendment 4 projections, Budget.	June - July 7
7-Amount & timing of total endowment.	Projections ammendment 4 objectives	July 11

CADERH BOARD OF DIRECTOR, TECH. DIRECTOR
AND EXECUTIVE DIRECTOR

9-Endowment's impact on AID/GOH Development objectives.	Nat. Dev. Plan AID Dev. Objectives	July 11
10-Administration of the endowment fund	External audit's AID audits, EAP endowment proposal and memorandum of understanding CADERH'S constitution law (personeria juridica) CADERH'S Reglamentos.	July 7
11-<u>SPECIFIC QUESTIONS</u>		
Size of endowment	Program needs that require support 1989 - 1995 term.	
How endowment is justified	Impact on employment private Effect on production Sector training Interview FIDE Restrictions on use	

OPERATIONAL FLEXIBILITY

ACTIVITY	SOURCE	COMPLETION DATE
1-Describe formal structure	Organizational charts statutes.	
2-Personnel qualifications	Vita curriculum	
3-Interpersonal relations.	Interview employees	
4-Organizational procedures.	Accounting department	July 9
5-External environment	Government interviews Ministry of Economics labor and finance union representative Executive Director	

TECHNICAL ANALYSIS

ACTIVITY	SOURCE	COMPLETION DATE
Use of private sector trade advisory Committees training Needs.	Number, Kind,interview CADERH Personnel	
TRADE CERTIFICATION	AREAS NO. TAKING EXAM QUALITY OF EXAMS TECHNICAL DIRECTOR TRI SEMESTER REPORTS	July 3
INTEGRATION OF PRODUCTION ACTIVITIES WITH VOCATIONAL INSTRUCTION.	INTERVIEW ADMINISTRATOR SAMPLED CENTERS CADERH RECORDS	

COMPETENCY BASED INSTRUCTION

ACTIVITY	SOURCE	COMPLETION DATE
NO. MODULES COMPLETED CONTEMPLATED.	EVALUATIONS OF MODULES	JULY 4
IMPLEMENTATION OF MODULES - WHEN USED? WHICH ONES?	TECHNICAL DIRECTOR PROJECT DIRECTOR AND PRODUCTION STAFF	
RELATION OF MODULES TO INDUSTRIAL NEEDS	TRI SEMESTER REPORTS	
NO. OF INSTRUCTORS TRAINED IN USE OF CBI		

VOCATIONAL CENTERS

ACTIVITY	SOURCE	COMPLETION DATE
NO.OF CENTER NO.CONTEMPLATED NO.LOCAL ADVISORY BOARDS. TIES OF CENTERS TO NATIONAL BOARD, CADERH ADVISORS	REPORTS FROM CENTERS CENTERS CADERH RECORDS	
DESCRIBE TECHNICAL HELP GIVEN INSTRUCTORS.	PROJECT DIRECTOR	JULY 4
USE OF PRODUCTION FUND, INCOME GENERATED.	SITE VISITS	
OUTPUTS: RETENTION, NO. PRACTICING TRADE, INCREASE IN COST EFFECTIVENESS		

PLACEMENT CENTER

ACTIVITY	SOURCE	COMPLETION DATE
NO.AND KINDS PLACED, DESCRIBE OPERATION, INCOME GENERATED	EXECUTIVE AND TECHNICAL DIRECTORS. NATIONAL PLACEMENT SERVICE.	JULY 5

PROJECT DESIGN ANALYSIS

ACTIVITY	SOURCE	COMPLETION DATE
INDUSTRY SPECIFIC TRAINING NEEDS ANALYSIS. NO COMPLETED NO CONTEMPLATED TRAINING PROGRAMS PRIORITIES TRAINING FUND WHAT IT WOULD TAKE TO GENERATE JOBS, FLEXIBILITY IN USE OF FUND?	TECHNICAL DIRECTOR STAFF CADERH FIDE & INFOP EXECUTIVE DIRECTOR	JULY 6

