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1 BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS
2 USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Honduras</u> (ES# <u>FY 92-2</u>)		B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input type="checkbox"/> Slipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>92</u> Q <u>3</u>	C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)					
Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
522-0246	FORESTRY DEVELOPMENT PROJECT	1988	12/94	20,000 (USAID) 11,700 (Counterpart)	13,172

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required		
1. USAID/Honduras will issue a PIL approving a no-cost PACD extension to December 31, 1996.	RD, DF	10/30/92
2. Amend the Project Agreement as necessary, including new implementation arrangements and budget.	RD, DF	12/30/92
3. The Government of Honduras will implement a variable pricing system for timber sales on national land.	GOH	12/30/93
4. The timber sales contract will be modified to assure better compliance with contract clauses.	GOH	03/30/93
5. An "environmental unit" will be established within COHDEFOR to contribute to forest management, timber sales and extension activities.	GOH	03/30/93
6. The FDP will increase the number of female social promoters and maintain at least as many women promoters as men promoters.	GOH	03/30/93
7. Additional long term technical assistance will be contracted.	USAID/H	03/30/93

(Attach extra sheets if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation:	(Month)	(Day)	(Year)
	08	19	1992

G. Approvals of Evaluation Summary And Action Decisions:				
Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
	John Jordan /RD	Danilo Escoto Director FDP	D. Soules, DP C. Zambrana	Marshall Brown
Signature				
Date				

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The purpose of the Forestry Development Project (FDP) (522-0246) is to improve the management and sustainable productivity of the Honduran commercial pine forest and the efficiency of industrial conversion and marketing of wood products. The FDP assists the Government of Honduras (GOH) in reorienting the efforts of the Honduras Forestry Development Corporation (COHDEFOR) to focus on forest management, to implement improved forest management practices on a pilot basis, and to improve the efficiency of the private sector forest industry. The completion date for this 7-year project is December 28, 1994, and the implementing agency is COHDEFOR. The midterm evaluation was carried out by a team from Chemonics International Consulting Division, on the basis of a review of project documents, field inspections, and interviews with project personnel and members of forest industry. The purpose of the evaluation was fourfold: (1) review implementation status, (2) assess progress in attaining project objectives, (3) assess the impact of the project on the environment, and (4) define future project priorities.

The major findings and conclusions are summarized below.

Overall, the FDP has been a success. The standing timber sales program, which has been implemented nationwide, has been a major contribution to the conservation and sustainable use of the forest resource. Band sawmill production has increased from 60% to 74%, reducing the use of less efficient circular sawmills and improving log utilization. Two model forest management units have been established to provide COHDEFOR with management practices that can be replicated throughout the country.

Areas that still need special attention include the residual value timber appraisal system, improvement of harvesting methods, reduction of soil erosion, and supervision of timber sales. The future emphasis of the project should include additional support to the timber sales program, a forest protection component and the implementation of the annual allowable cut concept nationwide.

In summary, the FDP has been well defined and its objectives are clear, with perhaps the exception of the managerial reorientation of COHDEFOR. Continued technical assistance and a time extension is vital to the future success of the project.

The evaluators noted the following lessons:

- * The quality of the technical assistance varied according to individuals appointed and was not dependant on parent organizations selected.
- * Project monitoring was negatively affected by the lack of adequate reporting by the long-term technical assistance team.
- * Good, hands-on technical assistance in the field was effective in implementing change.
- * Managerial effectiveness and improvement was hampered by the policy of hiring political appointees who are not professionally qualified.

COSTS

I. Evaluation Costs			
Name	1. Evaluation Team Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$) Source of Funds
Chemonics International Consulting Division 2000 M St. N.W. Suite 200 Washington, D.C. - 20036		185 person/days	\$129,681 USAID/H
2. Mission/Office Professional Staff Person-Days (Estimate) <u>10</u>		3. Borrower/Grantee Professional Staff Person-Days (Estimate) <u>25</u>	

A.I.D. EVALUATION SUMMARY - PART II

S U M M A R Y

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/HONDURAS	Date This Summary Prepared: July 1992	Title And Date Of Full Evaluation Report: Honduras Forestry Development Project Midterm Evaluation. December 1991.
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PURPOSE OF ACTIVITIES EVALUATED

The purpose of the Forestry Development Project (FDP) (522-0246) is to improve the management and sustainable productivity of commercial pine forests, and the efficiency of industrial conversion and marketing of wood products.

The FDP is composed of three integrally related components: (1) institutional reorientation of the Honduran Forestry Development Corporation (COHDEFOR), (2) forest management of model pilot areas, and (3) strengthening of the private sector forest industry.

The planned life of the project is seven years with a Project Assistance Completion Date (PACD) in December 1994. The total project cost is \$32 million.

PURPOSE OF EVALUATION

The evaluation focused on: (1) the implementation status; (2) the attainment of project objectives; (3) the impact of project on the environment; and (4) the definition of future project priorities.

The evaluation team reviewed project documents, carried out field inspections, and interviewed project and private sector industry personnel. Each component was examined first, from the expectations outlined in the logical framework of the project paper, and second, from the knowledge and expertise of the evaluation team members as they reviewed field activities.

FINDINGS AND CONCLUSIONS

Overall, the FDP has been a success. The FDP is a straight forward technical project with clear and well-defined objectives that needs continued long-term technical assistance to be effectively implemented. Specific findings and conclusions follow.

Institutional Reorientation of COHDEFOR

- A standing timber sale program has been established nationwide. COHDEFOR is now charged with the selection of the sale sites, layout of the sale, forest inventory and marking of the seed trees and saleable timber. Prior to this system, the forest was harvested in a very wasteful and destructive manner without any supervision, extracting only the best logs from the best trees and completely disregarding the negative environmental effects. This is one of the most important achievements of the FDP as it successfully contributes to the protection of the environment and the sustainability of the forest resource. However, additional support, training and supervision is needed. If the supervision of the timber sales is not improved, the process cannot guarantee adequate environmental protection.

- The projected residual value appraisal methodology for differential pricing of standing timber has not started, therefore, it needs to be developed and implemented.
- COHDEFOR has recently been assigned responsibilities over all protected areas, therefore, it needs to strengthen its institutional capacity to protect and manage the entire system of wildland areas nationwide.

Forest Management of Selected Areas

- A forest management plan has been developed. The allowable cut concept has been implemented in the model pilot unit of La Unión. This concept still needs to be adopted by COHDEFOR nationwide.
- COHDEFOR's forest fire prevention practices are poor. A management plan is needed to address specifically community participation in the protection of the forest management units (FMU). The only fires reported are those directly suppressed by COHDEFOR, hence, statistical data on forest fires is inadequate and misleading.

Strengthening of Private Industry

- Strengthening of the forest industry through technical assistance has had positive results among medium and large producers. Band sawmill production has increased from 60% to 74%, reducing the use of less efficient circular sawmills and improving log utilization. However, over half the sawmills in Honduras, the smaller ones, have had little or no change in their operations.
- The FDP has been lax in distributing the manuals produced by COHDEFOR's technical assistance unit to the forest industry.

Environmental Impact

- Efforts to mitigate the environmental impacts of logging operations have been minimal. Although the promotion of oxen logging has been a positive change in environmentally sensitive areas, traditional tractor skidding, timber falling, and truck loading operations are still very inefficient.
- The focus of the project seems to be in the management of the forest. It has been noted that parallel activities aimed at the rural population are necessary to achieve the project's goals. However, the local people lack a perceived vested interest in the forest because COHDEFOR "owns" the trees and they cannot have free use of the trees on and near their land.
- A number of environmental assessment activities have been performed by the project. COHDEFOR and the FDP need to create in-house capability to carry out impact evaluations and environmental analyses.
- The national program of environmental education focusing on forestry and related environmental management techniques has not really "taken off". More education and consciousness-raising concerning the environment is needed nationwide among the population in general, and resource professionals and the forest industry in particular.

Gender Considerations in Development (GCID)

Women social promoters in the La Unión FMU have been more successful than men because they work better with both genders.

Management

- The project to date has not had a visible impact on COHDEFOR's levels of awareness, commitment, and ability to formulate and meet its management objectives.
- There has been a lack of goal setting and follow-up as to what has happened and why. Although verifiable indicators were conceived during the project design to enable a comprehensive evaluation, the necessary baseline study was not conducted at the start of the project. A baseline study would be required to determine what effect project intervention has had on local economy. The long-term technical assistance team has not monitored the project in an efficient manner.
- Many managerial positions in COHDEFOR are held by political appointees who may not have adequate professional backgrounds.