TRAINING MATERIALS BANK BOOKSTORE AND MULTIMEDIA CENTER

TECHNICAL ASSISTANCE

ACTIVITY	SOURCE	COMPLETION DATE
REVIEW ALL CONTRACTS FOR ASSISTANCE FOR WORK PERFORMED AND EVALUATED	TECHNICAL DIRECTOR PROJECT OFFICER	JULY 7

INSTITUTIONAL ANALYSIS (EXCEPT ENDOWMENT STRATEGY PROPOSAL)

ACTIVITY	SOURCE	COMPLETION DATE
I. TECHNICAL COMPETENCY A. KEY PERSONNEL QUALIFICATIONS:	INTERVIEWS WITH STAFF, & OTHERS DIRECTOR OBSERVATION	SEE ABOVE
B. EVALUATION OF TECHNICAL ASSISTANCE.	INTERVIEW WITH STAFF WHO INTERFACE WITH T.A. PERSONNEL.	SEE ABOVE
C. EVALUATION OF TRAINING ADVISORY COMMITTEES	INTERVIEWS WITH STAFF WHO INTERFACE WITH TAC'S.	SEE ABOVE
D. EQUIPMENT & LAYOUT	PHYSICAL, INTERVIEWS	JULY 7
II. ADMINISTRATION CAPABILITY A. STUDY OF KEY PERSONNEL QUALIFICATION, & LAYOUT & ORGANIZATION.	SAME AS ABOVE & BUDGET 89-90	JULY 7
B. EXAMINE INFORMATION SYSTEM	INTERVIEWS, REPORTS, GENERAL LEDJERS, FINANCIAL STATEMENTS, DATA BANKS BUDGET - & PROCESS.	JULY 7
III. ORGANIZATIONAL FLEXIBILITY	SAME AS ADMINISTRATION CAPABILITY, BUT ALSO INTERVIEWS WITH DIRECTORS, STATUTES, PROJECT HISTORY DOCUMENTS, INFOP MGR.	JULY 7
IV. MARKETING STRATEGIES	INTERVIEWS, PLANNING DOCUMENTS. OBSERVATION OF MARKETING ACTIVITIES. BUDGET 89-90	JULY 7

ACTIVITY	SOURCE	COMPLETION DATE
IV FINANCIAL CAPABILITY	RENFORTH-APODAKA STUDY AMENDMENT 4 FINANCIAL STATEMENTS BUDGET 89-90 INTERVIEWS QUARTERLY REPORTS CBI MODULE INVENTORY & PRICING DATA. TRAINING FUND CORRESPONDENCE & PIL'S	CONTINUES TO JULY 7