PRINCIPAL RECOMMENDATIONS

- (1) Install a new long-term technical assistance team to provide support to the project.
- (2) Extend the PACD to June 30, 1996 to be able to accomplish the projected programs.
- (3) Provide additional support, training and supervision to the timber sales program nationwide.
- (4) Complete the FDP objective of instituting a residual value appraisal system for pricing standing timber sales.
- (5) Fund a separate forest protection activity to address forest fires on a nationwide basis.
- (6) Assist COHDEFOR in determining the allowable annual cut nationwide.
- (7) Establish an environmental unit within COHDEFOR.

LESSONS LEARNED

- * The quality of the technical assistance varied according to individuals appointed and was not dependant on parent organizations selected.
- * Project monitoring was negatively affected by the lack of adequate reporting by the long-term technical assistance team.
- * Good, hands-on technical assistance in the field was effective in implementing change.
- * Managerial effectiveness and improvement can be hampered by a policy of hiring political appointees who are not professionally qualified.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Attachment A: Basic Project Identification Data
Attachment B: Complete List of Recommendations
Attachment C: Midterm Evaluation Report

NOTE: Evaluation Report was submitted to AID/W on February 19, 1992.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The Rural Development Office believes this evaluation was effectively carried out and addresses all project issues in an objective manner.

The report covered the aspects outlined in the scope of work and the lessons learned and recommendations will help program future project activities in a more efficient and prioritized manner.

Despite the lack of base line data from direct field inspections, the evaluators were able to draw well-documented conclusions and the Mission's staff and project technicians concur with the lessons learned cited.

Some of the proposed recommendations will have to be modified as a result of the new Agriculture Modernization Law which was enacted after the evaluation was completed. Among other things, the new Law changes Honduras policy regarding forest ownership and forest management regulations.

The two recommendations the Mission fully disagreed with are: (1) the proposal to establish a model logging unit by the Forestry Project. The Mission believes that the model logging unit should be a private sector activity and the project involvement should be limited to the provision of technical assistance and training. (Attachment B, Recommendation No. 10); and (2) strengthen ESNACIFOR, make an in-depth analysis of the school to determine its needs, and assist it accordingly. (Attachment B, Recommendation No. 14). Regarding ESNACIFOR, the Mission believes that it is already providing it strong support with approximately 35-40% of ESNACIFOR's budget.

The evaluation's environmental report indicates that the management of the protected areas "is justified by the fact that (1) two ecologically significant protected areas have been established within the project area and thus, needs to be properly protected and managed, (2) the protected areas, especially La Muralla Wildland Refuge, could effectively become a model management unit and training ground in support of the building of COHDEFOR's institutional capacity to plan and manage protected areas across Honduras, and (3) such action by FDP is in line with USAID recent policy statements in relation to the protection of biodiversity in the tropics." However, in an oversight, no recommendation was made to increase the project's involvement in protected areas. The Mission, conscious of the importance of improving Honduras' capacity in this area, will provide technical assistance and training for protected areas within the project and for COHDEFOR's Protected Areas and Wildlife Department.

ATTACHMENT A

PROJECT IDENTIFICATION DATA SHEET

1. **Country:** Honduras
2. **Project Title:** Forestry Development
3. **Project Number:** 522-0246
4. **Project Dates:**
 - a. **First Project Agreement:** December 28, 1987
 - b. **Final Obligation Date:** June 27, 1991
 - c. **Most Recent Project Assistance Completion Date:** December 30, 1994
5. **Project Funding:**
 - a. **AID Bilateral Funding - Grant:** \$15,959,000
- Loan: \$ 4,041,000
 - b. **Other Major Donors:** - 0 -
 - c. **Host-Country Counterpart Funds:** \$11,687,700
Total: \$31,687,700
6. **Mode of Implementation:** Host Country/COHDEFOR
7. **Project Designers:** USAID/GOH
8. **Responsible Mission Officials:**
 - a. **Mission Director:** John A. Sanbrailo
(12/28/87 - 08/11/91)
B. Loc Eckersley, AMD
(08/11/91 - 08/16/91)
Marshall D. Brown
(08/17/91 - present)
 - b. **Project Officer(s):** John P. Warren
(12/28/87 - 03/31/91)

John L. Jordan
(04/01/91 - present)
9. **Previous Evaluation (s):** None

ATTACHMENT B

SUMMARY OF EVALUATION RECOMMENDATIONS AND MISSION RESPONSE

- 1. USAID/Honduras should install a new TA team to develop baseline data for the balance of the project, to monitor the project by providing monthly reports (which has not been done), and to provide the needed on-the-ground training and follow-up evaluation for the timber appraisal system, sale layout, preparation and supervision, road location and construction supervision, etc. The team is needed to assist over half the sawmills in the country, which have made no improvements. Because of the workload to be accomplished and the delay in hiring a TA team, the project should be extended until June 30, 1996.**

USAID/Honduras concurs with the recommendation of installing a new technical assistance team. However, the number of persons and level of effort of this team will be smaller than the amount recommended because the Mission considers that the evaluation team recommends too much technical assistance in the area of forest industry. Regarding the extension proposed to January 1996, the Mission agrees that an extension is necessary and because of delays in hiring the TA team, the extension should be until December 31, 1996. Also, the evaluation team did not consider the new Agriculture Modernization Law because it was not in existence at the time of the evaluation. To comply with this law, the project's forest management plans will have to be completely changed. A project implementation letter to extend the project's PACD will be issued and Annex I of the Project Agreement will be modified to include the new technical assistance team and activities. (Actions No. 1,2 & 7)
- 2. GOH should eliminate political appointees that have no professional background and build COHDEFOR into a competent professional organization at all levels with incentives for all employees. If this is not accomplished, it would justify a halt to the**

The evaluation team's perception that persons with no professional background are being hired is inaccurate. However, it is correct to state that one of the main government wide problems is a hiring policy based more on political criteria than on technical merits. Within the project, political interference has been

project because the long-term project objectives will not be met.

minimal up to now, but the Mission is willing to terminate the project if the political interference becomes too high and negatively affects the project. Regarding incentives to employees, it is the Mission's policy not to get involved in GOH personnel incentive policies. The International Development Bank is now in the process of providing technical assistance to the GOH in changing its forestry organization and developing an appropriate personnel management system.

3. Complete the FDP objective of instituting a residual value appraisal system for pricing standing timber sales. This will go a long way toward encouraging private industry to modernize both its harvesting and milling operations.

When the evaluation was carried out, COHDEFOR had the authority to determine the price of timber nationwide. Now, however, as a result of the new Agriculture Modernization Law, the private forest owners can market their timber directly according to their own price determination. This situation will create a competitive market price for private forests that may permit COHDEFOR to adopt other alternatives besides the residual value system in national lands. The project will continue to support the establishment of a variable pricing system, but further analysis will be required in order to determine the most adequate system. (Action No. 3)

4. Include in the timber sale contract the requirement for a performance bond to enforce compliance with timber sale contract clauses. If this is not accomplished, it would also justify halting the project.

The Mission will provide technical assistance to develop an appropriate system to assure compliance with the timber sale contract clauses. However, a performance bond might not be the best alternative, and consequently, it is not justified to halt the project if the performance bond is not implemented. (Action No. 4)

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5. Establish an "environmental unit" within COHDEFOR to direct monitoring activities on timber sales and contribute to forest management and extension activities. Also coordinate actions related to the establishment, protection, and management of critical ecosystems within the project area.

The Mission and COHDEFOR agree with this recommendation and next year, the FDP will include funds to develop this "environmental unit" within COHDEFOR's budget. The technical assistance team will also provide support in establishing this unit. (Action No. 5)

6. FDP should assist COHDEFOR in determining the allowable annual cut nationwide using the model FMUs as examples.

The Mission agrees with this recommendation, and will reprogram the project to be able to assist COHDEFOR in determining the allowable annual cut of the public forests. Annex I of the Project Agreement will be modified to include this responsibility. (Action No. 2)

7. FDP should fund a separate forest protection activity to address fire prevention and suppression on a nationwide basis. The education program should include environmental awareness as well. A first step would be an in-depth analysis to determine needs and costs.