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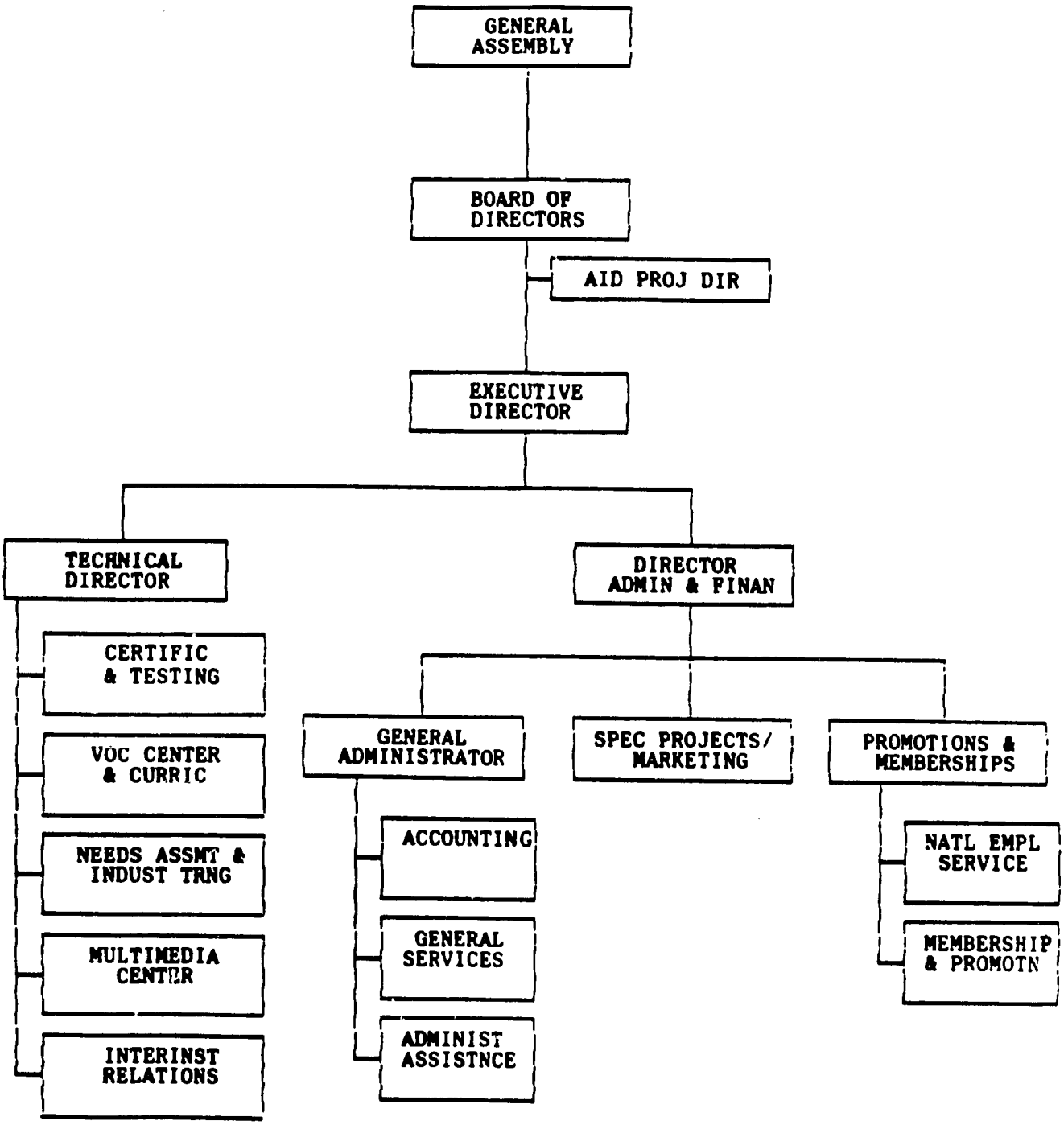
APPENDIX 8

CADERH'S
ORGANIZATIONAL STRUCTURE



APPENDIX 9

Self Sustainability - Historical Development and Current Status

The original project agreement (1984) called for CADERH's self-sustainability by 1987. The two major sources of income were to have membership contributions (600 member at L.25 per month) and the hope that INFOP would provide 0.05% of its income to CADERH in exchange for CADERH's support for increasing the INFOP payroll tax from 1% to 1.5%. Both of these sources of income proved to be unrealistic.

(1) Membership: CADERH's membership reached nearly 300 in 1986 but this brought in only L.7,500 per month (300 x L.25). The membership and promotion director had a salary of L.3,000 and a staff which included a secretary and an assistant. Virtually all membership income was needed to cover the expenses of this department, there was a 10% desertion rate among members and it required 30 new members a month to maintain a membership of 300. Other projects had similar experiences (GEMAH). Both CADERH and GEMAH began switching to institutional members rather than individuals, because collection efforts from individuals often cost more than the L.25 each project received from individual members.

(2) INFOP: It was not realistic to expect that CADERH, as the institution which was to make vocational and technical training more responsive to "private sector" needs, would support INFOP for increasing taxes on the private sector. Further, INFOP/CADERH relations have often been difficult because CADERH's project activities were often seen as a challenge to INFOP and a means of calling for more accountability among training institutions, instructors, and students through CBI and trade certification.

With Amendment No. 3 (1986) AID requested that CADERH prepare a self-sustainability strategy to be used if no further funding were provided for CADERH after 1987. CADERH's strategy was to use their remaining resources to present proposals to other donors and reduce staff to minimal levels until additional funding was secured. While this was a realistic proposal for a PVO and is generally what most PVO's do when funding from one source is terminated, it did not provide any assurance that CADERH would have any development impact unless another donor agreed to finance CADERH's activities.

With Amendment No. 4 (1987) CADERH was provided grant funds to cover activities such as curriculum development and similar efforts which could not be considered to be potential income

generators. Other funding was invested in the multimedia center for assuring a source of future income for the institution, in the CADERH building for assuring that the institution would have its own facilities in which to operate after the 1992 PACD, and in a training fund. The training fund was to be disbursed with a combination of loans and donations to CADERH's clients, with the anticipation that at least one third of the fund disbursed in the form of loans, thereby providing a minimum annual income of $100,000 from the interest of approximately $1,000,000 in loans, from the total training fund of $3,000,000.

Other areas were to provide additional income but it was anticipated that these sources (membership, certification, training needs analyses, job placement, and sale of educational materials) would provide very little net income, but become self-supporting with the $100,000 in interest income from the training fund to cover administrative and support costs for the institution. Amendment No. 4 also recognized the total income would probably not be sufficient to cover all costs and it was stated that USAID would considered an endowment at a future date.

The problem at the present is that membership income remains low and past experience does not encourage one to believe that this will ever become a significant source of income. Trade certification has the potential of becoming self-supporting but will have to be subsidized during the initial years the system is promoted and refined. Training needs analyses are expensive and it is not known that clients will pay the full costs for these studies. It is possible that with experience, CADERH may lower the costs of such studies. Job placement services have the potential of becoming self-supporting but cannot generate significant new income at the present. The sale of educational materials will do well to break even on production and printing costs while assuring vocational training centers of a relatively inexpensive source of quality training materials.

While the multimedia center could become a significant source of income, through producing TV commercials and videos for clients, this could also divert the center's resources from the primary mandate of improving the quality and relevance of vocational education in meeting private sector development needs. As a consequence, this source of net income will be limited if the institution's mandate is to be realized.

In summary, CADERH's only significant source of "net" income will be from making loans from the training fund, as was anticipated by Amendment No. 4, for covering basic administrative and support costs while other areas which cannot become self-sufficient will be phased out at the end of the 1992 PACD; and as mentioned in the Amendment No. 4 Project Paper, the future consideration of an endowment by USAID for human resource development activities which cannot become self-sustaining or net income generators.

However, the training fund is not moving and until the industrial zones are formed there is little probability of making many significant loans. Current loans under consideration are small and are for existing, local firms, not for major exports investors.

It is still probable CADERH will move a minimum of L.2,000,000 in training loans over the life of the project, enough to cover basic administrative and support services. But current strategies are to encourage moving at least L.4,000,000 in loans and the remainder in the form of donations while realizing project's goal of training 9,000 private sector employees through in-plant industry specific training. To date no loans have been disbursed (two have been approved for a total of approximately L.800,000 and one should begin disbursements in August 1989); and no one has been trained with in-plant or industry specific training. This project goal is in jeopardy because of delays in establishing the industrial zones, macroeconomic factors, technical assistance difficulties, changing policies on loan terms and the loan/donation ratio. Adjustments are clearly needed in this area to meet self-sustainability goals, to cover administrative and support costs, and to achieve the project's training goals.

APPENDIX 10

LIST OF STAFF POSITIONS NEEDED FOR 1992

ADMINISTRATIVE:

Executive Director
Executive Secretary
Administrative and Financial Director
Accounting Assistant
Recepcionist
Cleaning Woman
Cleaning Woman
Messenger and concerge
Chauffeur

Vocational Education and Testing:

Technical Director
CBI Materials development and revision supervisor
Coordinator of certification testing
Reviewer and reviser of materials
Executive secretary
CBI Instruction, supervisor and advisor
CBI Instruction, supervisor and advisor
CBI Instruction, coordinator
Professional translator
Warehouse supervisor (San Pedro Sula)

In-Plant Training Needs analyses and Programs

Division manager (marketing, contracting)
Training Needs Study senior analyst
Junior analyst
Junior analyst
Junior analyst
Bilingual secretary
Bilingual secretary

Multimedia Division

Division manager
Production aAssistant
Desk top publishing specialist
Bilingual secretary
Artist . . . drawings
Xerox and other machine operator I
Xerox and other machine operator II
Technical assistant and electrician