The project is already addressing this issue through technical assistance from the Bureau of Land Management (BLM) of the Department of Interior of the United States. Based on a BLM's analysis of costs and needs, if feasible, the project's implementation plans will be adjusted to fund this activity. (Action No. 2)

8. Provide additional and continuing technical assistance to that segment of the industry that has not made changes in their operations. Continue to support with technical assistance that portion of industry that has made changes.

The FDP will continue to provide technical assistance to the forest industry, but the industries selected will be those that can best use the assistance provided. (Action No. 2)

9. FDP should publish and distribute COHDEFOR's technical

The FDP has begun to implement this recommendation. One of the manuals

assistance manuals.

on Grading Pine Lumber has been published and is being distributed to the private sector.

10. FDP should establish a model logging unit to demonstrate environmentally sound harvesting and roading practices and to introduce a uniform cost accounting system for the industry. This unit could also function as a teaching example for the timber appraisal portion of the new standing timber sale program.

The Mission believes that this should be a private sector's activity, therefore, this recommendation is not accepted. Instead, the development of improved logging systems will be promoted through technical assistance and training to the industries operating in the project's area. (Action No. 2)

11. Further implement an environmental education program involving public at large, forest industry, students, and the communities directly affected by project activity.

The Mission agrees with this recommendation and the project's future implementation plan will include this activity. (Action No. 2 and 5)

12. FDP should closely monitor transportation maintenance and allocation and provide additional vehicles and motorcycles to timber sales supervisors and to social promoters, where necessary.

The Mission agrees that there is a deficiency in the control of vehicle maintenance and allocation and steps are being taken to improve this situation. The project's on-going non-federal audit, will provide more details in this area. At the project level, adequate controls will be in place by September 1992. Regarding the purchase of additional vehicles, this situation will be analyzed during the development of the new implementation plan for the remainder of the project's life, but due to poor previous experience by COHDEFOR, the Mission will not consider purchasing motorcycles.

13. Provide male social promoters with more training so as to increase their effectiveness in working with both genders.

The Mission considers that it is a better option to hire more female social promoters to attend the project's social community development activities. The FDP will increase the number of female social promoters by 100% and maintain at least as many female promoters as male promoters. (Action No. 6)

14. Strengthen ESNACIFOR, make an in-depth analysis of the school to determine its needs, and assist it accordingly. This is particularly important as the school becomes independent. Bring it back into the FDP as a primary training vehicle.

The Mission disagrees with providing support to ESNACIFOR in the manner and amounts indicated by the evaluation team. However the Mission is already providing strong support to ESNACIFOR. Thirty six students, one of every three Hondurans, now attending ESNACIFOR are financed by the FDP, a contribution that amounts to 35-40% of the school's budget. Due to ESNACIFOR's weaknesses in several areas, the Mission does not consider adequate to designate ESNACIFOR on any other training institution, as the primary training vehicle for the project. Instead, the FDP will carry out its training program without ties to any particular institution seeking those opportunities that provide the best service and training. Regarding an in-depth analysis of ESNACIFOR, one is now being funded by the German government.

15. FDP should provide additional support, training and supervision to the timber sale program nationwide.

The timber sales program is one of the most important project outputs and the project has concentrated heavily on this activity. During the duration of the project, the efforts on this area will continue. The new implementation plan and Annex I of the Project Agreement will be developed accordingly. (Action No. 2)

16. FDP should continue to provide short-term technical assistance in the form of short courses for industry and COHDEFOR.

The project will continue to work in this area, and the new plans will include additional technical assistance and training programs. (Action No. 2)

17. One of the TA team members should be a forest industry expert with hands-on ability to work out of AMADHO's office in conjunction with the COHDEFOR technical assistance unit.

The Mission considers that AMADHO has already been provided sufficient long-term support and any future long-term TA for AMADHO should be financed with their own funds. The project's assistance to the forest industry will be through training and short term technical assistance.

18. The FDP needs to provide a capability regarding traditional practices in range management within forested areas.

Range management is part of the project's agenda; however, the implementation of activities in this area has been neglected. Technical assistance will be contracted to address this problem. (Action No. 2)